

**OFFICIAL
MINUTES OF REGULAR MEETING OF THE
STERLING HEIGHTS
GENERAL EMPLOYEE'S RETIREMENT SYSTEM**

Thursday February 21, 2019

Location: Room #202 40555 Utica Road, Sterling Heights, MI 48313 (586) 446-2783

Chairperson Weiler called the meeting to order at 12:07 p.m.

BOARD MEMBERS PRESENT: Richard Weiler, Chairperson
Mary Jaganjac, Treasurer / Acting Secretary
Todd Marsh, Trustee
Paul Henig, Trustee

BOARD MEMBERS ABSENT: Jennifer Varney, Secretary

ALSO PRESENT: Frank Judd, Legal Counsel
Tim Brice, The Brice Group
Ryan Clark, Treasury Service Coordinator

APPROVAL OF AGENDA:
Motion by Jaganjac, supported by Marsh, to approve the agenda as presented.

Ayes: All. Motion carried unanimously.

APPROVAL OF MINUTES:
Motion by Henig, supported by Jaganjac, to approve the minutes of the regular meeting held January 17, 2019.

Ayes: All. Motion carried unanimously.

COMMUNICATION FROM CITIZENS: None

REPORT FROM LEGAL COUNSEL: None

CONSENT AGENDA:
Motion by Henig, supported by Jaganjac, to receive and file consent items I.A through I.D2

Ayes: All. Motion carried unanimously.

RECEIVE AND FILE:

A. Benefit Register Listing for February 1, 2019 from Comerica Bank showing 364 active retirees with a payout for the benefit month of \$ \$931,343 and a year-to-date of \$ \$1,861,365.

B. Cash and Assets Statement as of January 31, 2019 from Comerica Bank and Morgan Stanley

<u>Desired Allocation</u>	<u>Percentage</u>	<u>Asset Class</u>	<u>Manager / Fund</u>	<u>\$ Balance</u>
2.00%	2.79%	LARGE CAP GROWTH	CLEARBRIDGE	\$ 2,913,551
2.00%	2.83%	LARGE CAP GROWTH	ISHARES RUSSELL 1000 GROWTH ETF	\$ 2,959,648
3.00%	2.45%	LARGE CAP GROWTH	JANUS CAPITAL	\$ 2,561,889
4.00%	3.69%	LARGE CAP VALUE	CONFLUENCE	\$ 3,851,332
3.00%	3.51%	LARGE CAP VALUE	ISHARES RUSSELL 1000 VALUE ETF	\$ 3,665,627
4.00%	3.61%	LARGE CAP VALUE	MFS	\$ 3,767,336
6.00%	4.78%	LARGE CAP CORE	JOHN HANCOCK	\$ 4,990,204
4.00%	4.09%	LARGE CAP CORE	ISHARES S&P 500 ETF	\$ 4,269,852
4.00%	4.21%	SMID CAP VALUE	EDGE	\$ 4,391,385
11.00%	7.68%	SMID CORE	EARNST PARTNERS	\$ 8,021,611
11.00%	10.27%	INTERNATIONAL	CAMBIAR	\$ 10,728,227
6.00%	7.01%	INTERNATIONAL	WCM	\$ 7,319,434
6.00%	5.77%	INTERNATIONAL	HARDING LOEVNER	\$ 6,027,966
1.50%	1.96%	EMERGING	HARDING LOEVNER HLEMX	\$ 2,041,816
1.50%	1.31%	EMERGING	LAZARD	\$ 1,367,403
2.00%	2.56%	REITS	PRINCIPAL	\$ 2,672,000
12.00%	12.41%	FIXED INCOME	WESTERN ASSET MANAGEMENT	\$ 12,954,832
12.00%	12.26%	FIXED INCOME	BOYD WATTERSON	\$ 12,801,936
5.00%	4.97%	MLPS	CUSHING	\$ 5,188,109
0.00%	1.84%	CASH	CASH	\$ 1,921,106
100.00%	100.00%			\$ 104,415,261

