



500 West Big Beaver
Troy, MI 48084
troymi.gov

MINUTES

Employees' Retirement System Board Meeting

May 20th, 2020 at 12:00 PM

Electronic Remote Participation via GoToMeeting

(248) 524-3306

ERSPublicComments@troymi.gov

Roll Call

The monthly meeting for the Employees' Retirement System Board of Trustees was held on **May 20th, 2020** with electronic remote participation via GoToMeeting.

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

Trustees Present: Mark Calice
Thomas Gordon II
Robert C Maleszyk
Mark F Miller
David Hamilton
Justin Novak
Kurt Bovensiep

Trustees Absent: Mark Owczarzak

Also Present: Tim Brice – Graystone Consulting
Rebecca Sorensen - UBS Financial Management
Lori G Bluhm
Lisa Burnham
Shazia Fatima

Resolution: To allow members to participate in public meetings by electronic means during the State of Emergency

Resolution # ER – 2020-05-09

Moved by: Maleszyk

Seconded by: Hamilton

RESOLVED, that the City of Troy Employees' Retirement System hereby allows all members to participate in public meetings by electronic means during the state of emergency. Members participating electronically will be considered present and in

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attendance at the meeting and may participate in the meeting as if physically present. However, members must avoid using email, texting, instant messaging, and other such electronic forms of communication to make a decision or deliberate toward a decision be **APPROVED**.

Yeas: - 7 -

Absent: - 0 -

Motion Passes

Resolution: To establish public participation rules during the State of Emergency

Resolution # ER – 2020-05-10

Moved by: Calice

Seconded by: Hamilton

RESOLVED, that the City of Troy Employees' Retirement System hereby establishes public participation rules during the state of emergency to provide for two methods by which members of the public can be heard by others during meetings. Email sent to ERSPublicComments@troymi.gov and received by 9 AM on the day of the meeting will be read during the public comment period of the meeting. Voicemail left at 248-524-3306 and received by 9 AM on the day of the meeting will be played during the public comment period of the meeting. Both email and voicemail public comments will be limited to three minutes each be **APPROVED**.

Yeas: - 7 -

Absent: - 0 -

Motion Passes

Public Comment

None

Minutes from the March 11th, 2020 Meeting

Resolution # ER – 2020-05-11

Moved by: Miller

Seconded by: Hamilton

RESOLVED, that the Minutes of the March 11th, 2020 meeting be **APPROVED**.

Yeas: - 7 -

Absent: - 0 -

Motion Passes

Retirement Requests

Name	William Sanders	Janice Hynes	Jeffrey Oberski
Pension Program	DC	DB	DC
Retirement Date	April 25, 2020	May 26, 2020	July 25, 2020
Department	Engineering	DPW-Streets	Police
Service Time	19 years 0 months	25 years 0 months	30 years 9 months

- Chairman Calice made an acknowledgement of thanks to the three retiring employees for their long years of service to the City.

Resolution # ER – 2020-05-12

Moved by: Miller

Seconded by: Bovensiep

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

Yeas: - 7 -

Absent: - 0 –

Motion Passes

Regular Business

- **Election Results**
 - Administrator Maleszyk congratulated Kurt Bovensiep on being elected to serve as member of the ERS and RHC Boards for a term ending December 31st, 2021 and welcomed him to the Board.
- **Request for reimbursement to City in the amount of \$4,000,000 in June 2020; \$2 million each from Morgan Stanley and UBS.**
 - Administrator Maleszyk requested both consultants to present their material first before discussing the reimbursement recommendations.

Investments

Graystone Consulting Group Presentation

- **Market Review – Tim Brice**
 - Tim discussed Graystone Consulting's view of the current market during the COVID-19 pandemic and highlighted that the shutting down of the economy is going to bring a steep recession but with the federal government lowering interest rates to almost zero and the unlimited quantitative easing they adopted in addition to the CARES Act and the fiscal policy changes they expect to see a bounce back once the economy reopens.

- He highlighted that a recession marks the end of a bear market, not the beginning of one, and believes that we are still in a long term bull market but with a short term cyclical bear market which has ended with the current recession.
- **Investment Review – Tim Brice**
 - Tim presented Performance Update Report as of May 20th, 2020 noting that
 - Net Return Net of Fees MTD: 1%, QTD: 9% and YTD: -9%.
- **Recommendations for \$2 million reimbursement to the city:**
 - The portfolio has enough money in cash that they recommend be used towards the \$2 million reimbursement to the City.

