

EMPLOYEES' RETIREMENT SYSTEM BOARD OF TRUSTEES MINUTES- FINAL- January 9th, 2019**MINUTES**

500 West Big Beaver
Troy, MI 48084
troymi.gov

Employees' Retirement System Board Meeting

January 9th, 2019 at 12:00 PM
Troy City Hall Council Board Room
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 **January 9th, 2019** at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 12:00 PM.

Trustees Present: Mark Calice
Thomas Darling, CPA
Thomas Gordon II (arrived 12:54 PM)
Justin Novak
David Hamilton
Mark Miller
Milton Stansbury

Trustees Absent: Mark Owczarzak

Also Present: Amy Cole - Graystone Consulting (12:03 PM)
Tim Brice – Graystone Consulting
Bob Alati – Graystone Consulting
Rebecca Sorensen – UBS Financial Management
Darin McBride - UBS Financial Management
Shazia Fatima
Drew A Benson

Revised Minutes from the November 14th, 2018 Meeting**Resolution # ER – 2019-01-01**

Moved by: Darling

Seconded by: Novak

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

Yeas: - 6 -

Absent: - 1 – (Gordon – Late)

Motion Passes

Minutes from the December 12th, 2018 Meeting

Resolution # ER – 2019-01-02

Moved by: Miller

Seconded by: Novak

RESOLVED, that the Minutes of the December 12th, 2018 meeting be **APPROVED**.

Yeas: - 6 -

Absent: - 1 – (Gordon – Late)

Motion Passes

Retirement Requests - Revised

Name	Kathleen Jearls	Tonya Braden	Stephen Vaillancourt
Pension Program	DC/MAP	DC/Classified	DC/DB Supplement
Retirement Date	2/16/2019	11/17/2018	11/4/2018
Department	Finance	Purchasing	Police
Service Time	16 yrs, 4 mths	6 yrs, 3 mths 22 yrs, 6 mths prior service	21 years, 11 months (Non-duty death benefit) DB subsidy \$1,878.95 per month \$1,691.06 after 8/31/2024

Resolution # ER – 2019-01-03

Moved by: Stansbury

Seconded by: Miller

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

Yeas: - 6 -

Absent: - 1 – (Gordon – Late)

Motion Passes

Regular Business

- The Board congratulated Mark Calice on his re-appointment by the City Council to the board through 12/31/2021.
- Chairman Calice also congratulated Milton Stansbury on being re-elected as a board member through 12/31/2021.

Investments

Graystone Consulting Group Presentation

- **Market Review – Bob Alati / Tim Brice**
 - Bob Alati talked about how bad December was for the markets similar to the markets in 2008.
 - He talked about long term corrections and the death crosses in the current Bull Market and still believes that we are not close to a recession yet.
 - Tim Brice discussed Asset Class Returns and the On the Markets Article highlighting that it was a difficult year for a diversified portfolio and all major asset classes failed to beat inflation in 2018.
 - He concluded that valuation, sentiment, positioning and technical exhaustion make us incrementally bullish now.
- **Investment Review – Amy Cole**
 - Amy discussed Total Fund Performance noting the YTD Net Returns Net of Fees as of December 31st, 2018 at -6.65% and as of January 8th, 2019 at 2.58%.
 - She also discussed the Asset Allocation and concluded that the portfolio is performing well and had no rebalancing recommendations.

UBS Financial Presentation

- **Market Review – Darin McBride**
 - Darin talked about the Volatility Index (VIX) which is a measure of expected volatility in the markets.
 - He discussed that when the VIX is high and above 28 there is an 85% chance on positive returns over the next 12 months.
 - He also talked about the US Federal Reserve's Senior Loan Officer Opinion Survey (SLOOS) Index which is a type of leading economic indicator.
 - He concluded that the combination of high fear readings and solid economic indicators tends to represent a very good buying opportunity.
 - He also gave a market overview discussing factors such as china tariffs, and the government shutdown and their impact on the market and GDP.
- **Investment Review – Rebecca Sorensen**
 - The performance as of December 31st, 2018 YTD Net Rate of Return Net of Fees was as follows: Combined -1.37%; ERS -2.52%; NAIC 3.19%.
 - They are pleased with the performance despite the volatility in the market.
 - Rebecca initiated a discussion regarding the Asset Allocation and Annual Distributions highlighting her concerns regarding the ongoing distributions in conjunction with market conditions and overall total retirement pool, requesting a schedule of retirement payments to better match annual liabilities.

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- Administrator Darling responded that there will be approximately \$8 million in distributions each in June and December for a total of approximately \$16 million in distributions each year to be taken 100% out of the UBS account.
- She also discussed ways to protect retirees suggesting that the Board consider getting quotes for retiree buyouts as part of its due diligence.
- The Board decided to bring back this discussion at a later meeting.
- Administrator Darling approved the Call Options as recommended by UBS.

Other Business

None

Public Comment

None

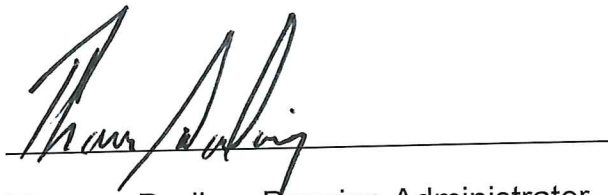
Adjourn

The meeting adjourned at 1:36 PM.

The next meeting is Wednesday February 13th, 2018 at 1:00 PM at Troy City Hall, Council Board Conference Room, 500 W. Big Beaver Road, Troy, MI 48084.



Mark Miller, Trustee



Thomas Darling, Pension Administrator