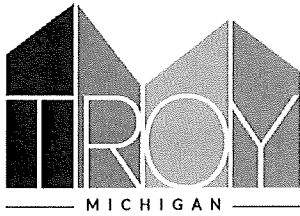


# MINUTES



500 West Big Beaver  
Troy, MI 48084  
troymi.gov

## Employees' Retirement System Board Meeting

May 11th, 2022 at 12:00 PM  
City Hall Council Chambers  
500 West Big Beaver Troy, Michigan 48084  
(248) 542-3412

### Roll Call

The monthly meeting for the Employees' Retirement System Board of Trustees was held on **May 11th, 2022** in the City Council Chambers.

The meeting was called to order at 12:04 PM by Administrator Maleszyk.

**Trustees Present:** Kurt Bovensiep  
Robert C Maleszyk  
Mark F Miller  
Peter Dungjen  
Theresa Brooks  
Mark Owczarzak

**Trustees Absent:** Thomas Gordon II

**Also Present:** Tim Brice – Graystone Consulting  
Amy Cole – Graystone Consulting  
Rebecca Sorensen - UBS Financial Management  
Darin McBride – UBS Financial Management  
Dee Ann Irby – Controller  
Peter Hullinger – Fire Chief

### Public Comment

- None

### Minutes from the March 9<sup>th</sup>, 2022 Regular Meeting

#### Resolution # ER – 2022-05-01

Moved by: Bovensiep

Supported by: Miller

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

Yeas: - 5 – (Dungjen, Bovensiep, Miller, Brooks, Maleszyk)

Absent: - 1 - (Gordon)

**Motion Passes**

**Retirement Requests**

<b>Name</b>	Richard Riesterer	Justin Novak
<b>Pension Program</b>	DC	DB
<b>Retirement Date</b>	April 30, 2022	June 18, 2022
<b>Department</b>	Fire	Police
<b>Service Time</b>	32 years, 11 months	24 years, 11 months Prior government service-1year 2 months

- Administrator Maleszyk thanked all the retirees for their dedication and years of service and wished them well on their retirement.

**Resolution # ER – 2022-05-02**

Moved by: Dungjen

Supported by: Miller

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

Yeas: - 5 – (Dungjen, Miller, Brooks, Bovensiep, Maleszyk)

Absent: - 1 - (Gordon)

**Motion Passes**

**Regular Business**

- **Request for reimbursement to the City**
  - In the amount of \$6,000,000 in June 2022; \$3,000,000 each from Morgan Stanley and UBS.
  - This is done twice a year. The city does not contribute to this plan but the city does pay benefits out of the general fund so the Board needs to reimburse the city.
  - The investment presentations will discuss how these funds will be raised.

**Investments**

**UBS Financial Presentation**

- **Market Review – Rebecca Sorensen / Darin McBride**
  - Rebecca gave a market overview noting that the dollar is at a 20-year high.
  - Inflation is expected to stay high during 2022 as energy costs rise on a global

**EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES MINUTES – FINAL May 11<sup>th</sup>, 2022**

- scale, but will slowly decline in 2023.
- The Feds continue to raise rates to align with market pricing and will move forward with quantitative tightening.
- International markets face challenges and uncertainty from the impact of Russia's war on Ukraine.
- Rebecca concluded that we will continue to do what we're doing with our portfolio because she does not anticipate a recession.
- **Investment Review – Darin McBride**
  - Darin reviewed the portfolio performance as of March 31<sup>st</sup>, 2022 noting:
    - The QTD Net Rate of Return Net of Fees Combined: (6.31%)
    - The 1-Yr Net Rate of Return Net of Fees Combined: 5.91%
  - Darin also reviewed the portfolio performance as of April 30<sup>th</sup>, 2022 noting
    - The MTD Net Rate of Return Net of Fees Combined: (7.12%)
    - The 1-Yr Net Rate of Return Net of Fees Combined: (5.30%)
    - Darin predicts a soft landing and noted that growth will be much lower than 2021
  - Darin also reviewed the Asset Allocations for each portfolio.
    - Large Cap Growth Manager Loomis Sayles is on the watch list; they're a bit more aggressive than we like to see.
- **Recommendation:**
  - Current cash of \$1,100,000 is available for June distribution. It is recommended that the remaining \$1,900,000 will be raised from Vanguard Developed Markets ETF.

**Resolution # ER – 2022-05-03**

Moved by: Bovensiep

Supported by: Maleszyk

**RESOLVED**, to sell positions in Vanguard Developed Markets ETF in the amount of \$1,900,000 and use \$1,100,000 cash on hand to meet the \$3,000,000 draw requirement for June 2022 be **APPROVED**.

