

City of Ypsilanti Fire & Police Retirement Board
Minutes of Meeting: Monday, June 19, 2017
9:00 A.M.

This meeting is being recorded for Retirement Board purposes only. The tape will be used solely for a purpose of preparing written minutes of today's proceedings and in no way replaces the official written record. The tape will be erased upon approval of the minutes at the next regularly scheduled meeting.

President Don Pearson called the meeting to order at 9:01 am in the Council Chambers at City Hall, located at One S. Huron Street, Ypsilanti, MI 48197.

ROLL CALL

President Don Pearson

Trustee Patrick Quinn (absent)

Secretary Deric Gress

Trustee Richard Barnabo

City Treasurer Kimberly Teamer (absent)

ALSO PRESENT:

Rheagan Basabica, CPA, Finance Department

Fire Fighter, Joey Knasiak

Police Lieutenant, Dennis Szymankiewicz

Police Lieutenant, Tom Ebert

APPROVAL OF THE AGENDA- Board Assistant, Sammone Dixon discussed the modifications to the agenda. The changes discussed were as follows:

- Updated Board Assistant Invoice
- Propose motion for Lt. Szymankiewicz to enter into the DROP Program.

MOTION: To receive and approve City of Ypsilanti Police Lieutenant, Dennis Szymankiewicz's application for the Deferred Retirement Option Plan (DROP) effective June 30, 2017 and shall not exceed five (5) years terminating on June 30, 2022. The Finance Department is directed to provide necessary information to the Actuary to make the calculations.

Once the modifications were discussed with the board, the agenda was approved.

(Gress/Barnabo)

RES 2017-20 APPROVAL OF MINUTES OF April 17, 2017 MEETING. (Gress/Barnabo)

AUDIENCE PARTICIPATION – Attorney Tom Michaud assisted in leading the discussion regarding the Reciprocal Retirement Act and the ramifications of the DROP program. Lt. Szymankiewicz offered a question in reference to the DROP Program. Lt. Szymankiewicz mentioned that he has 19 years and 8 months with the City of Ypsilanti, Police Department and asked if he could enter into the DROP program allowing for his years of service. Attorney Michaud answered Lt. Szymankiewicz's question by stating, "You must meet the City of Ypsilanti service requirement to enter into the DROP program." In addition, Attorney Michaud discussed that the Reciprocal Retirement Act is a state statute that allows individuals who meet the age but not the service credit requirement to use service that they have acquired with another governmental service unit (e.g. another municipality within the state) and recognize that service for purposes of

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eligibility requirements to retire. Attorney Michaud mentioned that the Reciprocal Retirement Act only refers to service retirement and it does not give service credit. The Reciprocal Retirement Act can not be used for purposes of meeting other requirements. The Reciprocal Retirement Act can only be used for individuals who want to retire and meet the age requirement and does not have the service credit to receive pension benefits immediately. The DROP program here at the City of Ypsilanti is a separate program. In order to be eligible to enter the DROP program, the individual must meet the DROP program's requirements. The Reciprocal Retirement Act and the DROP program are two separate entities.

Attorney Michaud advised Board Assistant, Sammone Dixon to modify the motion on the agenda to accept Lt. Szymankiewicz's application to enter into the DROP program and replace it with a motion to accept Lt. Szymankiewicz's retirement application.

Lt. Ebert, raised a question regarding receiving his pension benefits once the Board has received his paperwork. Attorney Michaud reiterated that the application to retire should reflect his retirement date in order to lock-in the date of retirement. Once paperwork is received, the Board will then make the decision to accept his retirement application.

PRESIDENT'S REPORT (PEARSON) – President Pearson reaffirmed RES 2017-18 and RES 2017-19 were missing Trustee Pat Quinn's signature. As a result, RES 2017-30 and RES 2017-31 were made to ratify the aforementioned resolutions. Secretary Deric Gress offered and Trustee Richard Barnabo supported RES 2017-30 and RES 2017-31. **(Gress/Barnabo)**

CORRESPONDENCE (GRESS) – Secretary Gress discussed the mail correspondence received. He also highlighted Board Assistant, Sammone Dixon's superb ability to organize all mail prior to Board meetings.

FINANCIAL REPORT (DISKIN) – Robert Diskin discussed money manager's (Orleans Div., Orleans, Stonebridge, Essex and First Eagle) total return for the fiscal and calendar year. President Pearson discussed whether the Board should re-consider a replacement for money managers. Based on the performance of Orleans dividends, President Pearson asked if it was reason enough to replace a manager. Robert Diskin offered the notion to continue to monitor managers.

