



500 West Big Beaver  
Troy, MI 48084  
troymi.gov

# MINUTES

## Employees' Retirement System Board Meeting

February 8<sup>th</sup>, 2023 at 12:00 PM  
City Hall Council Boardroom  
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 **February 8<sup>th</sup>, 2023** in the City Council Boardroom.

The meeting was called to order at 12:00 p.m. by Chairman Maleszyk. The Chairman announced a quorum was present.

**Trustees Present:** Kurt Bovensiep  
Theresa Brooks  
Peter Dungjen  
Thomas J. Gordon II  
Robert C. Maleszyk  
Mark F. Miller

**Trustees Absent:** John Foster  
Mark Owczarzak

**Also Present:** Thomas Michaud – VanOverbeke, Michaud & Timmony P.C.  
Tim Bryce - Graystone Consulting  
Rebecca Sorensen – UBS Financial Services  
Dee Ann Irby – Controller  
Lori Bluhm – City Attorney  
Cynthia Pavella – Administrative Assistant

### Public Comment

- None

### Minutes from the December 14<sup>th</sup>, 2022 Meeting

#### Resolution # ER – 2023-02-01

Moved by: Bovensiep  
Supported by: Gordon

**RESOLVED**, that the Minutes of the December 14<sup>th</sup>, 2022 meeting be **APPROVED**.

Yeas: - 6 – (Bovensiep, Brooks, Dungjen, Gordon, Maleszyk, Miller, Dungjen)

Absent: - 1 – (Foster)

**Motion Passes**

### Retirement Requests

<b>Name</b>	Patricia Gladysz		
<b>Pension Program</b>	DC		
<b>Retirement Date</b>	April 1, 2023		
<b>Department</b>	Classified - Police		
<b>Service Time</b>	25 Years 3 Months		

**Resolution # ER – 2023-02-02**

Moved by: Dungjen  
Supported by: Miller

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

Yeas: - 6 – (Bovensiep, Brooks, Dungjen, Gordon, Maleszyk, Miller)

Absent: - 1– (Foster)

**Motion Passes**

**Regular Business:**

- **Pension Ordinance Review Update**

- Attorney Michaud reported that he is in the midst of reviewing Section 53 Defined Contribution Plan of the Retirement Ordinance for compliance with the Internal Revenue Code. His goal is to incorporate Plan Documents to identify the Board's roles and responsibilities. He will be working with a team from the City to create a draft amendment. Chairman Maleszyk said the final document will be presented to City Council for approval. An updated Pension Ordinance will make administration easier for the Finance Department.

- **Payment of Legal Services 3Q & 4Q 2022**

- Controller Irby presented the Invoice for legal services and summary for the period of 07/01/2022-12/31/2022. She said Michaud's services have been invaluable, particularly with paying EDRO/DRO's, document reviews and special situations affecting pension administration. At the time of approving his hire, Attorney Michaud said he would provide the Board with an itemization of his legal services. City Attorney Bluhm said this type of detail should not be included in public posting.

**Resolution # ER – 2023-02-03**

Moved by: Miller  
Supported by: Brooks

**RESOLVED**, that the payment of VanOverbeke, Michaud and Timmony's Invoice #111572 for legal services rendered July 1, 2022 to December 31, 2022 and be **APPROVED**.

Yeas: - 6 – (Bovensiep, Brooks, Dungjen, Gordon, Maleszyk, Miller)

Absent: - 1– (Foster)

