

**MINUTES FROM MEETING OF THE
STERLING HEIGHTS
GENERAL EMPLOYEES' RETIREMENT SYSTEM**

December 16, 2021

LOCATION 40555 Utica Rd., Sterling Heights, MI 48313 Conference Room 106

CALL TO ORDER 1:33 pm

BOARD MEMBERS PRESENT: Jennifer Varney, City Finance & Budget Director
Mary Chavez, City Treasurer
Richard Weiler, Chairperson
Michael Moore, Board Member
Jared Beaudoin, Board Member

BOARD MEMBERS ABSENT:

ALSO PRESENT: Rob Abb, Legal Counsel
Tim Brice, Brice Group/Morgan Stanley
Jia Hang, Treasury Services Coordinator

APPROVAL OF AGENDA

Motion by Moore, supported by Chavez, to approve the agenda as presented.

Ayes: All. Motion carried unanimously

APPROVAL OF MINUTES

Motion by Varney, supported by Chavez, to approve the minutes from the following meetings:

- November 18, 2021 Quarterly Meeting

Ayes: All. Motion carried unanimously

COMMUNICATION FROM CITIZENS None

REPORT FROM LEGAL COUNSEL

A. Briefing on House Bill 5427.

CONSENT AGENDA: Items I.A through I.D2

Motion by Varney, supported by Chavez, to approve consent agenda items I.A through I.D2

Ayes: All. Motion carried unanimously.

RECEIVE AND FILE:

- A. Benefit Register Listing for November 2021 from Comerica Bank with 361 active retirees with a payout for the benefit month of \$953,814.86 and a year-to-date of \$11,361,626.64.
- B. Cash and Asset Statements for November 30, 2021 month end from Comerica Bank and Morgan Stanley showing a total market value outlined below:

<u>Desired Allocation</u>	<u>Percent</u>	<u>Asset Class</u>	<u>Manager / Fund</u>	<u>\$ Balance</u>
2.43%	3.10%	LARGE CAP GROWTH	Clearbridge - Large Cap Growth Equity	3,821,062
2.43%	1.76%	LARGE CAP GROWTH	Vanguard Russell 1000 Growth ETF - Large Cap	2,161,499
2.43%	2.82%	LARGE CAP GROWTH	Janus Capital - Large Cap Growth Equity	3,469,088
2.43%	3.77%	LARGE CAP VALUE	Confluence - Large Cap Value Equity	4,644,310
2.43%	3.29%	LARGE CAP VALUE	Vanguard Russell 1000 Value ETF - Large Cap	4,057,384
2.43%	3.78%	LARGE CAP VALUE	MFS - Large Cap Value Equity	4,649,018
3.70%	3.94%	LARGE CAP CORE	John Hancock - Large Cap Core Equity	4,856,057
3.70%	4.81%	LARGE CAP CORE	iShares S&P 500 ETF - Large Cap Core Equity	5,920,359
5.00%	5.29%	SMID CAP VALUE	Edge - SMID Cap Value Equity	6,510,780
5.00%	7.31%	SMID CORE	Earnest Partners - SMID Core Equity	9,003,157
5.50%	10.90%	INTERNATIONAL	Aristotle - International Equity	13,427,924
5.50%	10.15%	INTERNATIONAL	WCM - International Equity	12,495,864
5.50%	6.76%	INTERNATIONAL	Harding Loevner - International Equity	8,323,367
5.50%	3.05%	INTERNATIONAL	Victory - International Small Cap Equity	3,755,244
2.50%	2.67%	EMERGING	Harding Loevner - International Equity	3,288,873
2.50%	1.06%	EMERGING	Martin Currie - Emerging Markets	1,303,586
4.00%	3.31%	REITS	Principal - REITS	4,073,531
16.00%	9.33%	FIXED INCOME	Western Asset Management - Fixed Income	11,488,695
16.00%	9.12%	FIXED INCOME	Boyd Watterson - Fixed Income	11,229,291
5.00%	3.69%	MLPS	Energy Income Partners - MLPs	4,547,158
0.00%	0.00%	CASH	Cash Account	5,056
0.00%	0.09%	CASH	Comerica Cash Account 1	111,437
100.00%	100.00%			\$ 123,142,738

C. Communication items listed below:

Item	Date	Communication
1	Dec 08, 2021	MS Monthly Transfer
2	Dec 08, 2021	eMS Millennium Paperwork
3	Dec 07, 2021	eMS Market Values
4	Dec 07, 2021	Comerica Outstanding Pension Checks
5	Dec 07, 2021	eMS Addendum
6	Dec 03, 2021	eMS General Correspondence
7	Dec 03, 2021	Comerica Change of Address
8	Dec 03, 2021	eMS Statements
9	Dec 01, 2021	eMS General Correspondence
10	Dec 01, 2021	eMS Trade Confirmations
11	Dec 01, 2021	eMS Indices 11/30
12	Nov 29, 2021	eMS Monthly Manager Invoice
13	Nov 24, 2021	MS Plan Fee Changes
14	Nov 24, 2021	eMS General Correspondence
15	Nov 22, 2021	eMS General Correspondence
16	Nov 18, 2021	eMS Trade Confirmations
17	Nov 10, 2021	MS Fee and Revenue Year-End Report

