

CENTER LINE OTHER POST EMPLOYEES BENEFIT TRUST (OPEB)  
REGULAR MEETING  
November 12, 2019  
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4a. ✓  
02/11/20  
OPEB

The regular meeting of the Center Line Other Post Employees Benefit Trust Committee was called to order at 1:06 p.m. on November 12, 2019 by Mayor Robert Binson.

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

Also Present: Tim Brice of the Brice Group and Shana Neeson from Gabriel, Roeder, Smith & Co.

**2. Approval of Agenda**

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

AYES: 3                      NAYS: NONE                      MOTION CARRIED

**3. Public Comment**

None

**4a. Approval of minutes**

MOTION by, D. Champine supported by G. Suma to approve the minutes from the August 13, 2019 meeting.

AYES: 3                      NAYS: NONE                      MOTION CARRIED

**5. For your information**

a. None

**6. Presentations**

**a. Shana Neeson from GRS Consulting to present the Actuarial Valuation for the City of Center Line Retiree Health Care Plan as of December 31, 2018.**

Mrs. Neeson stated the purpose of this report is to determine the actuarial required contributions that the City of Center Line has to make to the plan. There are costs associated with past service and future service accruals. The membership census data is submitted by the City to GRS and that starts the process to determine the actuarial recommended contribution. The Plan has 17 members who are active and will receive retiree healthcare in the future. For the group of active members, they average to be 47.5 years of age with 18.8 years of service. The Plan has been closed for some time to any new hires by Center Line. There are 71 retirees who can choose to take the retiree health insurance as of December 31, 2018 but 7 have "opt-ed out" so 64 members are enrolled in retiree health coverage.

Another area discussed was the Retiree Premium Rate Development. All premiums were analyzed including Blue Cross Blue Shield, Blue Care Network the Humana Medicare advantage plan for current retirees to set premium rates for future retirees.

Mrs. Neeson touched on tab 3 which details the current summary of benefits offered by the City of Center Line. Our plan is considered a mature plan as we have about 3.8 retirees per 1 active member.

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Mrs. Neeson focused on Tab A 1 which addresses the funding level on the actuarially determined contributions. GRS has historically calculated the numbers with two interest rates, 4% and 6%. For reporting purposes, the Plan uses the 6.00% interest rate. The Plan a Total Present Value of Future Benefits of \$ 18,042,889. With the Actuarial Value of Assts at \$ 4,695,993. Giving the Plan a Funded Ratio of 26.90%. This is up from the December 31, 2016 funded ratio of 21.30%. Steps by the City Council, Administration and the OPEB Trust Committee to aggressively attack the funded ratio over the past few years have led to positive signs. The Actuarially Determined Contribution amount for Fiscal June 30, 2021 is \$ 1,282,212.

Motion by G. Suma to forward the report to City Treasurer, Mark Knapp and let him know the Committee adopted and accepted the Report from Gabriel, Roeder, Smith & Co. and to use the report for the next Fiscal Year Budget was seconded by D. Champine.

AYES: 3

NAYS: NONE

MOTION CARRIED

**b. 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

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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.

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.

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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.

AYES: 3                      NAYS: NONE                      MOTION CARRIED

**Comments**

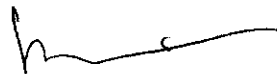
None

**Adjournment**

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

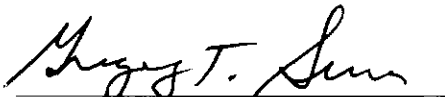
AYES: 3                      NAYS: NONE                      MOTION CARRIED

Adjourned 2:10 pm



Chairman

2/11/2020  
Date



Secretary

February 11, 2020  
Date