LEGAL REPORT (MICHAUD) – Attorney Michaud mentioned that a Task Force was created in Lansing, MI to help guide the discussion of the present pension and healthcare challenges faced in Michigan. The discussion concerns municipalities' liabilities and modification to retirement benefits. Attorney Michaud mentioned that bills specifically related to local pension and healthcare reforms will be discussed later this year. Secretary Gress raised the concern for healthcare coverage for retirees and Trustee Barnabo raised the question of what protections are available to retirees, individuals vested in the retirement system and the DROP Program. Attorney Michaud mentioned that the language in the contract for healthcare coverage is vague however, there are contractual protections. Attorney Michaud encouraged citizens to contact their local representatives let them know your position on such legislation.

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President Pearson raised a question concerning the status of the FOIA (Freedom of Information Act) discussion. Attorney Michaud mentioned that the state added additional requirements to FOIA making it easier and cheaper for individuals to retrieve information. The law was that the state's legislative and executive bodies did not have to comply with these requirements. Bills concerning this issue are still on the floor.

PAYMENT RESOLUTIONS

- A. **RES 2017-21** Approved payment to *Stonebridge Capital Advisors LLC* for statement of management fees for the period January 1 to March 31, 2017, in the amount of \$6,809.88. **(Gress/Barnabo)**
- B. **RES 2017-22** Approved payment to *Essex Investment Management Co., LLC* for investment management services for the quarter of January 1, 2017 – March 31, 2017, in the amount of \$7,237.58. **(Gress/Barnabo)**
- C. **RES 2017-23** Approved payment to *Orleans Capital Management* for investment management services for the period 01/01/17 to 03/31/17, in the amount of \$4,244.68. **(Gress/Barnabo)**
- D. **RES 2017-24** Approved payment to *Orleans Capital Management* for investment management services for the period 01/01/17 to 03/31/17, in the amount of \$7,205.58. **(Gress/Barnabo)**
- E. **RES 2017-25** Approved payment to *Sammon N. Dixon*, Board Assistant, for services rendered for the period of 4/17/17-6/16/17 in the amount of \$1,165.00. **(Gress/Barnabo)**

OLD BUSINESS

RES 2017-26 DRAWDOWN OF PENSION FUNDS FOR FISCAL YEAR 2017-2018
(Gress/Barnabo)

WHEREAS the Board is in receipt of a request from the City of Ypsilanti Finance Department for a monthly drawdown from the Retirement Board, in the amount of \$125,000.00, to cover the expenditures of the Fire and Police Pension Fund for the FY 2017-2018, and

WHEREAS, the drawdown will be reviewed by the Retirement Board prior to April 1, 2018 to make any necessary adjustments for the last quarter of FY 2017-2018.

WHEREAS the request is in order; and,

THEREFORE BE IT RESOLVED that the Board accepts the request and directs Mr. Robert Diskin of Raymond James Financial Services, Inc. to take all necessary steps to pay the requested drawdown amount of \$125,000.00 per month for the 2017-2018 Fiscal Year, to be wired to the

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City's account on or before the 15th of each month. This amount may be subject to change dependent upon the needs of the Finance Department.

Missing/Incomplete Retiree Verifications – The Board authorized Board Assistant, Sammone Dixon, to send out a letter to retirees and beneficiaries if they have not completed and returned their verifications to the Board. If retirees and/or beneficiaries have not completed and returned verifications by the next scheduled Board meeting, the Board may approve a 30 day suspension of benefits until verification is received.

NEW BUSINESS

RES 2017-27 Detective Robert Peto, Ypsilanti Police Department, Service Retirement
(Gress/Barnabo)

WHEREAS, City of Ypsilanti Police Department Detective Robert Peto submitted his application for DROP effective June 30, 2017 however, Detective Peto decided to submit a service retirement application to the Board of Trustees requesting an effective retirement date of June 29, 2017, and

WHEREAS, Detective Peto's date of birth is October 23, 1965, date of hire is April 28, 1997 and he has been credited with twenty years, 2 months and 1 day of service credit, and

WHEREAS, the Board of Trustees has verified that the aforesaid participant meets all those requirements for a service retirement as established pursuant to the provisions of the Retirement System and applicable collective bargaining agreement, and

WHEREAS, the Board of Trustees has provided all necessary personal and financial data to the Board's actuary who has completed all necessary reports relating to participant and/or designated beneficiary, and

WHEREAS, Detective Peto has reviewed the actuarial calculations and has elected a Regular retirement pension, and

WHEREAS, Detective Peto has requested annuity withdrawal under the provisions of the Retirement System and collective bargaining agreement, therefore be it

RESOLVED, that the Board of Trustees hereby grants Detective Peto a service retirement effective June 29, 2017, and further

RESOLVED, that Detective Peto shall receive a bi-weekly pension benefit in the amount of \$ _____ (based upon an annual regular pension of \$ _____), and further

RESOLVED, that benefits be paid consistent with the foregoing, and further

RESOLVED, that the Board of Trustees hereby approves the request of Detective Peto to refund his accumulated contributions of \$ _____, and further

RESOLVED, that Detective Peto be credited with interest of \$ _____ on his accumulated contributions through June 29, 2017, and further

RESOLVED, that payment in the total amount of \$ _____ be made to Detective Peto consistent with Retirement System provisions and this resolution, and further

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RESOLVED, that copies of this resolution be forwarded to Detective Peto, the Personnel Administrator and the Finance Director.

