

City of Tecumseh Employees Retirement System
Board of Trustees Meeting
May 24, 2016 7:00 p.m.

MEETING MINUTES

I. Pledge of Allegiance

II. Call to Order

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

III. Establishment of a Quorum

Members Present: Ron Wimple (Chairman)
Jackson Baker (Vice-Chairman)
Shelley Lim (Employee Rep.)
Joseph Tuckey (Employee Rep.)
John Carlson (Citizen Rep.)

Absent/Excused: None

Consultants/Staff: Brian Brice (Graystone Consulting/Morgan Stanley)
Dan Swallow (City Manager/Secretary)

IV. Approval of the May 24, 2016 Agenda

Motion Baker, supported by Lim, to approve the Agenda as presented.
Motion passed Unanimously

V. Approval of February 23, 2016 Meeting Minutes

Motion Lim, supported by Tuckey to approve the minutes from the February 23, 2016 Meeting.
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 Investment ending March 31, 2016
Brian Brice - Morgan Stanley

Brian Brice reviewed the Investment Performance Analysis for the quarter ending March 31, 2016. The portfolio overall was down 0.3% for the quarter. Some of the economic conditions that are impacting the portfolio include a rise in business acquisitions, continuing low oil prices

and the on-going low performance of international and emerging markets. Some positives for the Retirement System are the improved performance of Fixed Income funds due to investors seeking stability. The Federal Reserve has indicated that it will only raise interest rates two times this year vs. the previously forecast four interest rate hikes. This has helped the markets stabilize and recover some of the losses that occurred early in the first quarter.

Brian Brice pointed out that one of the funds in the portfolio that has been underperforming the benchmarks is TCW. TCW was down 7.6% in the first quarter, compared with the Russell 1000 Growth index that was up 0.7%. The primary reason for this underperformance was the heavy weighting of technology and healthcare stocks which have taken larger losses lately. However, Brice pointed out that the fund previously outperformed the index. Due to the higher risk profile of TCW, Brice reviewed options for selling portions of the System's standing in TCW. He recommended a two option process for making a change away from TCW:

- Option A (as soon as practical): Sell 50% of the holdings in TCW and purchase the equivalent value in The London Company.*
- Option B (after watch period): Sell the balance of TCW holding and purchase the equivalent value in Clearbridge Advisors.*

Brice noted that The London Company is more focused on Large Cap Value stocks, which will help de-risk the portfolio.

Motion Lim, supported by Baker; to move 50% of the current holdings in TCW to The London Company and authorize Graystone Consulting to make that change; and to place TCW on formal watch with reports to be submitted to the Board on a monthly basis.

Motion Passed Unanimously

Motion Baker, Supported by Lim to accept and place on file the Quarterly Performance Review for the period ending March 31, 2016 from Graystone Consulting-Morgan Stanley.

Motion Passed Unanimously

B. Resolution: Acceptance of Service Retirement for Timothy Ryan, Effective April 16, 2016

Swallow noted that long-time police officer Timothy Ryan had retired effective April 16 of this year and that he had submitted his application for retirement to the Board for their review and approval.

Motion Tuckey, supported by Baker to accept the application for service retirement from Timothy Ryan, effective April 16, 2016.

Motion Passed Unanimously

C. Resolution: Approval of the Invoice from the City of Tecumseh for Administrative Services in the Amount of \$20,000.00. Dan Swallow- City of Tecumseh

Swallow noted that the City of Tecumseh provides administrative support for the Employees Retirement System. Administrative responsibilities include, but are not limited to, issuing pension and healthcare reimbursement checks, reviewing retirement applications and eligibility, updating City policies and ordinances, tracking service length and earned benefits, tracking changes in position or status and employment dates, calculating employee contributions, ensuring compliance with IRS rules and regulations, budgeting employer matching contributions,

general accounting and record keeping and managing the annual audit. The cost of these services is estimated to be in excess of \$20,000 and the attached invoice is a request for payment for those services.

Motion Lim, supported by Baker; to approve the invoice from the City of Tecumseh for Administrative Services in the amount of \$20,000.

Motion Passed Unanimously

IX. Other Communications:

- A. Cash Account balance as of 05/06/2016
- B. City of Tecumseh Transaction Report from 01/01/2016 to 3/31/2016
- C. Investment Policy Statement

X. Audience: Items not on the Agenda

NONE

XI. Adjournment

Motioned by Lim, Supported by Carlson; to adjourn the meeting at 8:35 PM

Next Meeting: August 23, 2016

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