

Minutes

**Employees' Retirement System
Board Meeting**

**October 14, 2015 at 12:00 PM
City Council Board Room**

**Troy City Hall
500 West Big Beaver
Troy, Michigan 48084
(248) 524-3330**

A meeting of the Employees' Retirement System Board of Trustees was held on **October 14, 2015** at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 12:03 p.m.

Trustees Present: Mark Calice
Thomas Darling, CPA
Brian Kischnick
Steve Pallotta

Trustees Absent: Milton Stansbury
Thomas Gordon
Dave Henderson

Also Present: Kathy Kostopoulos

Minutes:

Resolution # ER – 2015-10-24

Moved by: Kischnick

Seconded by: Pallotta

RESOLVED, that the Minutes of the September 9, 2015 meeting be approved with the request for a one year review of WHV international investments for comparison purposes in resolution 2014-9-23.

Yeas: - 4 -

Absent: - 3 -

Retirement Requests:

Name		None			
Pension Program					
Retirement Date					
Department					
Service Time					

Regular Business:

- Review of Financial Statements for Year Ended June 30, 2015

System Administrator Darling reviewed the Statement of Net Position and Changes in Net Position for the year ended June 30, 2015 (unaudited).

Mr. Darling noted that ending net position was \$203.2 million of which \$16.7 million was restricted for postemployment healthcare benefits and \$186.5 was available for pension benefits.

Changes in net position included \$1.6 million in employer and employee contributions and \$6.3 million in net investment earnings. Total additions were \$7.9 million.

Total deductions were \$16.2 million including \$16.1 million in benefits payed to retirees. The change in net position was a decrease of \$8.3 million.

- Resignation of Ex-Officio William Need

System Administrator Darling received a copy of the resignation letter addressed to Mayor and City Council dated September 9, 2015 tendering his resignation from the Employee Retirement System Board effective immediately. Mr. Need cited his migration to Florida during the winter months and feels that the constituency deserves 12 months of representation as the reason for his resignation.

Chairman Calice and supported by the Board members commended Mr. Need for his eleven years of service since 2004, valuable insight in guiding the System with fiscal prudence and dedication to faithfully represent retirees. He will most certainly be missed.

Chairman Calice requested that a formal letter of appreciation and commendation be prepared.

Investments:

- Graystone Consulting Presentation

Mr. Michael Holycross from Graystone, informed the Board of the resignation of Graystone representative Brian Green from Morgan Stanley. Mr. Holycross assured the Board that they will continue to receive all the resources Graystone Consulting and that of Morgan Stanley along with the support of Michael Cho, Corporate Retirement Director and Financial Advisor.

Chairman Calice with support from the Board expressed his appreciation for the service of Brian Green and wished him well in his future endeavors.

Mr. Holycross continued with review of Morgan Stanley managed accounts for the month and quarter ended September 30, 2015. He noted that the ending value was \$79.4 million representing a decrease of 2.47% for the month and 6.17% for the quarter. This matched results of the S&P for the month and did a little better than the S&P for the quarter which was down 6.44%.

Mr. Robert Alati of Morgan Stanley presented the Board with a presentation of "Why We Are Not in a Bear Market". This included a history of why 10% corrections in the market occur frequently (even in good years) and that the U.S. economy still shows signs of early expansion.

- UBS Financial Services Presentation

Rebecca Sorensen and Darin McBride of UBS reviewed the stock holdings for the City of Troy Employees Retirement Systems Defined Benefit and NAIC portfolios at for September 2015 noting \$114.1 million in assets. This represented a net time-weighted decrease of 5.87% for the month and 3.7% decrease for the quarter.

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- Chairman Calice - Calpers article.

Chairman Calice commented on a Wall Street Journal article dated October 13, 2015 in regards to the California Public Employees' Retirement System (Calpers). The article indicated that the Board is considering a reduction of up to 0.25% of the current 7.5% rate of return assumption on investments. The article also indicated that more than 2/3rds of state retirement systems have trimmed their assumptions since 2008, with the average target now 7.68%. The lower (more conservative) assumption rates allow the shift into safer assets.

Chairman Calice noted that the City of Troy Employee Retirement System has long used an assumption rate of 6.5% which corresponds to the Boards conservative approach to investment platforms and the success of the Boards oversight as indicated in the latest actuarial valuation indicating that the System is 100.6% funded.

Other Business:

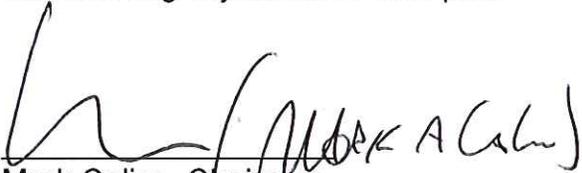
None

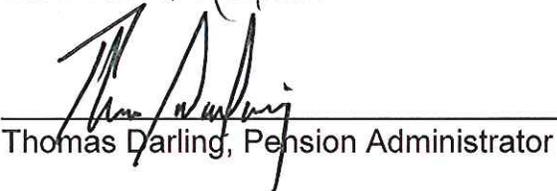
Public Comment:

None

The next meeting is Wednesday, November 11, 2015 at 12:00 p.m. at Troy City Hall, Council Board Conference Room, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting adjourned at 1:22 p.m.


Mark Calice, Chairman


Thomas Darling, Pension Administrator