

# MINUTES

## Employees' Retirement System Board Meeting



500 West Big Beaver  
Troy, MI 48084  
troymi.gov

March 13<sup>th</sup>, 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 **March 13<sup>th</sup>, 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:** Thomas Darling, CPA  
Thomas Gordon II  
Justin Novak  
David Hamilton  
Mark Miller  
Milton Stansbury

**Trustees Absent:** Mark Calice  
Mark Owczarzak

**Also Present:** Erik Burger - Graystone Consulting  
Tim Brice – Graystone Consulting  
Bob Alati – Graystone Consulting  
Rebecca Sorensen – UBS Financial Management  
Darin McBride - UBS Financial Management  
Shazia Fatima

### Retirement Requests - Revised

<b>Name</b>	Sarah Quaiatto (EDRO) David Quaiatto (Member)	Terry Colussi
<b>Pension Program</b>	DB	DC/Classified
<b>Retirement Date</b>	February 27 <sup>th</sup> , 2019	April 13 <sup>th</sup> , 2019
<b>Department</b>	Police	Police
<b>Service Time</b>	29 years, 5 months	17 years, 7 Months

**Resolution # ER – 2019-03-06**

Moved by: Hamilton

Seconded by: Stansbury

**RESOLVED**, that the revised retirement requests be **APPROVED**.

Yeas: - 6 -

Absent: - 1 –

**Motion Passes**

**Minutes from the February 13<sup>th</sup>, 2019 Meeting**

**Resolution # ER – 2019-03-07**

Moved by: Novak

Seconded by: Hamilton

**RESOLVED**, that the Minutes of the February 13<sup>th</sup>, 2019 meeting be **APPROVED**.

Yeas: - 6 -

Absent: - 1 –

**Motion Passes**

**Regular Business**

- Administrator Darling made a motion and the Board gave their consent to have UBS Financial present first.

**Investments**

**UBS Financial Presentation**

- **Market Review – Rebecca Sorensen**
  - Rebecca gave market update stating that the market has not changed from last month.
  - They do not anticipate a recession right now.
- **Investment Review – Rebecca Sorensen**
  - The performance as of February 28<sup>th</sup>, 2019 YTD Net Rate of Return Net of Fees was as follows: Combined 7.51%; ERS 6.83%; NAIC 10.11%.
  - She reviewed the Asset Allocation and also stated that they are very

comfortable with the managers being used.

- They are pleased with the portfolio showing a good performance against the benchmark.

- **Recommendations:**

- Sell Caterpillar and use the proceeds of approximately \$550,000 to buy American Funds – EuroPacific Fund.

**Resolution # ER – 2019-03-08**

Moved by: Darling

Seconded by: Stansbury

**RESOLVED**, to Sell Caterpillar and use the proceeds to buy American Funds – EuroPacific Fund be **APPROVED**.

Yeas: - 6 –

Absent: - 1 –

**Motion Passes**

- David Hamilton requested to see how returns are calculated and was informed that the calculations are governed by the Industry and UBS would not be able to manually calculate and show us how it is done.

**Graystone Consulting Group Presentation**

- **Market Review – Bob Alati / Tim Brice**

- Bob talked about Quantitative Easing and Quantitative Tightening and how Quantitative Tightening was one of the causes for the market decline in December.
- The markets have gone up since the market correction in December.
- Bob believes that we are still in a bull market, indicated by the extended yield curve and, there is no recession in sight.
- Tim presented the 'On the markets' article discussing the effects of current events on the markets such as Brexit.

- **Investment Review – Erik Burger**

- Erik discussed Total Fund Performance noting the YTD Net Returns Net of Fees as of February 28<sup>th</sup>, 2019 at 8.67%.
- He also discussed the Asset Allocation and rebalancing recommendations.

- **Recommendations: Rebalance the portfolio as of 3/5/2019**

- To Rebalance the portfolio by reallocating from Winslow \$650,000, Delaware \$750,000 and Vanguard Total Market \$1,400,000 to Reinhart Inter Gov / Credit \$1,250,000, to Templeton Global Total Return \$900,000 and to Cash \$650,000.

**Resolution # ER – 2019-03-09**

Moved by: Stansbury

Seconded by: Miller

**RESOLVED**, To Rebalance the portfolio by reallocating from Winslow \$650,000, Delaware \$750,000 and Vanguard Total Market \$1,400,000 to Reinhart Inter Gov / Credit \$1,250,000, to Templeton Global Total Return \$900,000 and to Cash \$650,000 be **APPROVED**.

Yeas: - 6 -

Absent: - 1 –

**Motion Passes**

- **Passive Vs Active Manager Review – Tim Brice**
  - Administrator Darling requested to discuss this report in April along with the Capital Market Assumption and Asset Allocation Study discussion.

**Other Business**

- Administrator Darling talked about the email sent out by Justin Novak regarding the cash requirements to reimburse the city for benefits paid.

**Resolution # ER – 2019-03-10**

Moved by: Novak

Seconded by: Hamilton

**RESOLVED**, that the System Administrator shall present cash requirements to reimburse the city for benefits paid on the System's behalf at least one month prior to the desired distribution date. The System's Investment Advisors shall present a plan to generate both 50% and 100% of the cash requirements at the next scheduled board meeting be **APPROVED**.

Yeas: - 6 -

Absent: - 1 –

**Motion Passes**

**Public Comment**

None

**Adjourn**

The meeting adjourned at 1:20 PM.

The next meeting is Wednesday April 10<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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Thomas Gordon II, Vice Chairman



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Thomas Darling, Pension Administrator