**Motion Passes**

**Investments**

- **Graystone Consulting – Tim Brice**



- Brice gave an overview of the markets, stating that the Fed's raised rates over 4% in a nine-month period. At year end bonds were down 13% and stocks were down 18%. Historically, the horizon will get brighter following a soft landing. He said the 1<sup>st</sup> quarter is going well.
- Our portfolio is conservative in International & Emerging Markets however we may want to give this more consideration in the future
- Although we show a \$14 million gain early in the 1<sup>st</sup> quarter, it will take time to rebound from prior year losses.
- The Morgan Stanley current quarter is up 7.57% net of fees. Aristotle and JP Morgan Large Cap Managers are doing well. Aristotle is a quality Manager, but they do not own energy. JP Morgan is above the Russell 100 index. He asked the Board to be patient with Western Core Plus, a good long-term manager, but Fed rate fluctuations are tough on them.
- In his Asset Allocation review, Brice recommends rebalancing Equities to fixed income. He directed the Board's attention to review the Rebalance Column of the Asset Class report which details his movement of \$1.5M.

#### **Resolution # ER – 2023-02-04**

Moved by: Bovensiep

Supported by: Dungjen

**RESOLVED**, that the portfolio be rebalanced in the amount of \$1,500,000 which is comprised of withdrawals of \$200,000 cash and \$1,300,000 in Equities, specifically Domestic Equities from these investment managers: \$250,000 each in JP Morgan Equity Income and Aristotle, \$300,000 Thompson Siegel, and \$500,000 Vanguard Total Market (VTI) whereby the \$1,500,000 be deposited to the Fixed Income category administered by Loomis Sayles Bond (LSBDX) be **APPROVED**.

Yeas: - 6 – (Bovensiep, Brooks, Dungjen, Gordon, Maleszyk, Miller)

Absent: - 1 – (Foster)

**Motion Passes**

#### • **UBS – Rebecca Sorensen**

- Sorensen said we had a great 4<sup>th</sup> Quarter and January 2023 performed much better than anticipated. She added it is a spectacular performance as the economy rebounds significantly.
- Sorensen proposed no major changes in managers. She noted that Loomis Large Cap Growth is still under review, although they were up 17% YTD.
- The Small Cap Growth sector helped the overall performance.
- During discussion of the anticipated Spring distribution of \$3,000,000 to General Fund for ERS payments, Sorensen recommends using cash on hand and withdrawing funds from US Mid-Cap Equities and Strategic Income now. She recommends proceeds of the sale to be invested in the UBS Liquid Assets Government Money Market Fund until time of distribution.
- Miller asked what happened to doom and gloom predictions of last year?

Economic slowdown is not considered a recession, per Sorensen. She said there are still concerns about impact that China and Ukraine can have on the market. She reminded the Board that they have an Investment Policy for a reason and that is to prevent us from chasing the market.

**Resolution # ER – 2023-02-05**

Moved by: Gordon

Supported by: Dungjen

**RESOLVED**, that the distribution of \$3,000,000 from US Mid-Cap Equities and Strategic Income with the proceeds of the sale to be invested in the UBS Liquid Assets Government Money Market Fund until time of distribution.

**APPROVED.**

Yeas: - 6 – (Bovensiep, Brooks, Dungjen, Gordon, Maleszyk, Miller)

Absent: - 1– (Foster)

**Motion Passes**

**Other Business**

• **Procedure to notify deferred retirees of eligibility to begin payments**

- Irby stated that past practice has been to wait for deferred retirees to notify the City of their eligibility for pension payments. She suggested that the Finance Department contact retirees within 60-90 days prior to payment eligibility to collect necessary paperwork. Board discussion ensued and there was a consensus for the City Finance Department to reach out to deferred retirees 60-90 days prior to when pension payments are eligible to be paid.
- Michaud suggested a procedure to check each year if there is a death or other situation that would affect payments. Irby said there is a Retiree Verification process in place to check mailing addresses. She will revise the letter this April so as to gather more information. Michaud also suggested running a system check from Social Security to see who may have passed away.

**Adjourn**

The meeting adjourned at 12:51 p.m.

The next meeting is Wednesday, March 9<sup>th</sup>, 2023 at 12:00 p.m. in City Council Boardroom.



Robert C. Maleszyk, Chairman



Thomas J. Gordon II, Vice Chairman