D. Approval items:

1	Payable from City Assets for the service period:	None
	Comerica - Bank fees	
	GRS - Actuarial fees	
	VMT - Legal service fees Advisory + Casework	
2	Payable from Fund Assets for the service period:	\$ 115,872.40
	MS Consolidated – monthly mgr fees	\$23,061.07
	MS Consolidated – quarterly advisory fees	\$92,811.33
	Boyd Watterson – quarterly mgr fees	
	WCM – quarterly mgr fees	

REGULAR AGENDA

I. OLD BUSINESS

A. Still have not heard back from William Colvin regarding outstanding pension checks.

II. NEW BUSINESS

A. Motion by Varney, supported by Chavez, to approve Service Retirement for Josephine Wetzel, Deputy Court Clerk, electing Straight Life benefit with annuity withdrawal and an effective date of January 20, 2022.

Ayes: All. Motion carried unanimously.

B. Rebalancing Discussion with Morgan Stanley, The Brice Group

Tim provided the board with 3-10 years performance data he had prepared for Cohen & Steers and Lazard.

3-Year Risk/Reward Scatter Graph

Period ending September 30, 2021

	ROR	Std Dev	Alpha	Beta	Sharpe Ratio	Tracking Error	Info Ratio	R-Squared
▲ Lazard Global Listed Infrastructure I	6.92	13.90	2.03	0.65	0.43	7.76	0.11	0.98
● Cohen & Steers Global Infrastructure	8.40	15.24	3.26	0.70	0.49	7.02	0.33	0.96
■ Dow Jones Brookfield Global Infrast	6.10	21.22	0.00	1.00	0.24	0.00	0.00	1.00

RISK BENCHMARK USED FOR THIS ANALYSIS: DOW JONES BROOKFIELD GLOBAL INFRASTRUCTURE COMPOSITE INDEX

5-Year Risk/Reward Scatter Graph

Period ending September 30, 2021

	ROR	Std Dev	Alpha	Beta	Sharpe Ratio	Tracking Error	Info Ratio	R-Squared
▲ Lazard Global Listed Infrastructure I	8.76	12.15	4.69	0.67	0.63	6.92	0.56	0.89
● Cohen & Steers Global Infrastructure	7.70	12.73	3.49	0.72	0.52	5.87	0.47	0.93
■ Dow Jones Brookfield Global Infrast	4.91	17.09	0.00	1.00	0.22	0.00	0.00	1.00

RISK BENCHMARK USED FOR THIS ANALYSIS: DOW JONES BROOKFIELD GLOBAL INFRASTRUCTURE COMPOSITE INDEX

7-Year Risk/Reward Scatter Graph

Period ending September 30, 2021

	ROR	Std Dev	Alpha	Beta	Sharpe Ratio	Tracking Error	Info Ratio	R-Squared
▲ Lazard Global Listed Infrastructure I	9.12	10.95	6.55	0.57	0.76	9.32	0.60	0.64
● Cohen & Steers Global Infrastructure	6.32	11.64	3.30	0.72	0.47	5.60	0.50	0.91
■ Dow Jones Brookfield Global Infrast	3.52	15.43	0.00	1.00	0.17	0.00	0.00	1.00

RISK BENCHMARK USED FOR THIS ANALYSIS: DOW JONES BROOKFIELD GLOBAL INFRASTRUCTURE COMPOSITE INDEX

10-Year Risk/Reward Scatter Graph

Period ending September 30, 2021

	ROR	Std Dev	Alpha	Beta	Sharpe Ratio	Tracking Error	Info Ratio	R-Squared
▲ Lazard Global Listed Infrastructure I	12.38	9.87	7.24	0.56	1.19	8.61	0.49	0.63
● Cohen & Steers Global Infrastructure	9.18	10.60	3.02	0.71	0.81	5.55	0.19	0.88
■ Dow Jones Brookfield Global Infrast	8.12	13.99	0.00	1.00	0.54	0.00	0.00	1.00

RISK BENCHMARK USED FOR THIS ANALYSIS: DOW JONES BROOKFIELD GLOBAL INFRASTRUCTURE COMPOSITE INDEX

Motion by Chavez, supported by Beaudoin, directing The Brice Group to rebalance by investing 1.95% or 2,500,000.00 into Infrastructure with Lazard.

Ayes: All. Motion carried unanimously.

C. Pension Administrator Comments

D. Trustee Comments

ADJOURN 2:21 pm

Motion by Beaudoin, supported by Moore, to adjourn meeting.

Ayes: All. Motion carried unanimously.

Respectfully Submitted,

Jennifer Varney, Secretary