



500 West Big Beaver
Troy, MI 48084
troymi.gov

MINUTES

Employees' Retirement System Board Meeting

August 14th, 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 **August 14th, 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: John M. Lamerato
Thomas Gordon II
Justin Novak
Milton Stansbury
Mark Owczarzak

Trustees Absent: Mark Calice
David Hamilton
Mark F Miller

Also Present: Jeffrey T. Tebeau – GRS Consulting
Timothy M. Brice – Graystone Consulting
Robert F. Alati – Graystone Consulting
Rebecca Sorensen – UBS Financial Management
Darin McBride - UBS Financial Management
Lisa Burnham
Shazia Fatima

Minutes from the June 19th, 2019 Special Meeting

Resolution # ER – 2019-08-20

Moved by: Stansbury

Seconded by: Gordon

RESOLVED, that the Minutes of the June 19th, 2019 special meeting be **APPROVED**.

Yeas: - 4 -

Absent: - 3 -

Motion Passes

Retirement Requests - Revised

Name	Marina Basta-Farouk	Irene Newman	William Malik
Pension Program	DC	DC	DC
Retirement Date	August 6 th , 2019	September 12 th , 2019	August 17 th , 2019
Department	Streets	City Clerk	Police
Service Time	29 years, 11 months	19 years, 11 months	31 years, 6 months

Resolution # ER – 2019-08-21

Moved by: Gordon

Seconded by: Novak

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

Yeas: - 4 -

Absent: - 3 –

Motion Passes

Regular Business

• **Review of 12/31/2018 Actuarial Report**

- Jeffrey T. Tebeau, the Chief Actuary from Gabriel, Roeder, Smith & Co. presented the ERS Actuarial Valuation Report for period ended December 31st, 2018.
- Jeff gave a summary and noted that the System experienced an actuarial loss of approximately \$2.3 million and explained what made up that loss.
- He discussed the city's contribution computed for 2020 and 2021 and the reasons why the computed city contribution in the last four valuation reports has been \$0.
- He gave some final comments noting that the deferred losses will be recognized in the next valuation.

Motion to Receive and File the December 31, 2018 Actuarial Report

Resolution # ER – 2019-08-22

Moved by: Stansbury

Seconded by: Novak

RESOLVED, that the December 31st, 2018 Actuarial report be received and filed be **APPROVED**.

Yeas: - 4 -

Absent: - 3 –

Motion Passes

Investments

Graystone Consulting Group Presentation

- **Market Review – Bob Alati / Tim Brice**
 - Bob discussed the Inversion Curve highlighting that the long term indicators are positive and believes that there will be a double bottom in the market and then a resumption and that we are still not near a recession.
 - Tim presented the Market Update slides discussing the S&P 500 sectors.
- **Investment Review – Tim Brice**
 - Tim discussed Total Fund Performance noting the YTD Net Returns Net of Fees for the combined accounts as of June 30th, 2019 at 14.34%.
 - Performance update as of July 31st, 2019 YTD Net Returns Net of Fees for the combined accounts was 12.60%.
 - Morgan Stanley Portfolio Performance YTD Net Returns Net of Fees as of June 30th, 2019 was 12.25%.
 - He also discussed Total Fund Asset Allocation, Manager Performance, Asset Allocation Review, and International Equity Search.
 - **Recommendations:** To Terminate the manager Cambiar Investors and split the asset equally between Delaware Investments and a new manager Clearbridge Advisors.

Resolution # ER – 2019-08-23

Moved by: Gordon

Seconded by: Novak

RESOLVED, To Terminate the manager Cambiar Investors and split the asset equally between Delaware Investments and a new manager Clearbridge Advisors be **APPROVED**.

Yeas: - 4 -

Absent: - 3 –

Motion Passes

UBS Financial Presentation

- **Market Review – Rebecca Sorensen / Darin McBride**
 - Rebecca gave a market update discussing the factors causing economic growth to slow down.
 - She highlighted that we maintain an overweight to US equities versus Global equities and suggested short term cash flow needs to be reviewed.
 - They do not anticipate a recession right now.

- **Investment Review – Rebecca Sorensen**

- The performance as of July 31st, 2019 YTD Net Rate of Return Net of Fees was as follows: Combined 17.38%; ERS 16.33%; NAIC 21.31%.
- She also reviewed the Asset Allocation for the combined accounts.
- **Recommendations :**
 - Review recommended option trades
 - ERS- Sell Cognizant
 - NAIC- Sell Cognizant, At Home, and Wabtec
 - Consider holding proceeds of above in Institutional Money Funds-based on UBS current cash recommendation

Resolution # ER – 2019-08-24

Moved by: Gordon

Seconded by: Novak

RESOLVED, to execute the updated option trades, Sell Cognizant from the ERS account, Sell Cognizant, At Home and Wabtec from the NAIC account and hold the proceeds from the above sales in Institutional Money Funds based on UBS current cash recommendation be **APPROVED**.

Yeas: - 4 -

Absent: - 3 –

Motion Passes

Other Business

- Non-Duty Death Benefits for Stephen Vaillancourt

Resolution # ER – 2019-08-25

Moved by: Gordon

Seconded by: Stansbury

RESOLVED, that the Board revise the DB supplement pension amount for Susan Vaillancourt from \$1,878.95 per month and \$1,691.06 after 8/31/2024, to \$616.33 per month and \$554.68 after 8/31/2024, and that the City work out a mutually agreeable repayment schedule with Mrs. Vaillancourt. **APPROVED**.

Yeas: - 4 -

Absent: - 3 –

Motion Passes

Public Comment

None

Adjourn

Motion to Adjourn Meeting

Resolution # ER – 2019-08-26

Moved by: Stansbury

Seconded by: Novak

RESOLVED, that the meeting adjournment be **APPROVED**.

Yeas: - 4 -

Absent: - 3 –

Motion Passes

The meeting adjourned at 1:26 PM.

The next meeting is Wednesday, September 11th, 2019 at 12:00 PM at Troy City Hall, Council Board Conference Room, 500 W. Big Beaver Road, Troy, MI 48084.



Justin Novak, Trustee



John M. Lamerato, Pension Administrator