



500 West Big Beaver
Troy, MI 48084
troymi.gov

MINUTES

Employees' Retirement System Board Meeting

November 13th, 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 **November 13th, 2019** at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 12:03 PM.

Trustees Present: Mark Calice
Thomas Gordon II
Robert C Maleszyk
Justin Novak
Mark F Miller
David Hamilton (left at 12:30 PM)
Mark Owczarzak

Trustees Absent: Milton Stansbury

Also Present: Robert F. Alati – Graystone Consulting
Timothy M. Brice – Graystone Consulting
Rebecca Sorensen – UBS Financial Management
Darin McBride - UBS Financial Management
Lisa Burnham
Sergeant Michael P Giorgi
Shazia Fatima

Minutes from the October 9th, 2019 Meeting

Resolution # ER – 2019-11-33

Moved by: Hamilton

Seconded by: Novak

RESOLVED, that the Minutes of the October 9th, 2019 meeting be **APPROVED**.

Yeas: - 6 -

Absent: - 1 -

Motion Passes

Retirement Requests

Name	Victor J. Bordo		
Pension Program	DB		
Retirement Date	February 1, 2020		
Department	Police		
Service Time	25 years, 0 months		

Resolution # ER – 2019-11-34

Moved by: Hamilton

Seconded by: Novak

RESOLVED, that the Retirement Requests be **APPROVED**.

Yeas: - 6 -

Absent: - 1 –

Motion Passes

Regular Business

• **Christmas Luncheon**

- The Christmas Luncheon will be held on December 11th, 2019 at 11:30 AM at a location to be decided by Mark Miller and the ERS meeting will be rescheduled to start at 1:30 PM.
- An email will be sent out with the final time and location.
- Chairman Calice requested to add Steven Pallotta, John Lamerato, Lisa Burnham and Shazia Fatima on the invite.

Resolution # ER – 2019-11-35

Moved: Hamilton

Seconded: Maleszyk

RESOLVED, to hold the annual Christmas Luncheon on December 11th, 2019 at 11:30 AM at a location to be decided by Mark Miller, and to reschedule the ERS Board Meeting on December 11th, 2019 to 1:30 PM be **APPROVED**.

Yeas: - 6 -

Absent: - 1 –

Motion Passes

• **2020 ERS Board Meeting dates and discussion on January 2020 meeting date**

- UBS requested to be allowed to submit material late for the January meeting or reschedule the meeting to January 15th due to New Year holidays.
- The Board discussed that the January meeting could be canceled instead of

rescheduled with the option to hold a special meeting in January if needed.

- David Hamilton made a motion to amend the original 2020 meeting schedule and to accept the schedule dates starting February 2020.

Resolution # ER – 2019-11-36

Moved: Hamilton

Seconded: Miller

RESOLVED, to amend the 2020 meeting schedule be **APPROVED**.

Yeas: - 6 -

Absent: - 1 –

Motion Passes

Resolution # ER – 2019-11-37

Moved: Hamilton

Seconded: Novak

RESOLVED, that the January 2020 meeting will be canceled and the ERS Board Meetings will be held on the second Wednesday of every month starting at 12:00 PM in the City Hall Council Board Room beginning from February 2020 be **APPROVED**.

Yeas: - 6 -

Absent: - 1 –

Motion Passes

- **ERS Actuarial Valuation Engagement Letter Jan-Dec 2020 – Gabriel, Roeder, Smith (GRS)**
 - Robert Maleszyk presented the Actuarial Valuation Engagement Letter – Gabriel, Roeder, Smith (GRS)
 - He reviewed the proposed services and actuarial fees for the City of Troy Employees Retirement System for the period beginning January 1, 2020 through December 31, 2020.

Resolution # ER – 2019-11-38

Moved: Maleszyk

Seconded: Hamilton

RESOLVED, to engage Gabriel Roeder Smith to perform ERS actuarial services through December 31, 2020 using an assumed rate of return of 6.5% and using the most current mortality tables commonly used for municipal systems be **APPROVED**.

Yeas: - 6 -

Absent: - 1 –

- **Request for reimbursement to City in the amount of \$8,000,000 in November 2019.**
 - Chairman Calice requested both consultants to present their material first before discussing the reimbursement recommendations.

