500 West Big Beaver
Troy, MI 48084
troymi.gov

MINUTES

Employees' Retirement System Board Meeting

August 11th, 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 11th, 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 9th, 2021 Meeting

Resolution # ER – 2021-08-17
Moved by: Gordon
Seconded by: Bovensiep

RESOLVED, that the Minutes of the June 9th, 2021 meeting be **APPROVED**.
Yeas: - 5 – (Gordon, Bovensiep, Hamilton, Miller, Maleszyk)
Absent: - 2 - (Calice, Dungjen)
Motion Passes

Retirement Requests

Name	Eric Caloia	Dawn Adams	
Pension Program	DC	Deferred DB	
Retirement Date	September 3, 2021	August 24, 2021	
Department	Fire	Police	
Service Time	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 30th, 2021.
      - Net Return Net of Fees was YTD: 10.22% and 1-Year: 30.32%.
    - Tim presented the Performance Report as of July 31st, 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 10th, 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 30th, 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 31st, 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 10th, 2021 at 12:00 PM.

Thomas Gordon II, Vice Chairman

Robert C Maleszyk, Administrator