Upon receipt of final calculations from the Finance Department.

RES 2017-28 Tommy Porter – Refund of Accumulated Contributions (**Gress/Barnabo**)

WHEREAS, the Board of Trustees is in receipt of a request from Tommy Porter requesting refund of his accumulated contributions to the City of Ypsilanti Fire and Police Retirement System; and WHEREAS terminated service with the Ypsilanti Police Department effective May 26, 2017 at which time he had 2 years, 4 months, 6 days of service credit from his hire date of January 20, 2015.

WHEREAS, the Board has discussed this matter, therefore be it

RESOLVED, that the Board of Trustees hereby approves the request of Mr. Porter to refund accumulated contributions of \$5,973.54 with interest of \$88.15, and further

RESOLVED, that payment in the total amount of \$6,061.69 be made to Mr. Porter consistent with Retirement System provisions and this resolution, and further

RESOLVED, that payment is subject to verification of correct contribution and interest amounts and prior to withdrawals, if any, and further

RESOLVED, that a copy of this resolution shall be forwarded to Mr. Porter.

President Pearson requested that we re-direct the meeting to discuss the motions concerning the DROP Program and Service Retirement Application and discuss RES 2017-29 last.

Police Lieutenant Dennis Szymankiewicz—Application for Retirement (**Pearson/Gress**)

MOTION: To accept and approve City of Ypsilanti Police Lieutenant, Dennis Szymankiewicz's Service Retirement Application.

The Board discussed the importance of concrete retirement dates on retirement applications as it relates to influencing the structure of the City's departments (e.g. hiring new employees).

Police Lieutenant Deric Gress—Application for DROP Program (**Barnabo/Pearson**)

MOTION: To receive and approve City of Ypsilanti Police Lieutenant, Deric Gress' application for the Deferred Retirement Option Plan (DROP) effective June 30, 2017 and shall not exceed five (5) years terminating on June 30, 2022. The Finance Department is directed to provide necessary information to the Actuary to make the calculations.

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RES 2017-29 Adjustment of Pension Benefits to Meet Poverty Threshold for 2016
(Gress/Barnabo)

WHEREAS the Board of Trustees is vested with the authority and fiduciary responsibility for the proper administration, management and operation of the Retirement System, and

WHEREAS, The Board, in accordance with its policy (Resolution No. 96-032), shall ensure that the pension benefits of certain retirees and beneficiaries are equivalent to the poverty thresholds in effect on December 31 of the previous year, and

WHEREAS, the pension benefits of retirees and beneficiaries shall meet the poverty threshold for the prior calendar year based upon a two person household 65 years of age and over, as determined by the United States Department of Commerce, Bureau of the Census, and

WHEREAS, the Board is in receipt of a copy of communication from the United States Department of Commerce, Bureau of the Census, which provides information regarding said thresholds, and

WHEREAS, the Board has reviewed the pension benefits of retirees and beneficiaries and has determined that the pension benefits of certain retirees do not meet the current estimated poverty threshold level, therefore be it

RESOLVED, that the current pension benefits of retirees and beneficiaries shall be adjusted effective July 1, 2017, to meet the estimated poverty threshold based upon a two person household 65 years of age and over, which has been determined by the United States Department of Commerce, Bureau of the Census to be \$14,507.00 for 2016, and further

RESOLVED that the adjustments to pension benefits shall not apply to those individuals or beneficiaries who are receiving benefits based upon a deferred vested retirement, and further

RESOLVED, that in the event pension benefits are being divided pursuant to a court order, the combined total of pension benefits being paid shall be used to determine poverty thresholds and any adjustments shall be apportioned between the parties in accordance with the court order, and further

RESOLVED, that a copy of this resolution shall be forwarded to the Mayor, the City Council, the Finance Director, the Human Resources, and all interested parties.

President Pearson raised the question concerning Gabriel, Roeder, Smith & Company fee schedule of \$9,000 quarterly beginning July 1, 2017. Trustee Barnabo suggested that the Board consider other actuaries. Attorney Michaud mentioned that his firm developed a questionnaire for actuaries that the board could use to request information from actuaries. Attorney Michaud encouraged the board to send out a questionnaire to actuaries regarding their services.

Secretary Gress offered and President Pearson supported a motion to direct a Request for Information (RFI) to actuaries.

MOTION: To direct an RFI to actuaries. **(Gress/Pearson)**

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ADJOURNMENT

MOTION: Trustee Richard Barnabo offered and President Don Pearson supported a motion to adjourn the meeting at 10:41 am.

Adjourned 10:41 am.

Next Scheduled Meeting:
Monday, August 21, 2017
City of Ypsilanti: City Hall
1 S. Huron, Ypsilanti, MI 48197
9:00 am