

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

DECEMBER 14, 2016

7:15 AM

CALL MEETING TO ORDER:

Chairperson Farrell called the meeting to order at 7:27 a.m.

ROLL CALL:

PRESENT: Trustees Richard Brewbaker, Burton Fox, Andrew Reed, Vice Chairperson Bobbi Jo Perry, and Chairperson Wilfred Farrell.

ABSENT: Trustee Elaine Greenway, (one vacancy).

ALSO

PRESENT: City Attorney William C. Brown; Graystone Consultant Michael Holycross; City Clerk Amy K. Kirkland; Former Trustee Mark A. Sedlak; City Treasurer Andrea K. Smith.

APPROVE AGENDA:

Motion by Trustee Fox to approve the Agenda as presented.

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

APPROVE MINUTES OF OCTOBER 26, 2016 REGULAR MEETING:

Motion by Trustee Fox to accept the minutes of the October 26, 2016 Regular Meeting as presented.

Motion supported by Vice Chairperson Perry and concurred in by unanimous vote.

CITIZEN COMMENTS:

There were no citizen comments.

CONSENT AGENDA:

Motion by Trustee Fox to approve the consent agenda as follows:

Approve Pension Check Reports:

a. October 2016	\$ 218,711.87
b. November 2016	\$ 221,869.48

Approve Statements:

a. Consolidated Statement - Including Statements for Individual Accounts

For Period 11/01/2016 through 11/30/2016

(1) Vaungard FTSE Developed Markets ETF – International Value	9
(2) Harding Loevner – International Growth	13
(3) Aristotle – Large Cap Value	25
(4) Atlanta Capital – Small/Mid Cap	33
(5) Loomis Sayles – Large Cap Growth	47
(6) MD Sass – Large Cap Value	65
(7) Franklin Templeton Investments - Fixed Income	77

- b. City of Owosso Employees Retirement Fund
As of October 31, 2016

Payment Authorizations:

- a. Andrea K. Smith, City Treasurer
Report of Checks Written – October 2016 \$ 275,289.03
- b. Andrea K. Smith, City Treasurer
Report of Checks Written – November 2016 \$ 222,718.34

Death Acknowledgements:

None.

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

COMMUNICATIONS:

MAPERS – Legislative Update, December 1, 2016
Gabriel Roeder & Smith – *Insight, October 2016*
Gabriel Roeder & Smith – *NewsScan, October 2016*
Gabriel Roeder & Smith – *NewsScan, November 2016*
Gabriel Roeder & Smith – *Perspectives, November 2016*
Gabriel Roeder & Smith – *Maximum Deferral & Threshold Limits for 2016 & 2017*

Consultant Holycross noted that the legislature has dropped the current effort to cap the healthcare costs borne by a municipal retirement system for this year. He said he wouldn't be surprised if it comes up again in the next legislative session though. There was a very brief discussion held on the matter. City Clerk Kirkland indicated only 5 current retirees receive healthcare benefits. Trustee Brewbaker said he didn't think there were any firefighters taking advantage of the healthcare option upon retirement. Trustee Reed indicated the same for the police noting that very few members were even eligible for the benefit.

The Board moved on to the Investment Consultant Report, agreeing to come back to Old Business at the conclusion of the report.

INVESTMENT CONSULTANT REPORT:

Graystone Consultant Holycross started his report by saying he was not recommending any changes to the portfolio at this time. The portfolio remains overweight in equities and underweight in fixed income. He highlighted the fact that MD Sass was up 9.4% for the quarter, reversing a bit of the losses it has taken over the past twelve months. Franklin Templeton is down 2% due to the rise in interest rates. The overall fund is up 1.7% this month alone and up 6.5% for the year.

Total Portfolio Performance Summary for Period Ending 11/30/2016

	QUARTER TO DATE	YEAR TO DATE	CUMULATIVE 05/15-11/16
BEGINNING TOTAL VALUE	32,137,349.86	31,957,905.63	31,128,908.79
NET CONTRIBUTIONS/WITHDRAWALS	-312,952.46	-1,683,650.60	821,272.15
INVESTMENT EARNINGS	-302,855.41	1,247,286.95	-428,638.96
ENDING TOTAL VALUE	31,521,541.98	31,521,541.98	31,521,541.98

In general, Mr. Holycross said he felt the upward trajectory of the market would continue in 2017. And that while the growth of this bull market cycle has proven to be slow, leading indicators are pointing toward further growth in the economy. Mr. Holycross went so far as to say that he felt there may be record S&P 500 earnings in 2017.

OLD BUSINESS:

Retiree Service on the Board of Trustees

City Clerk Kirkland briefly detailed the proposed process for electing a group representative to the board in light of the fact that retirees can now serve as trustees. There was discussion regarding what would happen if no current members or retirees come forward to fill a seat and the possibility of allowing the remaining board members to select someone to fill the vacancy. Some members indicated they were comfortable with the board selecting someone to fill a vacancy while others preferred maintaining the original process. Chairperson Farrell suggested combining the ideas into a three-step process: current employee members are notified of a vacancy, if no one expresses an interest in the seat then the retirees of the group in question are notified of the opportunity to fill the vacancy, if no one expresses an interest in the seat then the remaining board members choose a replacement. Due to the complexity of the suggested process City Attorney Brown suggested the Clerk edit Attachment A as appropriate, email a copy of the edited version to Trustees, and schedule the proposed process for approval.

Motion by Trustee Fox directing staff to edit Attachment A as appropriate, schedule the policy for final approval, and start step one of the process to fill the vacancy left by the retirement of Mark Sedlak.

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

New Medical Director

Chairperson Farrell introduced the topic by reading off the list of potential physicians that could be considered for the position. After doing so he indicated his preference for a local doctor as opposed to one with an office outside of town. He also noted that Dr. Smith was suggested by administrators at the hospital as a physician that would potentially be interested in the position.

Trustee Fox also indicated his preference for a local physician.

Motion by Trustee Fox to approach Dr. Ekram Smith for the position of Medical Director.

Motion supported by Vice Chairperson Perry and concurred in by unanimous vote.

NEW BUSINESS:

None.

CITIZENS COMMENT:

There were no citizen comments.

Chairperson Farrell thanked Mark Sedlak for his service on the Board and for attending the meeting today in anticipation of the possibility he may return to the Board as a retiree representative.

NEXT BOARD MEETING:

The next board meeting is scheduled for February 22, 2017 at 7:15am

ADJOURNMENT:

The meeting was adjourned at 8:52 a.m.

Amy K. Kirkland, City Clerk