C. Correspondence items:

<u>Item</u>	<u>Date</u>	<u>Communication</u>
1	Jan 25, 2019	Robbins Geller Rudman & Dowd Shareholder Class Actions Portfolio Report
2	Jan 15, 2019	To Morgan Stanley: funds xfer request
3	Jan 22, 2019	From Morgan Stanley: wire transfer confirmation
4	Jan 21, 2019	Pension & Investments publication
5	Feb 04, 2019	Pension & Investments publication
6	Jan 18, 2019	From Morgan Stanley: consolidated trade confirmation
7	Feb 01, 2019	From Morgan Stanley: consolidated trade confirmation
8	Jan 29, 2019	From Morgan Stanley: consolidated trade confirmation
9	Jan 23, 2019	From Morgan Stanley: consolidated trade confirmation
10	Jan 07, 2019	To Morgan Stanley: money manager fee approval

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| 11 | Jan 23, 2019 | From Morgan Stanley: confirmation of personal and account information |
| 12 | Jan 25, 2019 | From Morgan Stanley: Retirement Plan Fee Changes |
| 13 | Jan 15, 2019 | From Morgan Stanley: confirmation of instructions |
| 14 | Jan 26, 2019 | From Morgan Stanley: confirmation of personal and account information |
| 15 | Dec 31, 2018 | From Boyd Watterson: Statement of Accounts |
| 16 | Dec 28, 2019 | Robbins Geller Rudman & Dowd Shareholder Class Actions Portfolio Report |
| 17 | Jan 22, 2019 | From Hartford Funds: Annual Report |

D. Approval items:

1. Payable from City Assets for the service period ending January 31, 2019:
Comerica bank service fees for 10/1/2018 through 12/31/2018 totaling \$4,850.
2. Payable from Fund Assets for the service period ending January 31, 2019:
Morgan Stanley, Boyd Watterson and WCM asset management fees for 10/1/2018 through 12/31/2018 in the amounts of: \$135,004.72, \$4,753.00 and \$14,721.96, respectively.

REGULAR AGENDA:

II. OLD BUSINESS

A. Service Retirement – Pam Ambriez

Pam Ambriez to receive Straight Life benefits at a monthly benefit and with a one-time Annuity Withdrawal amount to be provided at the special meeting the first week of March.

B. Service Retirement – Dawn Felosak

Dawn Felosak to receive Option B benefits w/ Pop-Up and no Annuity Withdrawal at a monthly benefit to be provided at the special meeting the first week of March.

III. NEW BUSINESS

A. Change in Retiree Status – Molly Schultz (deceased)

Motion by Henig, supported by Marsh, to approve termination of straight life benefits in the gross amount of \$259.06 for retiree, Molly Schultz, due to her death on December 14, 2018.

B. Quarterly Performance Review - The Brice Group, Morgan Stanley

Domestic markets are responding to three major influences:

- Bond market interest is cooling with securities entering maturity and money leaving the market for better prospects, resulting in a roll-off effect
- International tariffs stymied growth as a result of companies having either a) less money to spend or b) they are postponing spending for a better international trade atmosphere
- Quantitative tightening and unwinding at the Federal Reserve including a) raising interest rates and b) reducing balance sheet debt
 - i. New minutes from the latest Fed Reserve meeting indicated both rates and debt reduction is done for now

Possible emerging market managers for review next quarter, noting the current direction of other countries banking policy

MLPs facing lots of interest from private equity firms

Trade talks set to be finalized 1st week of March with synopsis to be relayed at special meeting with GERS board that same week.

C. Pension Administration Comments

D. Trustee Comments: None

ADJOURN:

Motion by Marsh, supported by Henig, to adjourn the meeting at 2:08 p.m.

Ayes: All. Motion carried unanimously.

Respectfully Submitted,

Mary Jaganjac, Treasurer / Acting Secretary