



500 West Big Beaver  
Troy, MI 48084  
troymi.gov

## MINUTES

### Employees' Retirement System Board Meeting

October 9<sup>th</sup>, 2019 at 12:00 PM  
Troy City Hall Council Board Room  
500 West Big Beaver Troy, Michigan 48084  
(248) 524-3330

### Roll Call

The monthly meeting for the Employees' Retirement System Board of Trustees was held on **October 9<sup>th</sup>, 2019** at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 12:00 PM.

**Trustees Present:** Mark Calice  
Thomas Gordon II  
John M. Lamerato  
Justin Novak (left at 12:58 PM)  
Milton Stansbury  
David Hamilton  
Mark Owczarzak

**Trustees Absent:** Mark F Miller

**Also Present:** Amy Cole – Graystone Consulting  
Robert F. Alati – Graystone Consulting  
Timothy M. Brice – Graystone Consulting  
Rebecca Sorensen – UBS Financial Management  
Darin McBride - UBS Financial Management  
Lisa Burnham  
Shazia Fatima

### Minutes from the September 11<sup>th</sup>, 2019 Meeting

#### Resolution # ER – 2019-10-29

Moved by: Hamilton

Seconded by: Stansbury

**RESOLVED**, that the Minutes of the September 11<sup>th</sup>, 2019 meeting be **APPROVED**.

Yeas: - 6 -

Absent: - 1 -

**Motion Passes**

### Retirement Requests

Name	None			
Pension Program				
Retirement Date				
Department				
Service Time				

### Regular Business

- Request for reimbursement to City in the amount of \$8,000,000 in November 2019.
  - The ERS Board directs the Systems Investment Consultants of Graystone Consulting and UBS Financial Services to bring a proposal to reimburse the City for pension benefits paid on the System's behalf in the amount of \$8,000,000 and a separate proposal to reimburse the City for half the amount of \$4,000,000 at the next ERS Board meeting scheduled on November 13th, 2019.

#### Resolution # ER-2019-10-30

Moved by: Stansbury

Seconded by: Hamilton

**RESOLVED**, The ERS Board directs the Systems Investment Consultants of Graystone Consulting and UBS Financial Services to bring a proposal to reimburse the City for pension benefits paid on the System's behalf in the amount of \$8,000,000 and a separate proposal to reimburse the City for half the amount of \$4,000,000 at the next ERS Board meeting scheduled on November 13th, 2019 be **APPROVED**.

Yeas: - 6 –

Absent: - 1 –

**Motion Passes**

### Investments

#### **Graystone Consulting Group Presentation**

- **Market Review – Bob Alati / Tim Brice**
  - Bob discussed the current bull market, possibilities of a recession, and possibilities of a slowdown in the economy using a comparison with the Jobs Market Indicator and the Relative Strength Line Indicator.
  - He believes that a slowdown in the economy can happen due to the various

events happening around the world, and the market will have corrections, but there are still no indications of a recession.

- Tim discussed the On the Markets article talking about volatility, recession and fears highlighting that both stock and bond markets seem to be worried about the future.
- **Investment Review – Tim Brice / Amy Cole**
  - Tim discussed the current standing of the portfolio in relation to the policy targets and noted that Domestic Equities are overweight while International Equities and Fixed Income are on par with the policy target.
  - Amy discussed Performance noting the YTD Net Returns Net of Fees for the combined accounts as of September 30<sup>th</sup>, 2019 at 12.52%.
  - She also discussed Asset Allocation and Manager Performance noting that she has no recommendations to rebalance the portfolio at this time.

### **UBS Financial Presentation**

- **Market Review – Rebecca Sorensen / Darin McBride**
  - Rebecca gave a market update discussing the volatile market and a slowdown in growth, however the labor market is still strong enough to support consumer spending.
  - She noted that Trade issues and political unrest continue to be issues in the market thereby increasing fears of recession.
  - She prefers that we continue to maintain an equity allocation that is more domestically focused and concluded that she does not anticipate a recession right now.
- **Investment Review – Rebecca Sorensen / Darin McBride**
  - The performance as of September 30<sup>th</sup>, 2019 YTD Net Rate of Return Net of Fees was as follows: Combined 17.34%; ERS 16.73%; NAIC 19.68%.
  - She suggested a rebalance in the portfolio to move from growth to value stocks by but reducing large stock positions.
  - **Recommendations :**
    - Sell \$200,000 Alphabet A, \$400,000 Amazon, \$400,000 Apple, \$100,000 Chevron, \$100,000 Costco, \$200,000 Oneok Inc.,
    - Sell full position Altaba Inc. (formerly Yahoo).
    - Reduce Alliance Bernstein High Income and Blackrock High Yield Funds by \$1,000,000 each and add to TIP position and TCW Emerging Markets Income Fund N share class.
    - Purchase the following stocks with initial positions of \$300,000 each: Comcast, Conagra, Lockheed Martin, Medtronic, Merck, Microsoft, Thermo Fisher Scientific Inc., United Technologies, UnitedHealth Group, VF Corp, Walmart.

- The above transactions will require use of a large portion of the money market funds, approximately \$1.9 million.
- Tom Gordon requested to amend the original recommendation to change the amount for the purchase of the stocks with initial positions of \$300,000 each to \$125,000 each.

**Resolution # ER – 2019-10-31**

Moved by: Hamilton

Seconded by: Lamerato

**RESOLVED**, to amend the original recommendation be **APPROVED**.

Yeas: - 6 -

Absent: - 1 –

**Motion Passes**

- **Amended Recommendation :**
  - Sell \$200,000 Alphabet A, \$400,000 Amazon, \$400,000 Apple, \$100,000 Chevron, \$100,000 Costco, \$200,000 Oneok Inc.,
  - Sell full position Altaba Inc. (formerly Yahoo).
  - Reduce Alliance Bernstein High Income and Blackrock High Yield Funds by \$1,000,000 each and add to TIP position and TCW Emerging Markets Income Fund N share class.
  - Purchase the following stocks with initial positions of \$125,000 each: Comcast, Conagra, Lockheed Martin, Medtronic, Merck, Microsoft, Thermo Fisher Scientific Inc., United Technologies, UnitedHealth Group, VF Corp, Walmart.
  - The above transactions will require use of a large portion of the money market funds, approximately \$1.9 million.

**Resolution # ER – 2019-10-32**

Moved by: Gordon

Seconded by: Hamilton

**RESOLVED**, to amend the original recommendation to change the amount for the purchase of the stocks with initial positions of \$300,000 each to \$125,000 each be **APPROVED**.

Yeas: - 6 -

Absent: - 1 –

**Motion Passes**

- UBS option recommendations were approved by the System Administrator.

**Other Business**

- None

**Public Comment**

- None

**Adjourn**

The meeting adjourned at 1:06 PM.

The next meeting is Wednesday, November 13<sup>th</sup>, 2019 at 12:00 PM at Troy City Hall, Council Board Conference Room, 500 W. Big Beaver Road, Troy, MI 48084.

  
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Mark Calice, Chairman

  
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Thomas Gordon II, Vice Chairman