



500 West Big Beaver  
Troy, MI 48084  
troymi.gov

## **MINUTES**

### **Employees' Retirement System Board Meeting**

August 11<sup>th</sup>, 2021 at 12:00 PM

City Hall Council Chambers

500 West Big Beaver Troy, Michigan 48084

(248) 524-3306

ERSPublicComments@troymi.gov

### **Roll Call**

The monthly meeting for the Employees' Retirement System Board of Trustees was held on **August 11<sup>th</sup>, 2021** in the City Council Chambers.

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

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

**Trustees Absent:** Mark Calice  
Peter Dungjen  
Mark Owczarzak

**Also Present:** Tim Brice – Graystone Consulting  
Bob Alati – Graystone Consulting  
Rebecca Sorensen - UBS Financial Management  
Darin McBride – UBS Financial Management  
Jeffrey Tebeau – GRS Consulting  
Lisa Burnham  
Shazia Fatima  
Milton Stansbury (arrived 12:04 PM)

### **Public Comment**

- None

**Minutes from the June 9<sup>th</sup>, 2021 Meeting**

**Resolution # ER – 2021-08-17**

Moved by: Gordon

Seconded by: Bovensiep

**RESOLVED**, that the Minutes of the June 9<sup>th</sup>, 2021 meeting be **APPROVED**.

Yeas: - 5 – (Gordon, Bovensiep, Hamilton, Miller, Maleszyk)

Absent: - 2 - (Calice, Dungjen)

**Motion Passes**

**Retirement Requests**

<b>Name</b>	Eric Caloia	Dawn Adams	
<b>Pension Program</b>	DC	Deferred DB	
<b>Retirement Date</b>	September 3, 2021	August 24, 2021	
<b>Department</b>	Fire	Police	
<b>Service Time</b>	20 years, 2 months	14 years, 9 months	

**Resolution # ER – 2021-08-18**

Moved by: Miller

Seconded by: Hamilton

**RESOLVED**, that the retirement requests listed above be **APPROVED**.

Yeas: - 5 – (Miller, Hamilton, Gordon, Bovensiep, Maleszyk)

Absent: - 2 - (Calice, Dungjen)

**Motion Passes**

**Regular Business**

- **GRS Consulting**
  - **Review of 12/31/2020 Actuarial Report**
    - Jeff Tebeau presented the Actuarial report and discussed the Contribution Amounts, Funding Progress, and Actuarial Gain/Loss.
    - The City's Contribution for the Fiscal Year ending June 30, 2022 is and for the Fiscal Year ending June 30, 2023 is \$0 due to there being a surplus.
    - As of December 31, 2020, the percentage of Present Value of Future Benefits funded by the funding value of assets is 119.8%. The 2020 Funded Ratio would be 138.1% based on the market value of assets.

- For the plan year ended December 31, 2020, the System experienced an actuarial gain of approximately \$8.5 million, or 5.2% of the prior year's total liabilities.
- The total gain was comprised of a \$9.8 million gain due to recognized investment performance and a \$1.3 million loss in connection with System liabilities.
- He noted that the 6.5% assumed investment rate of return is not conservative anymore and they will continue to monitor. Under PA 202 an Experience Study will need to be done every 5 years starting 2018 and we have until next year to do one.

## **Investments**

- **Graystone Consulting Group Presentation**

- **Market Review / Market Slides – Tim Brice / Bob Alati**

- Tim gave a brief market overview noting that the markets have rebounded to all-time highs since the pandemic but current interest rates are not compatible with a booming market.
    - Tim discussed the Russell Style and Market Capitalization Indices noting that value stocks outperformed growth stocks and small & midcap stocks outperformed large stocks.
    - He discussed the performance of the S&P 500 sectors noting that sectors such as Energy, Financials, Real Estate and Communication Services have been dominant this quarter.

- **Investment Review – Tim Brice**

- Tim presented the Total Fund Performance as of June 30<sup>th</sup>, 2021.
      - Net Return Net of Fees was YTD: 10.22% and 1-Year: 30.32%.
    - Tim presented the Performance Report as of July 31<sup>st</sup>, 2021.
      - Net Return Net of Fees was QTD: 0.91% and YTD: 10.43%.
    - He also presented the Asset Allocation and Manager Performance.
    - He concluded that the portfolio is doing well but needs some diversification and recommended doing the Educational meetings for the alternative asset classes.
    - Administrator Maleszyk announced that there will be a joint educational meeting with the Volunteer Firefighter Incentive Plan Board on November 10<sup>th</sup>, 2021 at 11 AM.



- **UBS Financial Presentation**

- **Market Review – Becky Sorensen / Darin McBride**

- Becky gave a brief market overview noting that the market is strong and they prefer value over growth stocks.

- **Investment Review – Becky Sorensen / Darin McBride**

- Becky reviewed the portfolio performance as of June 30<sup>th</sup>, 2021 noting:
      - The QTD Net Rate of Return Net of Fees was as follows:  
Combined: 5.79%; ERS: 5.62% and NAIC: 6.36%
      - The 1-Yr Net Rate of Return Net of Fees was as follows:  
Combined: 30.43%; ERS: 28.03% and NAIC: 38.66%
    - She reviewed the portfolio performance as of July 31<sup>st</sup>, 2021 noting
      - The MTD Net Rate of Return Net of Fees was as follows:  
Combined: 1.58%; ERS: 1.34% and NAIC: 2.37%
      - The 1-Yr Net Rate of Return Net of Fees was as follows:  
Combined: 26.28%; ERS: 24.24% and NAIC: 33.19%
    - She also reviewed the Asset Allocations for each portfolio.

- **Recommendations:**

- The options that were in the Agenda were postponed for discussion later.
    - UBS recommended that we change to a managed portfolio for this Board.
      - Separately managed accounts will reduce risk and increase diversification.
      - The current positions would be liquidated at no cost to the city and reinvested into the new managed accounts.
      - The Board decided to postpone the decision until all Board members are present and requested UBS to bring a proposal and agreement that would be run by Legal before the Board decides.

**Resolution # ER - 2021-08-19**

Moved by: Bovensiep

Seconded by: Gordon

**RESOLVED**, that UBS bring a proposal to eliminate ERS and NAIC and move to separately managed accounts be **APPROVED**.

Yeas: - 5 - (Bovensiep, Gordon, Miller, Hamilton, Maleszyk)

Absent: - 2 - (Calice, Dungjen)

**Motion Passes**

**Other Business**

- None

**Adjourn**

The meeting adjourned at 1:08 PM.

The next meeting is Wednesday, November 10<sup>th</sup>, 2021 at 12:00 PM.



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Thomas Gordon II, Vice Chairman



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Robert C Maleszyk, Administrator