

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

FEBRUARY 28, 2018

7:15 AM

CALL MEETING TO ORDER:

Chairperson Farrell called the meeting to order at 7:17 a.m.

ROLL CALL:

PRESENT: Trustees Richard Brewbaker, Elaine Greenway, Douglas Morrice, Andrew Reed, Vice Chairperson Mark Mitchell, and Chairperson Wilfred Farrell.

ABSENT: Trustee Burton Fox.

ALSO

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

APPROVE AGENDA:

Motion by Trustee Brewbakerto approve the Agenda as presented.

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

APPROVE MINUTES OF DECEMBER 13, 2017 REGULAR MEETING:

Motion by Vice Chairperson Mitchell to accept the minutes of the December 13, 2017 Regular Meeting as presented.

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

CITIZEN COMMENTS:

There were no citizen comments.

CONSENT AGENDA:

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

1. **Approve Pension Check Reports:**

- | | |
|------------------|---------------|
| a. December 2017 | \$ 237,797.70 |
| b. January 2018 | \$ 239,884.38 |

2. **Approve Statements:**

- a. Quarter to Date Statement
For Period 01/01/2017 through 02/19/2018

(1) Total Portfolio

- b. City of Owosso Employees Retirement Fund
As of December 31, 2017
- c. City of Owosso Employees Retirement Fund
As of January 31, 2018

3. **Payment Authorizations:**

- a. Franklin Templeton Investments
For period 10/01/2017 through 12/31/2017 \$ 11,148.33
- b. Franklin Templeton Investments – SIK, former Fifth Third equities
For period 10/01/2017 through 12/31/2017 \$ 300.00
- c. Loomis Sayles/Natixis
For period 01/01/2018 through 03/31/2018 \$ 14,801.81
- d. M.D. Sass
For period 10/01/2017 through 12/31/2017 \$ 5,080.39
- e. Morgan Stanley – Graystone Consulting
For period 01/01/2018 through 03/31/2018 \$ 29,638.92
 - Consulting Fee \$ 17,556.42
 - Mgr Fee – Aristotle \$ 3,767.70
 - Mgr Fee – Atlanta \$ 2,115.55
 - Mgr Fee – Causeway \$ 1,744.22
 - Mgr Fee – Harding \$ 2,207.91
 - MS UMA Fee \$ 2,247.12
- f. Katherine R. Fagan, City Treasurer
Report of Checks Written – December 2017 \$ 16,433.59
(Check register less pension payments)

4. **Death Acknowledgements:**

None.

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

COMMUNICATIONS:

- 1. MAPERS – *Legislative Update, December 2017*
 - 2. Brian Brice – *What Happened in the Markets?*
 - 3. Gabriel Roeder & Smith – *NewsScan December 2017*
 - 4. Gabriel Roeder & Smith – *NewsScan January 2018*
 - 5. Gabriel Roeder Smith: *GRS Insight, January 2018*
 - 6. MD Sass – *Investment Outlook & Strategy Commentary*
- Documents previously
emailed to the Board

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. Morgan Stanley: *FYI, 1Q2018*
- b. Pensions & Investments: *December 11, 2017*
- c. Pensions & Investments: *December 25, 2017*
- d. Pensions & Investments: *January 8, 2018*

- e. Pensions & Investments: *January 22, 2018*
- f. Institutional Investor: *December 2017 / January 2018*

Chairperson Farrell said he had had the opportunity to listen in on the conference call regarding the recent decline in the market and said it was very informative.

OLD BUSINESS:

Set Special Meeting Date

Suggested dates for the meeting were March 14, 21, and 28. The Board expressed a preference for the 14th. Consultant Brice said he would check the availability of the money managers on that date and report back to the Clerk, the Clerk will then email the Board confirming the date.

Appointment of Medical Director

Motion by Trustee Brewbaker to appoint Dr. Anthony Patsy as the Medical Director for the City of Owosso Employees' Retirement System.

