

**CITY OF OWOSSO  
EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES  
REGULAR MEETING  
OWOSSO CITY HALL COUNCIL CHAMBER**

**JUNE 26, 2019**

**7:15 AM**

**CALL MEETING TO ORDER:**

Vice Chairperson Mitchell called the meeting to order at 7:18 a.m.

**ROLL CALL:**

**PRESENT:** Trustees Richard Brewbaker, Jerome Haber, Douglas Morrice, Andrew Reed, and Vice Chairperson Mark Mitchell.

**ABSENT:** Trustee Susan Osika and Chairperson Wilfred Farrell.

**ALSO**

**PRESENT:** Graystone Consultant Brian Brice; Graystone Analyst Erik Burger; City Treasurer Katherine R. Fagan; City Attorney Scott J. Gould; Finance Director Cheryl A. Grice; and City Clerk Amy K. Kirkland.

**APPROVE AGENDA:**

Motion by Trustee Brewbakerto approve the Agenda as presented.

Motion supported by Trustee Haber and concurred in by unanimous vote.

**APPROVE MINUTES OF APRIL 24, 2019 REGULAR MEETING:**

Motion by Trustee Haber to accept the minutes of the April 24, 2019 Regular Meeting as presented.

Motion supported by Trustee Reed and concurred in by unanimous vote.

**APPROVE MINUTES OF MAY 29, 2019 SPECIAL MEETING:**

Motion by Trustee Brewbaker to accept the minutes of the May 29, 2019 Special Meeting as presented.

Motion supported by Trustee Haber and concurred in by unanimous vote.

**CITIZEN COMMENTS:**

There were no citizen comments.

**CONSENT AGENDA:**

Motion by Vice Chairperson Mitchell to approve the consent agenda as follows:

1. **Approve Pension Check Reports:**

- a. April 2019 \$ 248,948.47
- b. May 2019 \$ 248,312.42

2. **Approve Statements:**

- a. City of Owosso Employees Retirement Fund  
As of April 30, 2019
- b. City of Owosso Employees Retirement Fund  
As of May 31, 2019

3. **Payment Authorizations:**

- a. Gabriel Roeder Smith & Company  
For period 07/01/2018 through 06/30/2019 \$ 42,000.00
- b. Katherine R. Fagan, City Treasurer  
Report of Checks Written – April 2019 \$ 49,046.27
- c. Katherine R. Fagan, City Treasurer  
Report of Checks Written – May 2019 \$ 1,338.04

4. **Death Acknowledgements:**

None.

Motion supported by Trustee Reed and concurred in by unanimous vote.

**COMMUNICATIONS:**

- 1. Amy K. Kirkland, City Clerk – *Election Results*
- 2. Morgan Stanley – *Consulting Group Advisor Plan Review*
- 3. Causeway – *Notice of Material Changes to Form ADV Brochure*
- 4. Loomis Sayles/Natixis – *Notice of Privacy Policy & Material Changes to Form ADV Brochure*
- 5. Gabriel Roeder & Smith – *NewsScan April 2019*
- 6. Gabriel Roeder & Smith – *NewsScan May 2019*
- 7. Gabriel Roeder Smith: *GRS Insight April 2019*

The following communications, publications and conference announcements are on file with the City Clerk – if you would like to read them, please contact her:

- a. Pensions & Investments: *April 1, 2019*
- b. Pensions & Investments: *April 29, 2019*
- c. Pensions & Investments: *May 13, 2019*
- d. Pensions & Investments: *May 27, 2019*

**OLD BUSINESS:**

**Transfer to MERS – Status Update**

City Clerk reported to the Board that the City had been approached about the possibility of transferring all of the members to the MERS system at one time. The City has indicated they are accepting of the idea,

but wished to proceed with the transfer of the Patrol retirees at this time due to the fact their transfer was already underway . As a result of the change in the timing of the transfer, the Board's recommendation to Council detailing the amount to transfer and the method for calculation has been put on hold. Should the City continue to move forward with the idea of moving everyone at one time the recommendation will eventually be rendered moot. Conversely, if the Board feels that discussions have gone off track the motion could be resurrected in an effort to spur on activity toward a resolution. The City has tentatively proposed a fall transfer of the remaining System members and retirees.

Trustee Reed confirmed that he had been approached by administration and was told that a decision had been made to hold off until fall and transfer everyone at once. He felt the union didn't have any grounds to object to the change.

Trustee Brewbaker indicated the fire unit would like written confirmation of the delay.

Trustee Haber inquired about the status of the AFSCME negotiations. Trustee Morrice said he wasn't sure as he is not part of the negotiating team.

**NEW BUSINESS:**

**2018 Summary Annual Report**

Motion by Trustee Brewbaker to approve the 2018 Summary Annual report as follows and distribute it to System members:

**CITY OF OWOSSO EMPLOYEES RETIREMENT SYSTEM**

2018 Summary Annual Report  
(and formerly List of Expenses Paid by Soft Dollars)

The Public Employees Retirement System Investment Act requires the City of Owosso Employees Retirement System to prepare and issue a summary annual report and to publish and make available annually a list of all expenses paid by soft dollars. The following information is provided for the year 2018.

