



500 West Big Beaver
Troy, MI 48084
troymi.gov

MINUTES

Employees' Retirement System Board Meeting

December 9th, 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 **December 9th, 2020** with electronic remote participation via GoToMeeting.

The meeting was called to order at 12:01 PM by Administrator Maleszyk.

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

Trustees Absent: Mark Calice
Mark Owczarzak

Also Present: Tim Brice – Graystone Consulting
Rebecca Sorensen - UBS Financial Management
Darin McBride – UBS Financial Management
Peter A Dungjen
Lisa Burnham
Shazia Fatima

Public Comment

- None

Minutes from the November 11th, 2020 Meeting

Resolution # ER – 2020-12-34

Moved by: Hamilton

Seconded by: Miller

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

Yeas: - 6 – (Hamilton, Miller, Novak, Bovensiep, Gordon, Maleszyk)

Nays: - 0 -

Absent: - 1- (Calice)

Motion Passes

Retirement Requests

Name	None			
Pension Program				
Retirement Date				
Department				
Service Time				

Regular Business

- Administrator Maleszyk thanked Trustee Novak for his many years of service to the Board and welcomed Peter Dungjen to the Board starting January 2021.

Investments

UBS Financial Presentation

- **Market Review – Darin McBride**
 - Darin gave a market overview noting that they continue to have a positive view on Equities but with added volatility due to current the COVID-19 wave which continues to threaten economic recovery and expansion.
 - They are optimistic and anticipate a return to pre-pandemic earnings by the end of year 2021.
 - He concluded that they favor mid-cap and global equities going forward and overall continue to favor a well-balanced high-quality portfolio offering the best way to meet our Long-term investment success.

- **Investment Review – Darin McBride**

- The QTD Net Rate of Return Net of Fees as of November 30th, 2020 was as follows: Combined: 7.18%; ERS: 7.23% and NAIC: 7.02%
- The YTD Net Rate of Return Net of Fees as of November 30th, 2020 was as follows: Combined: 12.50%; ERS: 11.84% and NAIC: 14.79%
- Darin also reviewed the Asset Allocations for each portfolio.

- **Recommendations:**

- ERS portfolio:
 - Covered Call Options were approved by Administrator Maleszyk
- NAIC Portfolio:
 - NAIC Portfolio:
 - NAIC holds more than \$6 million due to recent sales.
 - The NAIC portfolio holds the following stocks that are current buy and sell recommendations by Investor Advisory Service (CFRA).
 - Buy Recommendations:
 - Akamai Technologies, Inc.
 - Cboe Global Markets, Inc.
 - Fleetcor Technologies, Inc.
 - Huntington Ingalls Industries, Inc.
 - Insperity, Inc.
 - Nexstar Media Group, Inc.
 - T. Rowe Price Group, Inc.
 - UnitedHealth Group Incorporated
 - Sell Recommendations
 - Cognex Corporation
 - Old Dominion Freight Line, Inc.
 - Danaher Corporation
 - Administrator Maleszyk proposed to buy the stocks listed above at \$500,000 each using \$4 million in cash, and to hold on to the 3 sell recommendations.
 - Trustee Novak noted that contrary to his previous views of holding on to Danaher and Old Dominion he agrees with the NAIC report and recommended to buy and sell all the stocks listed above.
 - Trustee Hamilton recommended to sell the 3 stocks listed above and use the proceeds from the sale plus the \$4 million in cash divided equally to purchase the 8 buy recommendations listed above.

- **Resolution # ER – 2020-12-35**

Moved by: Hamilton

Seconded by: Novak

RESOLVED, that all positions held in Cognex, Old Dominion Freight Line, and Danaher be liquidated and the proceeds of approximately \$3 million plus \$4 million held in cash be used to purchase equal positions valued at approximately \$875,000 each in Akamai Technologies, Cboe Global Markets, Fleetcor Technologies, Huntington Ingalls Industries, Insperity, Nexstar Media Group, T. Rowe Price Group and UnitedHealth Group be **APPROVED**.

Yeas: - 6 - (Hamilton, Novak, Miller, Bovensiep, Gordon, Maleszyk)

Nays: - 0 –

Absent: - 1 – (Calice)

Motion Passes

Graystone Consulting Group Presentation

- **Market Review – Tim Brice**

- Tim gave a market update discussing the effects of the elections and change in leadership.

- **Investment Review – Tim Brice**

- Tim presented the Performance Report as of November 30th, 2020 noting the
 - Net Return Net of Fees: QTD: 7.70% and YTD: 8.44%.
- Tim gave the Updated Performance Report as of December 4th, 2020 noting
 - Net Return Net of Fees: QTD: 10.02% and YTD: 11.2%.
- He concluded that International Markets and Small Cap are performing better and has impacted our portfolio positively.

- **Recommendations: Rebalance the portfolio as of 11/30/2020**

- To Rebalance the portfolio by reallocating from Winslow \$350,000, JP Morgan Equity Income \$200,000, Aristotle \$200,000, iShares S&P 500 \$250,000, Thompson Siegal \$250,000 and Vanguard Total Market \$750,000 to Reinhart Inter Gov / Credit \$500,000, to Western Core Plus \$1,000,000 and to Vanguard REIT \$500,000.

○ **Resolution # ER – 2020-12-36**

Moved by: Hamilton

Seconded by: Gordon

RESOLVED, To Rebalance the portfolio by reallocating from Winslow \$350,000, JP Morgan Equity Income \$200,000, Aristotle \$200,000, iShares S&P 500 \$250,000, Thompson Siegal \$250,000 and Vanguard Total Market \$750,000 to Reinhart Inter Gov / Credit \$500,000, to Western Core Plus \$1,000,000 and to Vanguard REIT \$500,000 be **APPROVED**.

Yeas: - 6 - (Hamilton, Gordon, Bovensiep, Novak, Miller, Maleszyk)

Nays: - 0 -

Absent: - 1 - (Calice)

Motion Passes

Other Business

- Actuary Experience Study has not been done since 2006, the Actuary suggested it will be good to do one in June 2021.
- Trustee Hamilton thanked Trustee Novak for his time on the Board.


Adjourn

The meeting adjourned at 12:47 PM.

The next meeting is Wednesday, January 13th, 2021 at 12:00 PM.



Thomas Gordon II, Vice Chairman



Robert C Maleszyk, Administrator