



## MINUTES

### Employees' Retirement System Board Meeting

November 14<sup>th</sup>, 2018 at 12:00 PM

City Council Board Room

Troy City Hall

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 **November 14<sup>th</sup>**, 2018 at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 12:05 PM.

**Trustees Present:** Mark Calice  
Thomas Darling, CPA  
Justin Novak (arrived 12:06 PM)  
David Hamilton (left 1:45 PM)  
Mark Miller

**Trustees Absent:** Thomas Gordon II  
Milton Stansbury  
Mark Owczarzak

**Also Present:** Amy Cole - Graystone Consulting  
Tim Brice – Graystone Consulting  
Rebecca Sorensen – UBS Financial Management  
Darin McBride - UBS Financial Management  
Shazia Fatima  
Drew A Benson

### Minutes from the October 10<sup>th</sup>, 2018 Meeting

#### Resolution # ER – 2018-11-27

Moved by: Darling

Seconded by: Hamilton

**RESOLVED**, that the Minutes of the October 10<sup>th</sup>, 2018 meeting be **APPROVED**.

Yeas: - 5 -

Absent: - 2 -

**Retirement Requests**

None

**Regular Business**

• **Christmas Luncheon**

- Tom Darling made a motion that the Christmas Luncheon be held at Stoney River Steakhouse and Grill on December 12<sup>th</sup> at 11:30 AM and hold the ERS meeting at 1 PM.
- He also suggested sending an invitation to Council member Dave Henderson.
- Mark Calice requested to add Steven Pallotta and Bill Need on the invite.

**Resolution # ER - 2018-11-28**

Moved: Darling  
Seconded: Calice

**RESOLVED**, to **APPROVE** the ERS Board Meeting start time on Wednesday December 12<sup>th</sup>, 2018 be moved to 1 PM and to schedule the annual Christmas Luncheon for December 12<sup>th</sup> at 11:30 AM at the Stoney River Steakhouse and Grill.

Yeas: - 5 -  
Absent: - 2 -

**Motion Passes**

• **2019 Board Meeting Dates**

**Resolution # ER - 2018-11-29**

Moved: Hamilton  
Seconded: Miller

**RESOLVED**, that the 2019 Board Meeting Schedule as presented in the agenda be **APPROVED**.

Yeas: - 5 -  
Absent: - 2 -

**Motion Passes**

• **PA 202**

- Administrator Darling reviewed the Actuarial Assumptions and reporting requirements under Public Act 202. He reviewed the letter issued by the system's Actuaries (GRS) noting that the system's current actuarial assumptions are currently in compliance with the Public Act.

- **December 31, 2018 Actuarial Valuation Engagement Letter – Gabriel, Roeder,Smith (GRS)**
  - Tom Darling presented the December 31, 2018 Actuarial Valuation Engagement Letter – Gabriel, Roeder,Smith (GRS)
  - He went over the proposed services and Actuarial Fees for the Employees Retirement System for the period beginning January 1, 2019 through December 31, 2019.

**Resolution # ER - 2018-11-30**

Moved: Darling

Seconded: Hamilton

**RESOLVED** to engage Gabriel Roeder Smith to perform ERS actuarial services through December 31, 2019 using an assumed rate of return of 6.5% and using the most current mortality tables commonly used for municipal systems.

Yeas: - 5 -

Absent: - 2 –

**Motion Passes**

- **Reimbursement request to City - \$6,000,000 (transfer in December 2018) to be taken out of UBS.**

- **Resolution # ER-2018-11-31**

Moved: Darling

Seconded: Hamilton

Yeas: - 3 – Darling, Miller, Hamilton

Nays: - 2- Novak, Calice

Absent: - 2- Gordon, Stansbury

**Motion Fails**

- **Reimbursement to City - \$6,000,000 (transfer in December) of which \$4,000,000 will be taken from UBS and the additional \$2,000,000 will be decided next meeting based on recommendations from UBS and Graystone.**

- **Resolution # ER-2018-11-32**

Moved: Novak

Seconded: Hamilton

**RESOLVED**, Reimbursement to City - \$6,000,000 (transfer in December) of which \$4,000,000 will be taken from UBS and the additional \$2,000,000 will be decided next meeting based on recommendations from UBS and Graystone be **APPROVED**.

Yeas: - 5 –

Absent: - 2- Gordon, Stansbury

**Motion Passes**

- **Review June 30,2018 ERS Audited Financial Statements**
  - Administrator Darling reviewed excerpts of the City's Comprehensive Annual Financial Report (CAFR) for the year ended June 30,2018 that related to the Employee Retirement System.
  - He noted that the system generated \$19,701,054 of additions through contributions and investment income and expended \$17,061,031 of deductions through benefit payments and administrative expenses resulting in a change in net position of \$1,524,437.
  - Total Net Position at the end of the Fiscal Year was \$198,417,024. Of this amount, \$196,605,567 is restricted for pension benefit payments and \$1,811,457 is restricted for retiree healthcare benefits.
  - Administrator Darling also noted that the amount restricted for retiree healthcare benefits is expected to be exhausted by the end of November 2018.
  - Future retiree healthcare benefits will be expended directly from the Retiree Healthcare Fund.

## **Investments**

### **Graystone Consulting Group Presentation**

- **Market Review – Tim Brice**
  - Tim Brice discussed the On the Markets Article and gave a market review.
  - He presented the Asset Class Index Performance as of September 30, 2018.
- **Investment Review – Amy Cole**
  - Amy discussed Total Fund Performance noting the YTD Net Returns Net of Fees as of September 30<sup>th</sup>, 2018 at 6.24%.
  - She concluded that the portfolio is performing well and had no recommendations.

### **UBS Financial Presentation**

- **Market Review – Rebecca Sorensen**
  - Rebecca gave a brief market overview and talked about the volatility in the markets.
  - She emphasized that in spite of the volatility in the market, the performance has been good.
- **Investment Review – Rebecca Sorensen**
  - The performance as of October 31<sup>st</sup>, 2018 YTD Net Rate of Return Net of Fees was as follows: Combined 2.14%; ERS 0.52%; NAIC 8.37%.
  - They are happy with the performance but recognize the volatility in the market.

- Administrator Darling approved the Options as recommended by UBS and Chairman Calice asked to see the profits on options in the next meeting.

**Other Business**

None

**Public Comment**

None

**Adjourn**

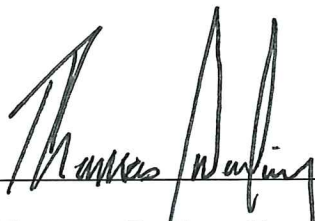
The meeting adjourned at 1:50 PM.

The next meeting is Wednesday December 12<sup>th</sup>, 2018 at 1:00 PM at Troy City Hall, Council Board Conference Room, 500 W. Big Beaver Road, Troy, MI 48084.



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Mark Miller, Trustee



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Thomas Darling, Pension Administrator