Resolution # ER – 2020-05-13

Moved by: Hamilton

Seconded by: Calice

RESOLVED, that \$2 million from cash be used towards the reimbursement to the City from the Graystone Consulting portfolio be **APPROVED**.

Yeas: - 7 -

Absent: - 0 –

Motion Passes

UBS Financial Presentation

- **Market Review – Rebecca Sorensen**
 - Rebecca gave a market overview in light of the COVID-19 pandemic highlighting concerns with increasing unemployment, upcoming election and trade issues with China indicating that the market is still volatile.
 - UBS expects no positive GDP growth this year and expects to see long lasting changes to our economy and society.
 - They believe that it may take until end of 2021 for growth to normalize and for us to get back to pre-Covid level of consumer spending.
 - She concluded that while their expected US Fixed Income returns have declined the expected Equity returns remain unchanged and recommended that we keep our current asset allocation.
- **Investment Review – Rebecca Sorensen**
 - The Net Rate of Return Net of Fees as of April 30th, 2020 for the combined ERS and NAIC Portfolio was as follows: MTD: 10.35% and YTD: -7.58%.
 - The Net Rate of Return Net of Fees as of May 20th, 2020 for the combined ERS and NAIC Portfolio was as follows: MTD: 1.06%.

- **Recommendations for \$2 million reimbursement to the city:**

- The ERS and NAIC portfolios currently have \$1,598,000 in cash combined which will be used towards the \$2 million distribution to the City.
- To raise the remaining \$402,000 there are two options:
 - Sell the following stocks in the NAIC portfolio that are sell recommendations by Investor Advisory Service: Allegiant Travel, Eagle Bank, IAA, Nexstar Media, IDEX and Old Dominion Freight Line which would raise about \$1.6 million and the remaining proceeds can be held and used towards the December distribution, or
 - Sell a position in Loomis Sayles Bond for the remaining \$402,000.
- **Resolution:**
 - To use the current cash on hand from the ERS and NAIC portfolio in the amount of \$1,598,000 and sell the NAIC stocks Allegiant Travel, Eagle Bank, IAA, Nexstar Media, IDEX and Old Dominion Freight Line to raise the remaining \$402,000 for the \$2 million June distribution with the remaining proceeds from that sale to hold and use towards the December distribution.

Moved By: Hamilton

Seconded By: Maleszyk

- Trustees Novak, Gordon and Miller were in favor of selling everything except Old Dominion based on its performance.
- Chairman Calice was in favor of selling everything except Old Dominion but use those proceeds to reinvest in any NAIC buy suggestions.

Resolution # ER – 2020-05-14

Moved by: Hamilton

Seconded by: Maleszyk

RESOLVED, that the motion on the table be amended be **APPROVED**.

Yeas: - 6 -

Nays: - 1 – Calice

Motion Passes

Resolution # ER – 2020-05-15

Moved by: Hamilton

Seconded by: Maleszyk

RESOLVED, to use the current cash on hand from the ERS and NAIC portfolios in the amount of \$1,598,000 and sell the NAIC stocks - Allegiant Travel, Eagle Bank, IAA, Nexstar Media, and IDEX to raise the remaining

\$402,000 for the \$2 million June distribution with the remaining proceeds from that sale to be held in cash be **APPROVED**.

Yeas: - 6 -

Nays: - 1 – Calice

Motion Passes

- **UBS Option recommendations**

Resolution # ER – 2020-05-16

Moved by: Novak

Seconded by: Hamilton

RESOLVED, that the option recommendations as presented by UBS be **APPROVED**.

Yeas: - 7 -

Nays: - 0 –

Motion Passes

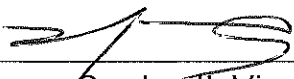
Other Business

- Chairman Calice inquired if the next meeting will be conducted electronically or if a June meeting is even necessary.
- Attorney Bluhm mentioned that electronic meetings are to be conducted through the end of June and there is a mandate requiring any business that can be postponed until in-person meetings are allowed to be postponed.
- The City prefers postponing the meeting if there are no necessary action items to be addressed and an update on the final decision will be communicated to the Board.

Adjourn

The meeting adjourned at 12:47 PM.

The next meeting is Wednesday, June 10th, 2020 at 12:00 PM.



Thomas Gordon II, Vice Chairman



Robert C Maleszyk, Administrator