

# MINUTES



500 West Big Beaver  
Troy, MI 48084  
troymi.gov

## Employees' Retirement System Board Meeting

November 11<sup>th</sup>, 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 **November 11<sup>th</sup>, 2020** with electronic remote participation via GoToMeeting.

The meeting was called to order at 12:02 PM by Administrator Maleszyk.

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

**Trustees Absent:** Mark Owczarzak

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

### Public Comment

- None

**Minutes from the October 21<sup>st</sup>, 2020 Meeting**

**Resolution # ER – 2020-11-26**

Moved by: Calice

Seconded by: Gordon

**RESOLVED**, that the Minutes of the October 21<sup>st</sup>, 2020 meeting be **APPROVED**.

Yeas: - 7 – (Calice, Gordon, Novak, Hamilton, Miller, Bovensiep, Maleszyk)

Nays: - 0 -

Absent: - 0-

**Motion Passes**

**Retirement Requests**

<b>Name</b>	Robert Wolfe	MaryBeth Murz	Craig Fitzpatrick
<b>Pension Program</b>	DB	DC	DB
<b>Retirement Date</b>	1/12/2021	1/19/2021	1/30/2021
<b>Department</b>	Police	Purchasing	Police
<b>Service Time</b>	25 years 8 months	8 years 1 month 15 years 4 months Prior gov't service	25 years, 1 month
<b>Name</b>	Kirk Linton	Antonio Cascioli	Jeffrey Strong
<b>Pension Program</b>	DB	DB	DB
<b>Retirement Date</b>	1/30/2021	1/30/2021	3/28/2021
<b>Department</b>	Police	Police	Police
<b>Service Time</b>	25 years, 1 month	26 years, 0 months	25 years, 1 month

**Resolution # ER – 2020-11-27**

Moved by: Bovensiep

Seconded by: Gordon

**RESOLVED**, that the Retirement Requests be **APPROVED**.

Yeas: - 7 - (Bovensiep, Gordon, Calice, Novak, Hamilton, Miller, Maleszyk)

Nays: - 0 -

Absent: - 0 -

**Motion Passes**

**Regular Business**

- **2021 ERS Board Meeting Dates**

**Resolution # ER – 2020-11-28**

Moved by: Calice

Seconded by: Hamilton

**RESOLVED**, that the 2021 ERS Board Meeting Dates as printed in the Agenda be **APPROVED**.

Yeas: - 7 - (Calice, Hamilton, Gordon, Bovensiep, Novak, Miller, Maleszyk)

Nays: - 0 -

Absent: - 0 -

**Motion Passes**

- **ERS Actuarial Engagement Letter Jan – Dec 2021 – Gabriel, Roeder, Smith (GRS)**

- Administrator Maleszyk presented the December 31, 2021 Actuarial Valuation Engagement Letter – Gabriel, Roeder, Smith (GRS)
- He went over the proposed services and Actuarial Fees for the Employees Retirement System for the period beginning January 1, 2021 through December 31, 2021.

**Resolution # ER – 2020-11-29**

Moved: Calice

Seconded: Novak

**RESOLVED** to engage Gabriel Roeder Smith to perform ERS actuarial services through December 31, 2021 using an assumed rate of return of 6.5% and using the most current mortality tables commonly used for municipal systems be **APPROVED**.

Yeas: - 7 - (Calice, Novak, Hamilton, Miller, Bovensiep, Gordon, Maleszyk)

Nays: - 0 -

Absent: - 0 -

**Motion Passes**

- **Request for reimbursement to City in the amount of \$6,000,000 in December 2020; \$3,000,000 each from Morgan Stanley and UBS.**

- **Resolution # ER – 2020-11-30**

Moved: Bovensiep

Seconded: Gordon

**RESOLVED** that Morgan Stanley and UBS reimburse the City in the amount of \$3,000,000 each in December 2020 to be taken from several of the investments be **APPROVED**.

Yeas: - 7 - (Bovensiep, Gordon, Calice, Novak, Miller, Hamilton, Maleszyk)

Nays: - 0 -

Absent: - 0 -

**Motion Passes**

## **Investments**

### **Graystone Consulting Group Presentation**

- **Market Review – Tim Brice**

- Tim gave a market update discussing the effects of the elections, rise in COVID cases, and proposed Stimulus bills and the 10-year Treasury on the Markets.
- He presented the Market Slides discussing the S&P 500 Sectors, and a V-Shape Recovery.