Investments

Graystone Consulting Group Presentation

- **Investment Review – Tim Brice**
 - Tim discussed the changes in the market noting that the Growth and US Domestic Equities outperformed other areas of the portfolio.
 - He reviewed Portfolio Performance noting the YTD Net Returns Net of Fees for the combined accounts as of October 31st, 2019 at 14.29%.
 - He also discussed Asset Class Returns and presented the recommendations for the cash raise.
- **Cash Raise Recommendation of \$4,000,000**
 - Sell \$2,000,000 from Domestic Equities
 - \$250,000 each from Winslow, Delaware, iShares S&P 500 (IVV) and Thompson Siegel; \$1,000,000 from Vanguard Total Market (VTI).
 - Sell \$1,000,000 from International Equities
 - \$250,000 each from ClearBridge International Growth and Delaware International Value; \$500,000 from iShares MSCI EAFE (EFA)
 - Sell \$1,000,000 from Fixed Income
 - \$500,000 from Loomis Sayles Bond (LSBDX); \$250,000 each from JP Morgan Strategic Income (JSOSX) and Templeton Global Total Return (TTRZX)
- **Cash Raise Recommendation of \$8,000,000**
 - Sell \$4,000,000 from Domestic Equities
 - \$500,000 each from Winslow, Delaware, iShares S&P 500 (IVV) and Thompson Siegel; \$2,000,000 from Vanguard Total Market (VTI).
 - Sell \$2,000,000 from International Equities
 - \$500,000 each from ClearBridge International Growth and Delaware International Value; \$1,000,000 from iShares MSCI EAFE (EFA)
 - Sell \$2,000,000 from Fixed Income
 - \$1,000,000 from Loomis Sayles Bond (LSBDX); \$500,000 each from JP Morgan Strategic Income (JSOSX) and Templeton Global Total Return (TTRZX)

UBS Financial Presentation

- **Investment Review – Rebecca Sorensen / Darin McBride**
 - The performance as of October 31st, 2019 YTD Net Rate of Return Net of Fees was as follows: Combined 19.05%; ERS 18.00%; NAIC 22.97%.
- **Cash Raise Recommendation of \$4,000,000**
 - Use cash from ERS \$2,372,237
 - Use cash from NAIC \$761,680
 - Sell position in Seligman Fund valued at \$866,083 from the ERS portfolio
- **Cash Raise Recommendation of \$8,000,000**
 - Use cash from ERS \$2,372,237
 - Use cash from NAIC \$761,680
 - Sell the following Securities from the ERS portfolio for a total of \$4,316,100
 - Seligman Fund \$881,100; American Towers \$216,000; Euro Pacific \$269,000; General Dynamics \$250,000; Global Payments \$200,000; IDEX \$100,000; Linde \$300,000; New World Fund \$264,000; Oneok \$200,000; Pepsico \$200,000; Procter & Gamble \$200,000; Rio Tinto \$100,000; Samsung \$186,000; Starbucks \$250,000; 3M \$100,000; Tractor Supply \$100,000; Visa \$200,000; Watsco Inc. \$200,000; Yum China \$100,000
 - Sell the following securities from the NAIC portfolio for a total of \$550,000
 - Danaher \$250,000 and Roper Tech \$300,000

Request for reimbursement to City in the amount of \$8,000,000 to be taken out of Morgan Stanley.

Resolution # ER – 2019-11-39

Moved by: Calice

Seconded by: Novak

Yeas: - 2 - Calice, Novak

Nays: - 3 - Miller, Maleszyk, Gordon

Absent: - 1 – Stansbury

Motion Fails

Request for reimbursement to City in the amount of \$8,000,000 to be taken \$4,000,000 out of Morgan Stanley and \$4,000,000 out of UBS.

Resolution # ER – 2019-11-40

Moved by: Maleszyk

Seconded by: Miller

RESOLVED, that the reimbursement to City for \$8,000,000 (transfer in December) be taken \$4,000,000 from Morgan Stanley and \$4,000,000 from UBS based on the recommendations from Graystone and UBS as presented above and a policy be developed on how these reimbursements will be taken in the future be **APPROVED**.

Yeas: - 4 – Maleszyk, Miller, Novak, Gordon

Nays: - 1 - Calice

Absent: - 1 – Stansbury

Motion Passes

Other Business

- The Board discussed that a policy be developed on the manner and optimal frequency of the reimbursements requested by the City.

Public Comment

- None

Adjourn

The meeting adjourned at 1:19 PM.

The next meeting is Wednesday, December 11th, 2019 at 1:30 PM at Troy City Hall, Council Board Conference Room, 500 W. Big Beaver Road, Troy, MI 48084.



Mark Calice, Chairman



Thomas Gordon II, Vice Chairman