The name of the retirement system is the City of Owosso Employees Retirement System. The Retirement System's investment fiduciaries and service providers are:

BOARD OF TRUSTEES:	Richard Brewbaker Jerome Haber Doug Morrice Sue Oosika Andrew Reed Mark Mitchell Wilfred Farrell
INVESTMENT MANAGERS:	Atlanta Capital Franklin Templeton Loomis LCG Cushing Aristotle Causeway Harding Loevner CG Advisor JP Morgan Strategic Income
INVESTMENT ADVISOR:	Graystone Consulting/Morgan Stanley

ACTUARY: Gabriel Roeder Smith & Company  
 AUDITOR: Gabridge and Company  
 MEDICAL DIRECTOR: Dr. Anthony Patsy

As reported in the actuarial valuation for the annual period ending December 31, 2018 the Retirement System's valuation assets were \$33,422,986 and its actuarial accrued liabilities were \$38,882,277, which produced a funded ratio of 85.9.

For the annual period ending December 31, 2018 the Retirement System's investment performance on a mark to market basis (gross of manager fees and net of transaction costs) was -6.39%. The system's investment performance, net of fees, on a rolling calendar-year basis is as follows:

	1 Year	3 Year	5 Year	7 Year	10 Year
Total Portfolio	-6.86%	5.24%	4.72%	7.21%	7.93%

On December 31, 2018 the market value of the assets was \$31,523,256. The change in net plan assets from December 31, 2017 was (\$4,229,737.00).

For the annual period ending December 31, 2018 the Retirement System's non-soft dollar expenses were \$244,869.68 and benefit payments and member refunds were \$3,055,552.00. No expenses were paid by soft dollars during the year. Expenditures for professional training and education for this year were \$844.80. Employer contributions required for the year covered by the report total \$876,348.

The adopted budget for the city fiscal year beginning July 1, 2018 included the following items:

Checks printed, etc.	\$ 150
Audit Costs	\$ 2,400
Actuary Fee	\$ 39,000
Conference Expenses	\$ 4,000
Counseling Fee-Morgan Stanley	<u>\$120,000</u>
	\$165,550

Additional items required for inclusion in the report are:

The number of active members: 43  
 The number of retirees and beneficiaries: 91  
 The average annual retirement allowance: \$32,426  
 The total annual retirement allowance being paid: \$2,950,784  
 The valuation payroll: \$2,459,389  
 The employers computed normal cost of benefits (expressed as a percentage of valuation payroll):  
 General 7.85%; Police 6.30%; Fire 8.93%  
 The employers total contribution rate (expressed as a percentage of valuation payroll):  
 General 71.56%; Police 15.56%; Fire 19.82%; overall weighted 37.987%  
 The weighted average of member contributions, if any: \$79,260  
 The actuarial assumed rate of investment return: 7.25%  
 The actuarial assumed rate of long-term wage inflation: 3.0%  
 The smoothing method and period utilized for funding the system's unfunded actuarial accrued liabilities,  
 if any: 4-year smoothed market; Closed-10 year amortization  
 The system's actuarial cost method: Entry-age  
 Whether system membership is open or closed to specific groups of employees:  
 General-closed; Police-open; Fire-open

Motion supported by Trustee Reed and concurred in by unanimous vote.

**Consideration of Interest Rate on Employee Contributions**

City Clerk Kirkland indicated the Board's chosen rate would remain until such time as the members are transferred to MERS. MERS has its own interest rate tied to the T-bill.

Motion by Vice Chairperson Mitchell to set the interest rate on employee contributions at 5% for the 2019-20 fiscal year.

Motion supported by Trustee Brewbaker and concurred in by unanimous vote.

**Asset Allocation Review**

Graystone Consultant Brice asked if the Board would consider allowing the Asset Allocation Review item to be moved after the Graystone Performance Update, saying it would make more sense to Trustees after the latest returns were presented. The Board agreed to the move.

**Once the Assets are Moved**

Trustee Morrice indicated he had asked during a recent meeting with MERS whether the City's Board would continue to perform oversight of the investments. MERS indicated they have their own board that governs the system and they are not aware of a need for the City's board to continue. They further indicated that anyone that wishes to run for a seat on the MERS board is free to do so.

**INVESTMENT CONSULTANT REPORT:**

1. Graystone: Fourth Quarter 2018 (to date) Market Commentary.
2. Graystone: Performance Update, through November 30, 2018.
3. Graystone: Asset Allocation Evaluation.

**CITIZENS COMMENT:**

There were no citizen comments.

**NEXT BOARD MEETING:**

The next board meeting is scheduled for April 24, 2019 at 7:15am

**ADJOURNMENT:**

Motion by for adjournment at 9:09 a.m.

Motion supported by and concurred in by unanimous vote.

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Amy K. Kirkland, City Clerk