

CENTER LINE OTHER POST EMPLOYEES BENEFIT TRUST (OPEB)
REGULAR MEETING
February 11, 2020
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4a. ✓
06/09/20
OPEB

The regular meeting of the Center Line Other Post Employees Benefit Trust Committee was called to order at 1:05 p.m. on February 11, 2020 by Mayor Robert Binson.

Members Present: Robert Binson, Dennis Champine and Deputy Treasurer Gregory Suma.

Also Present: Tim Brice of the Brice Group via telephone conference call.

1. a. Election of Officers:

I. Chairperson:

Motion by G. Suma to nominate and elect R. Binson as Chairperson was seconded by D. Champine.

AYES: 3 NAYS: NONE
MOTION CARRIED

II. Secretary

Motion by D. Champine to nominate and elect G. Suma as Secretary was seconded by G. Suma.

AYES: 3 NAYS: NONE
MOTION CARRIED

2. Approval of Agenda with Addendum

MOTION by D. Champine, supported by G. Suma to approve the agenda and addendum as presented.

AYES: 3 NAYS: NONE
MOTION CARRIED

3. Public Comment

None

4a. Approval of minutes

MOTION by, G. Suma supported by D. Champine to approve the minutes from the November 12, 2019 meeting.

AYES: 3 NAYS: NONE
MOTION CARRIED

5. For your information

a. Three taxes repealed within the Affordable Care Act; The Cadillac Tax, The Hit tax and The Medical Device Tax. Provided by Manquen and Vance updated through December 21, 2019.

MOTION by, G. Suma supported by D. Champine to receive and file the aforementioned item.

AYES: 3 NAYS: NONE
MOTION CARRIED

b. Correspondence from Morgan Stanley dated: December 30, 2019 Re: An error occurred by Morgan Stanly when they applied money market adjustments in all of

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our OPEB accounts during 2016 and 2019. A credit will be applied to our accounts on or about December 19, 2019.

6. Presentations

a. Tim Brice from the Graystone Group of Morgan Stanley.

i. *On The Markets* – Sticking With It dated: November 2019.

ii. Money Manager performances through September 30, 2019.

iii. REIT money manager search.

Mr Brice started the discussion addressing the *On The Markets* document. "Expanding liquidity and improving sentiment has continued to drive passive investment flows into the S & P %00 Index. In our judgment, the index is now about 10% overvalued." Three items have had an impact on the markets moves. The Fed has lowered rate three times in the past year, a Trade & Tariff deal is looming and it appears Brexit may come to fruition. Our Plan is up 19.50% year-to date. If any of the aforementioned items goes negatively then the markets may slide. Michael Wilson, CIO states "Therefore, the advice remains the same. Stick to the defensive areas within your portfolios. Finally, the risk of a correction at the index level is higher than it has been since July, the last time we were at new highs."

Mr. Brice referred to the booklet with money manager performances and asked everyone to turn to tab 3 page 1. The portfolio summary year-to-date, had a beginning position of \$ 4,600,559. contributions were added of \$ 489,670. and positive gains of \$ 733,254. leaving a September 30, 2019 market value of \$ 5,823,483.

Mr. Brice then addressed the money manager performances under tab 3 page 7. The Plan is up .75% for the quarter with the benchmark up .48% and for the year to date the Plan is up 16.53% through September 30, 2019 with the benchmark up 14.45%. The fixed income managers have done well. Western is up 10.90% y-t-d and Boyd is up 10.20% y-t-d with the benchmark at 8.52%.

All the equity managers are doing very well beating their indices. Clearbridge is down slightly. For the quarter they are down -.11% with the benchmark at 1.49% and for y-t-d Clearbridge is at 22.20% with their benchmark at 23.30%. The reason for this is they have begun to trim out the overly priced equities in the portfolio. Great Lakes, our SMID Cap Core manager, is up .46% for the quarter with the benchmark at -1.28% and for y-t-d Great Lakes is at 14.79% with the benchmark at 17.72%. Mr. Brice pointed out that Great Lakes tends to a more defensive style manager.

Causeway our International Value manager is underperforming, -3.12% for the quarter with the benchmark at -1.07% and y-t-d Causeway is at 7.32% with the benchmark at 12.80%. Although

the numbers are down, through yesterday Causeway is up 4.13% with the benchmark at 1.10%. This manager is affected by the Trade and Tariff issue looming in the markets. Harding Loevner, our emerging markets manager has struggled for the quarter but is up 11.90% y-t-d with the benchmark up 10.05%. Causeway will be on a watch list.

In the alternative asset class of MLP's Cushing is up 11.62% y-t-d with the benchmark at 11.09% and Tortoise is up 16.65% y-t-d with their benchmark up 19.38%. Mr. Brice feels the MLP sector may go by the wayside and the companies may go to a more C Corporation model.

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Mr. Brice addressed our asset allocation with all asset classes mostly in line. Our Domestic Large Cap Growth managers will be trimmed in the future once a solid Trade and Tariff deal between USA and China is reached.

Mr. Brice then addressed the REIT manager search which the Committee asked him to undertake. Under tab 1 page 16 he spoke on the risk/reward analysis for a 3, 5, 7- and 10-year periods. Managers who made the short list were: Cohen & Steers, Invesco-US reits, Principal Global Investors, Cohen & Steers Global Realty I, DWS REEF, PGIM Jennison utility, FTSE EPRA/NAREIT developed and FTSE Nareit All reits. Cohen & Steers, Cohen Real Estate emerged as the best performer. The Committee based on the recommendation of Morgan Stanley will address REITS at a future date when Morgan Stanley advises to move from the sidelines.

7. Old Business

None

8. New Business

a. Proposed OPEB Committee meeting dates for 2020.

The meeting dates are all good with the exception of the August 11, 2020 being moved to August 18, 2020 at 1:00 p.m.

Motion by G. Suma and seconded by D. Champine to approve the 2020 OPEB Committee dates.

AYES: 3 NAYS: NONE
MOTION CARRIED

9. Approval of vouchers:

**a. Morgan Stanley/Graystone Consulting 3rd Qtr. 2019 Investment Management Fees
~ \$ 12,152.96.**

Motion by G. Suma to approve the invoice was seconded by D. Champine.

AYES: 3 NAYS: NONE
MOTION CARRIED

**b. VanOverbeke, Michaud & Timmony Invoice for assistance with OPEB Public Act
202 of 2017 Corrective Action Plan with Michigan Department of Treasury Dated:
October 14, 2019 ~ \$ 1,602.00.**

Motion by D. Champine to approve the invoice was seconded by G. Suma.

AYES: 3 NAYS: NONE
MOTION CARRIED

**c. Gabriel, Roeder, Smith & Co. Invoice # 450420 Dated: November 1, 2019 OPEB
Actuarial Valuation Report as of December 31, 2018. ~ \$ 11,000.00.**

Motion by D. Champine to approve the invoice was seconded by G. Suma.

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AYES: 3 NAYS: NONE
MOTION CARRIED

Comments

None

Adjournment

MOTION by D. Champine, supported by G. Suma to adjourn the meeting at 2.10 pm

AYES: 3 NAYS: NONE
MOTION CARRIED

Adjourned 2:10 pm

Robert Binson (M)

Chairman

06/09/2020

Date

Beggy T. Suma

Secretary

June 9, 2020

Date