Yeas: - 5 (Dungjen, Miller, Brooks, Bovensiep, Maleszyk)

Absent: - 1 – (Gordon)

**Motion Passes**

- **Graystone Consulting Group Presentation**
  - **Market Review / Market Slides – Tim Brice**
    - Tim presented the On the Markets article noting that the Feds raised rates, GDP was negative for the first quarter and the war in Ukraine has created uncertainty in oil pricing. He mentioned that we should look for opportunities to invest more.
  - **Investment Review – Amy Cole / Tim Brice**
    - Amy presented the Total Fund Performance as of March 31<sup>st</sup>, 2022.
      - Net Return Net of Fees was Q1 2022: (5.85%) and YTD: (5.85%).
    - Amy presented the Performance Update as of April 30<sup>th</sup>, 2022.
      - Net Return Net of Fees was MTD: (6.21%) and 1-Yr: (11.73%).
    - She also presented the Asset Allocation and Manager Performance.
    - Amy noted that PIMCO Real Return helps to balance the volatility.
    - Tim recommends discussing Asset Allocation at the June meeting.
  - **Recommendation: Rebalance the Portfolio for Cash Raise of \$3,000,000.**
    - Graystone Consulting recommends selling \$1,500,000 from Domestic Equities –Thompson Siegel and the remaining balance of \$1,500,000 from cash.

**Resolution # ER – 2022-05-04**

Moved by: Bovensiep

Supported by: Brooks

**RESOLVED**, To Rebalance the portfolio by reallocating \$1,500,000 from Domestic Equities (Thompson Siegel) and \$1,500,000 from Cash be **APPROVED**.

Yeas: - 5 – (Bovensiep, Miller, Dungjen, Brooks, Maleszyk)

Absent: - 1 - (Gordon)

**Motion Passes**

Trustee Owczarzak asked if there is any benefit to a monthly withdrawal as opposed to semi-annual. Administrator Maleszyk responded that there is no benefit.

**Other Business**

- **Investment Policy Review:** Tim Brice recommends changing the Investment Policy Guidelines to remove the words “direct placement” and allow for the investment of private real estate.

**Resolution # ER – 2022-05-05**

Moved by: Dungjen

Supported by: Brooks

**RESOLVED**, To accept the recommendations of Tim Brice, Graystone Consulting, to revise the Investment Policy Guidelines to allow for private real estate investments be **APPROVED**.

Yeas: - 5 – (Bovensiep, Miller, Dungjen, Brooks, Maleszyk)

Absent: - 1 - (Gordon)

**Motion Passes**

- **UBS Corporate Resolution to approve City Controller Dee Ann Irby to act as Authorized Representative.**

**Resolution # ER – 2022-05-06**

Moved by: Dungjen

Supported by: Bovensiep

**RESOLVED**, To adopt UBS Corporate Resolution which authorizes City Controller Dee Ann Irby to act as Authorized Representative be **APPROVED**.

Yeas: - 5 – (Bovensiep, Miller, Dungjen, Brooks, Maleszyk)

Absent: - 1 - (Gordon)

**Motion Passes**

- **MissionSquare Retirement Governmental Money Purchase Plan Amendment.**
  - Administrator Maleszyk explained that the IRS has a six-year review schedule of plan documents available to public sector employers to ensure they're updated to reflect legislative and regulatory changes.

**Resolution # ER – 2022-05-07**

Moved by: Bovensiep

Supported by: Miller

**RESOLVED**, To adopt the MissionSquare Retirement Governmental Money Purchase Plan Amendment and Restatement be **APPROVED**.

Yeas: - 5 – (Bovensiep, Miller, Dungjen, Brooks, Maleszyk)

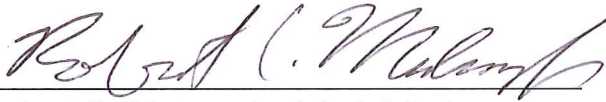
Absent: - 1 - (Gordon)

**Motion Passes**

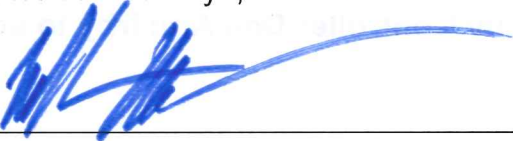
**Adjourn**

The meeting adjourned at 12:47 PM.

The next meeting is Wednesday, June 8<sup>th</sup>, 2022 at 12:00 PM.



Robert C. Maleszyk, Administrator



Mark F. Miller, Trustee