



500 West Big Beaver
Troy, MI 48084
troymi.gov

MINUTES

Employees' Retirement System Board Meeting

September 14th, 2022 at 12:00 PM
City Hall Council Chambers
500 West Big Beaver Troy, Michigan 48084
(248) 524-3412

Roll Call

The monthly meeting for the Employees' Retirement System Board of Trustees was held on **September 14th, 2022** in the City Council Chambers.

The meeting was called to order at 12:02 PM by Administrator Maleszyk who welcomed John Foster to his first meeting and declared a quorum.

Trustees Present: Kurt Bovensiep
Theresa Brooks
John Foster
Thomas Gordon II
Robert C Maleszyk

Trustees Absent: Peter Dungjen
Mark Miller
Mark Owczarak

Also Present: Thomas Michaud – VanOverbeke, Michaud & Timmony P.C.
Raymond Fortin – Mission Square
Joe Warsecke – MBC Consulting
Mark Woolhiser – MBC Consulting
Dee Ann Irby - Controller
Cynthia Pavella – Administrative Assistant

Public Comment

- None

Minutes from the August 31st, 2022 Meeting

Resolution # ER – 2022-09-01

Moved by: Bovensiep

Supported by: Gordon

RESOLVED, that the Minutes of the August 31st, 2022 meeting be **APPROVED**.

Yeas: - 5 – (Bovensiep, Brooks, Foster, Gordon, Maleszyk)

Absent: - 2 – (Dungjen, Miller)

Motion Passes

Retirement Requests

Name	Patrick McWilliams		
Pension Program	DB		
Retirement Date	October 12, 2022		
Department	Police		
Service Time	25 years, 0 months		

Resolution # ER – 2022-09-02

Moved by: Gordon

Supported by: Foster

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

Yeas: - 5 – (Bovensiep, Brooks, Foster, Gordon, Maleszyk)

Absent: - 2 – (Dungjen, Miller)

Motion Passes

Regular Business

- **Resolution acknowledging receipt of Eligible Domestic Relations Order for McWilliams**

Attorney Michaud reviewed McWilliams EDRO and stated that the Order meets the requirements of the Plan.

Resolution # ER – 2022-09-03

Moved by: Bovensiep

Supported by: Brooks

RESOLVED, that the Eligible Domestic Relations Order for McWilliams be **APPROVED**.

Yeas: - 5 – (Bovensiep, Brooks, Foster, Gordon, Maleszyk)

Absent: - 2 – (Dungjen, Miller)

Motion Passes

- **Policy Resolution: Statement of Administrative Policies and Procedures – Domestic Relations Matters**

Attorney Michaud reviewed the Administrative Policies and Procedures document as a follow-up action to the August 31st meeting. He provided in-depth explanation of the legislative history and legal requirements to respond to an Order. EDROs need to be filed before retirement. After retirement, there are limits to what changes can be made in pension structure. Michaud suggested sending our Policy (a sample model, not legal advice) to retirees to aide their attorney in negotiations for divorce proceedings. Legal Counsel would review the proposed order to keep the Retirement System out of divorce proceedings between the two parties. The City responds to EDRO's and not to divorce decrees. It is the responsibility of the retiree to file the EDRO with the City which is usually done by their attorney.

Michaud reviewed the forms, cover letters, a sample EDRO, the Request to Legal Counsel that the City Controller would make to Michaud, the official response from Legal Counsel, and Entered Orders procedure. Once the final EDRO is received by the City, and after calculations are made by pension actuaries, the matter is placed on the Board's Agenda and the Board will adopt a Resolution to accept the EDRO. Michaud suggested providing this document to retirees will educate them in advance of divorce.

Gordon asked about the cost to which Michaud reviewed the Cost allocation and Deposit in Section VI of the Administrative Policy and Procedure document. Absent a Fee Payment Agreement (Form DRO-7) or specific terms in the EDRO, the Board shall split (50/50) between the party or parties to the order, the applicable (actuarial and/or legal) costs incurred by the Retirement System. The party requesting an estimate or other actuarial calculations prior to entry of an order shall otherwise be responsible for all the corresponding costs. Bovensiep asked if an Alternate Payee can request payments to commence prior to the Employees actual retirement. Michaud explained that an Alternate Pay may receive payments as soon as the Employee becomes eligible for retirement benefits. He referred to Section IX and explained that an actuarial calculation is involved. Two benefit payment structures are established – one to the Retiree and the other to the Alternate Payee.

Resolution # ER – 2022-09-04

Moved by: Bovensiep

Supported by: Gordon

RESOLVED, that the Administrative Policies and Procedures be **ADOPTED**.

Yeas: - 5 – (Bovensiep, Brooks, Foster, Gordon, Maleszyk)

Absent: - 2 – (Dungjen, Miller)

Motion Passes

Investments

- **MBC Consulting – Mark Woolhiser**

- Woolhiser stated that inflation is not yet under control. However, it is expected that the Feds will increase interest rates in September, October, and November. Monetary policy may not improve the global situation. Housing market is stalled due to mortgage rates increasing from 2.8% to 6%. Unemployment is at 4% so an increase in employment rates could solve the problem.
- Woolhiser reviewed the Scorecards. His initial recommendation was to replace the PIMCO RAE US Small Institution Fund with PIMCO RAE US Small Cap Value CIT but this change will not be available to implement until January. Currently, he says the menu looks great.
- Woolhiser indicated that he will bring BlackRock to a meeting in either December 2022 or May 2023.
- Plan Allocation by Investment Type reports six types of investments. US Equity 37.3%, Asset Allocation 25.3%, Cash Alternatives 14.9%, Fixed Income 10.1%, International Equity 9.2% and Specialty (Real Estate & Emerging Markets) 3.2%. Total Plan Assets as of 8/12/2022 is \$151,052.870.
- Controller Irby announced employee training is being scheduled to help employees understand why they should set up a savings program. She said some employees considering retirement are under the impression that they are required to withdraw their monies. She said she is helping employees understand that they are able to leave their money at MissionSquare. Maleszyk said two of the largest union groups will have training scheduled; Police in mid-September and AFSCME in November.

Investments

- **MissionSquare – Raymond Fortin**

- Fortin reported on the October 10 go-live of digital upgrades. They are in Phase 2 of communication, Phase 3 is Launch & Support and Phase 4 is Engage.
- Employees will get an email explaining the requirement to set up a new user/ID password prior to Oct 10. Communications are needed to get the word out about improvements in plan website and processes including portfolio management.

EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES MINUTES – Sept 14th, 2022

- MissionSquare is working to improve the Employer Resource Center. One improvement has resulted in a change to banks. He recommends Payroll Staff register for the October 10 training.

Trustee Gordon asked if there is any language in the Pension Ordinance regarding employee retention. He suggested reviewing that idea when the Attorney reviews Ordinance No 10. Administrator Maleszyk noted that quarterly meetings help keep the Board on track and he is proud of the work the Board has done.

Adjourn

The meeting adjourned at 12:55 PM.

The next meeting is Wednesday, November 9th, 2022 at 12:00 PM.



Robert C. Maleszyk, Administrator



Kurt Bovensiep, Trustee