

City of Tecumseh Employees Retirement System

Board of Trustees Meeting
February 28, 2017 7:00 p.m.

MINUTES

I. Pledge of Allegiance

II. Call to Order

The Meeting was called to order at 7:00 PM by Chairman Wimple.

III. Establishment of a Quorum

Present: Jackson Baker, Shelley Lim, Joseph Tuckey, Ron Wimple, John Carlson

Absent/Excused: None

Consultants/Staff: Brian Brice, Morgan Stanley- Graystone Consulting
Dan Swallow, City Manager / Board Secretary

IV. Approval of the February 28, 2017 Agenda

Moved by Baker, Supported by Lim to approve the agenda as presented.

Motion Passed Unanimously.

V. Approval of December 6, 2016 Meeting Minutes

Moved by Lim, Supported by Tuckey to approve the minutes as presented.

Motion Passed Unanimously.

VI. Audience: Items on the Agenda
NONE

VII. Unfinished Business:
NONE

VIII. New Business:

A. Resolution: Acceptance of Quarterly Performance Review of Investments ending December 31, 2016
Brian Brice - Morgan Stanley

Brian Brice reviewed the Quarterly Performance report for the fourth quarter 2016, starting with a review of some of the instability in the market over the last few quarters. Going back to the first quarter of 2016, there was a steep decline in the market, followed by variability due to the BREXIT vote to have Britain leave the European Union. Finally, the unexpected result of the US presidential election caused some uncertainty.

Since the US election, the market has continued to grow. The forecasted policies of the new administration including a lower corporate tax rate, proposed infrastructure spending and reducing regulations, have generally been positive influences on the stock market. In 2016 funds flowed into the bond market, and now we are seeing a reversal, with some of those funds moving into the equity market.

Some changes in the last quarter of 2016 and beginning of 2017 included Emerging Markets starting to grow, Small Capital companies leading growth in the US, and Financials showing strong returns with anticipated increases in interest rates and likelihood of reduced regulation.

Mr. Brice went through each of the investment groups in the Retirement System's portfolio, highlighting higher and lower performances. The Retirement System's investment in Cushing Master Limited Partnership has done well over the last quarter, and Mr. Brice anticipated this strong growth to continue. If there were any investment changes, Mr. Brice suggested moving some funds from MFS Investment Management (Domestic Large Cap Equity) to Cushing MLP (Alternative Investment).

Chairman Wimple recommended that the Board could consider any changes in investments under New Business, by adding Item D.

Moved by Tuckey, and supported by Lim to accept and place on file the Quarterly Performance Review of Investments ending December 31, 2016.

Motion Passed Unanimously.

- B. Resolution: Approval of the Restated Investment Policy Statement
Brian Brice - Morgan Stanley

Brian Brice reviewed the updates to the Restated Investment Policy Statement (IPS). The changes include small increases in the allowed US Large Cap Equities, to reflect recent trends in the Retirement System's investments, and to accomplish the recommended increase in Equities holdings. This change incorporates the shift in investments from TCW to The London Company (US Large Cap Core).

Moved by Baker, and supported by Tuckey to approve and place on file the Restated Investment Policy Statement dated February 2017.

Motion Passed Unanimously.

- C. Discussions with Employee Groups Regarding Increasing Contributions
Dan Swallow, Secretary

Dan Swallow updated the Board on his conversations with the City's collective bargaining units regarding changes to Employee Contributions to the Retirement System. Basically, pre-2011 employees will be asked to increase their contributions by 1% of base pay; and post-2011 employees who have a smaller defined benefit, would be asked to go from a current rate of 0% contribution, to 5% of base pay. The new contribution amounts would be phased in with raises at the beginning of the next two-three fiscal years. Mr. Swallow also distributed an actuarial analysis, of what this would generate to offset the proposed increases that are required to meet the unfunded liability. Mr. Swallow reported that discussions were going well, and he hoped to have some formal language to present to the bargaining units as well as non-union staff soon.

- D. Proposed Investment Changes

The Board members discussed options for making investment changes, including Mr. Brice's recommendation that the Board consider shifting some funds from MFS Investment Management to Cushing MLP.

Moved by Lim, Supported by Carlson, to move funds from MFS Investment Management to Cushing MLP, to bring the percentage of the Retirement Systems portfolio in Cushing MLP from the current 2.7%, to a total allocation of 4%.

Motion Passed Unanimously.

IX. Other Communications:

- A. Cash Account balance as of 12/31/2016
B. Copy of Invoice from Rodwan Consulting Company (\$8,500.00)

IX. Audience: Items not on the Agenda
NONE

XI. Adjournment

Moved by Tuckey, Supported by Carlson to adjourn, at approximately 8:45 PM.
Motion Passed Unanimously.

Next Meeting: May 23, 2017

The City of Tecumseh provides reasonable accommodations for its services under Title VI of its Non-Discrimination Policy and Limited English Proficiency Policy, with an advance 7 day notice to Dan Swallow at 517.424.6555