



## MINUTES

### Employees' Retirement System Board Meeting

December 12<sup>th</sup>, 2018 at 1:00 PM

City Council Board Room

Troy City Hall

500 West Big Beaver Troy, Michigan 48084

(248) 524-3330

### Roll Call

The monthly meeting for the Employees' Retirement System Board of Trustees was held on **December 12<sup>th</sup>**, 2018 at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 1:00 PM.

**Trustees Present:** Thomas Gordon II  
Milton Stansbury  
Mark Owczarzak  
Justin Novak  
Mark Miller

**Trustees Absent:** Thomas Darling, CPA  
Mark Calice  
David Hamilton

**Also Present:** Eric Berger - Graystone Consulting  
Tim Brice – Graystone Consulting  
Rebecca Sorensen – UBS Financial Management  
Darin McBride - UBS Financial Management  
Drew A Benson

### Minutes from the November 14<sup>th</sup>, 2018 Meeting

#### Resolution # ER – 2018-12-33

Moved by: Miller

Seconded by: Novak

**RESOLVED**, that the Minutes of the November 14, 2018 meeting be **APPROVED**.

Yeas: - 5 -

Absent: - 3 -

**Motion Passes**

## Retirement Requests

None

Acting Chairperson Gordon requested that the regular business for this meeting be done after the investment presentations from Greystone Consulting and UBS.

## Investments

### **UBS Financial Presentation**

- **Market Review – Rebecca Sorensen**
  - Rebecca gave a brief market overview and talked about the volatility in the markets.
  - She emphasized that in spite of the volatility in the market, the performance has been good.
  
- **Investment Review – Rebecca Sorensen**
  - Discussed the performance of the City's accounts with UBS including the ERS, NAIC, and the combined rate of return net of fees.
  - Noted that the past month has been difficult for the market, but recognized the high volatility of the current market, and they continue to maintain their position that a recession is not imminent.
  - Sorenson also noted that UBS has 4 option recommendations for the board to consider, and briefly outlined those options.

### **Resolution # ER - 2018-12-34**

Moved: Novak

Seconded: Stansbury

**RESOLVED**, to **APPROVE** the UBS option recommendations as presented

Yeas: - 5 -

Absent: - 3 –

### **Motion Passes**

- **Recommendations to fund \$2,000,000 distribution – Darin McBride**
  - Mr. McBride outlined UBS's recommendation to fund the necessary \$2,000,000 distribution that the City needs for to fulfill its obligations.  
Those included:
    - Use an additional \$1,000,000 from cash on hand
    - Sell Bruker and Mednax – both NAIC holdings

- Sell balance from High-Yield Fund – Alliance Bernstein High Income

### **Graystone Consulting Group Presentation**

- **Market Review – Tim Brice**

- Tim Brice discussed the On the Markets Article and gave a market preview for 2019.
- He presented the Asset Class Index Performance as of November 30<sup>th</sup>, 2018.
- He also noted that over the past quarter, the entire market has had a variety of corrections that have impacted the rate of return that the City has gained over the past year, but over the course of the past 3 years, the City is still seeing the returns it expects.
- Tim discussed the status of the Delaware Large Value management group has announced some leadership changes. Greystone will continue to monitor that transition, but does not recommend any changes at this time.

- **Investment Review – Eric Berger**

- Eric discussed Total Fund Performance noting the YTD Net Returns Net of Fees as of November 30<sup>th</sup>, 2018 at -0.75%.
- He echoed Mr. Brice's earlier sentiments, and concluded that while the portfolio has taken a hit in the past quarter, the managers are still performing well compared to their peers, and had no recommendations at this time.

- **Recommendations to fund \$2,000,000 distribution – Tim Brice**

- Mr. Brice outlined Greystone's recommendation to fund the necessary \$2,000,000 distribution that the City needs for to fulfill its obligations. Their recommendation included:
  - Withdraw \$2,000,000 in cash from the existing portfolio, which would decrease the available cash to only \$66,902.12

### **Regular Business**

- **Reimbursement request to General Fund**

- Mark Miller introduced the topic, and noted that at the November meeting, the ERS board had agreed to utilize \$4,000,000 from UBS that was gained through the sale of assets as recommended at the September meeting. This left an additional \$2,000,000 million that needed to be withdrawn in order for the City to meet its obligations.
- The group discussed the recommendations from both UBS and Greystone, as well as the performance of each portfolio, and how the withdrawal would impact the portfolios going forward.

**Resolution # ER - 2018-12-35**

Moved: Novak

Seconded: Gordon

**RESOLVED**, to **APPROVE** the withdrawl of \$4 million from UBS and \$2 million from Graystone for reimbursement request to General Fund - \$6,000,000 (transfer in December 2018).

Yeas: - 5 -

Absent: - 3 -

**Motion Passes**

**Other Business**

None

**Public Comment**

None

**Adjourn**

The meeting adjourned at 1:57 PM.

The next meeting is Wednesday January 9<sup>th</sup>, 2019 at 12:00 PM at Troy City Hall, Council Board Conference Room, 500 W. Big Beaver Road, Troy, MI 48084.



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Justin Novak, Trustee



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Mark Miller, Trustee