- **Investment Review – Tim Brice**

- Tim presented the Total Fund Performance Report as of September 30<sup>th</sup>, 2020 noting the
  - Gross Net Return: QTD: 6.19% and YTD: 1.21%.
- Tim gave the Updated Performance Report as of November 10<sup>th</sup>, 2020 noting
  - Gross Net Return: QTD: 5.3% and YTD: 6.3%.
- He also presented Manager performance, Market Values, and Asset Allocation Study discussing Capital Market Assumptions, Asset Allocations and Strategic Assumptions.

- **Recommendations**

- Morgan Stanley recommended that the Board schedule some education meetings to discuss alternative Asset Classes and understand what the Board is comfortable investing with, which they would not know without knowing those asset classes better in order to reach the policy targets.

- Trustee Gordon inquired if there is a need to make changes to the investment policy to be able to make these decisions.
- Tim informed the Board that it will be needed to be added into the Policy and Investment guidelines.
- The Board members were in favor of doing some education meetings.

## **UBS Financial Presentation**

- **Market Review – Becky Sorensen / Darin McBride**
  - Becky gave a market overview in light of the COVID-19 pandemic, elections, and the expected Stimulus package indicating that the market is still volatile.
  - They are optimistic and believe that having a well-diversified portfolio will help withstand the market changes.
- **Investment Review – Rebecca Sorensen / Darin McBride**
  - The QTD Net Rate of Return Net of Fees as of September 30<sup>th</sup>, 2020 was as follows: Combined: 6.24%; ERS: 5.67% and NAIC: 8.22%
  - The YTD Net Rate of Return Net of Fees as of September 30<sup>th</sup>, 2020 was as follows: Combined: 4.92%; ERS: 4.25% and NAIC: 7.25%
  - The YTD Net Rate of Return Net of Fees as of October 31<sup>st</sup>, 2020 was as follows: Combined: 3.91%; ERS: 3.61% and NAIC: 4.94%
- **Recommendations:**
  - ERS portfolio:
    - Covered Call Options were approved by Administrator Maleszyk
  - NAIC Portfolio:
    - NAIC Portfolio:
      - The NAIC portfolio holds the following stocks that are current sell recommendations by Investor Advisory Service (CFRA). Research included. UBS does not follow these companies.
        - Air Lease - Aircraft Leasing Company
        - Dave & Buster's Entertainment - family entertainment - restaurant venue
        - Essent Group - Private Mortgage Insurance
        - Old Dominion Freight Lines (previously discussed)
      - Administrator Maleszyk brought to the table a motion to sell Roeper Technologies and Stryker based on the IAS newsletter.
      - Chairman Calice recommended to sell Roeper and Stryker

and hold the proceeds for future buy recommendations from the NAIC newsletter.

- **Resolution # ER – 2020-11-31**

Moved by: Calice

Seconded by: Novak

**RESOLVED**, that positions held in Roper Technologies and Stryker be liquidated and the proceeds be held for future buy recommendations be **APPROVED**.

Yeas: - 7 - (Calice, Novak, Bovensiep, Gordon, Hamilton, Miller, Maleszyk)

Nays: - 0 –

Absent: - 0 -

**Motion Passes**

- Trustee Novak made a motion to sell Air Lease, Dave & Busters and Essent Group and continue holding positions in Old Dominion.

**Resolution # ER – 2020-11-32**

Moved by: Novak

Seconded by: Bovensiep

**RESOLVED**, that positions held in Air Lease, Dave & Busters and Essent Group be sold and positions in Old Dominion be continued to be held be **APPROVED**.

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

Nays: - 1 – (Calice)

Absent: - 0 -

**Motion Passes**

**Other Business**

- MBC Investment Consulting Contract

**Resolution # ER – 2020-11-33**

Moved by: Maleszyk

Seconded by: Bovensiep

**EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES MINUTES- FINAL November 11<sup>th</sup>, 2020**

**RESOLVED**, The City of Troy Employee Retirement System APPROVES the attached Qualified Plan Account Application and Service Agreement, inclusive of Amendment #1, and authorizes the Secretary/Treasurer/Administrator to execute the document on its behalf be **APPROVED**.

Yeas: - 7 – (Maleszyk, Bovensiep, Calice, Gordon, Novak, Miller, Hamilton)

Nays: - 0 –

Absent: - 0 -

**Motion Passes**

**Adjourn**

The meeting adjourned at 1:32 PM.

The next meeting is Wednesday, December 9<sup>th</sup>, 2020 at 12:00 PM.

  
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Thomas Gordon II, Vice Chairman

  
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Robert C Maleszyk, Administrator