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

NEW BUSINESS:

MAPERS One Day Seminar

All members of the Board were invited to attend the upcoming MAPERS One Day Seminar. No one expressed an interest in attending at this time.

MAPERS 2018 Spring Conference

Motion by Vice Chairperson Mitchell to approve the attendance of two members to the MAPERS 2018 Spring Conference.

Motion supported by Chairperson Farrell and concurred in by unanimous vote.

Application for Retirement – Gordon Settlemyre

Motion by Trustee Brewbaker to approve the application for retirement from Firefighter Gordon Settlemyre, effective April 3, 2018.

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

Application for Retirement – Larry Cook

Motion by Vice Chairperson Mitchell to approve the application for retirement from City Assessor Larry Cook, effective April 29, 2018.

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

Application for Retirement – M. George Scanlon

Motion by Trustee Morrice to approve the application for retirement from Engineering Assistant M. George Scanlon, effective May 5, 2018.

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

2018 Budget

City Treasurer Fagan noted that this budget represents the items that will be covered by the City, it does not include money manager fees (which are paid by the System).

Chairperson Farrell inquired about the sizeable increase in consulting fees. Ms. Fagan indicated they have been going up for the past few years. She also noted that the System will now be doing its accounting by the calendar year, not the City’s fiscal year.

In response to Ms. Fagan’s comments regarding fees Consultant Brice reported that the assets of the System had grown by 6% in the past twelve months and the larger pool of assets resulted in a higher fee. He indicated he will put together a 12-month prediction o fees for the Board.

Motion by Trustee Greenway to approve the budget for the 2018 calendar year as follows:

	Jan-Dec 2017 Actual	Jan-Dec 2018 Proposed
Checks, misc.	0.00	150.00
Audit	2,400.00	2,400.00
Actuary Fee	38,400.00	39,000.00
Conference Exp.	853.50	4,000.00
Counseling Fee	105,573.43	120,000.00
Total	147,226.93	166,700.00

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

INVESTMENT CONSULTANT REPORT:

Graystone Fourth Quarter 2017 Executive Summary Report

Graystone Analyst Burger reviewed the markets for 2017 saying that for the first time since 2009 the international markets outperformed domestic equities, and he believes that outperformance will likely continue. Growth stocks outperformed value by a large margin and only 2 sectors were down for the year (telecom & energy). He finished saying the markets saw very little volatility in 2017 and the S&P was positive every month of the year last year, all leading to a 19.32% return for the portfolio for the year.

Total Portfolio Performance Summary for Period Ending 12/31/2017

	QUARTER TO DATE	YEAR TO DATE
BEGINNING TOTAL VALUE	34,377,861	31,637,531
NET CONTRIBUTIONS/WITHDRAWALS	-204,478	-1,921,831
INVESTMENT EARNINGS	1,448,441	5,906,123
ENDING TOTAL VALUE	35,621,824	35,621,824

Consultant Brice expressed some concern over the continuing underperformance of MD Sass and suggested the Board consider exploring other firms.

He said he would provide the Board with a report of projected returns for 2018 and an asset allocation review at the April meeting kicking off an annual review process for the System.

Mr. Brice went on to review the performance of MLPs in 2017 saying they were off 6.5% last year and were currently significantly underpriced making them attractive from a buy standpoint. He said the key question in regard to MLPs was how long it would take for the value of MLPs to be unlocked, how long will it take for their price to reach their value? He encouraged the Trustees to ask questions and explore their concerns about the class with the portfolio managers during the upcoming interviews. He said that while the two firms scheduled for interview out-performed their benchmark the Board had to be comfortable with the asset class.

CITIZENS COMMENT:

There were no citizen comments.

NEXT BOARD MEETING:

A special board meeting is scheduled for March 14, 2018 at 7:15am.

The next regular board meeting is scheduled for April 25, 2018 at 7:15am.

ADJOURNMENT:

The meeting adjourned at 8:44am.

Amy K. Kirkland, City Clerk