City of Troy

Minutes

Employees' Retirement System
Board Meeting

January 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 **January 14, 2015** at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 12:11 p.m.

Trustees Present:	Mark Calice Thomas Darling, CPA Steve Pallotta Thomas J. Gordon, II Brian Kischnick Milton Stansbury Dave Henderson
Trustees Absent:	William R. Need (Ex-Officio)
Also Present:	Kathy Kostopoulos

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Minutes:

Resolution # ER – 2015-01-01

Moved by: Pallotta
Seconded by: Stansbury

RESOLVED, The Minutes of the December 10, 2014 meeting be approved.
Yeas: All - 7
Absent: 0

Retirement Requests:

Name	Kelly Page
Pension Program	DC
Retirement Date	02/27/2015
Department	Police
Service Time	27 Yrs. 3 Mo

Resolution # ER – 2015-01-02

Moved by: Gordon
Seconded by: Stansbury

RESOLVED, the retirement request be approved.

Yeas: All - 7
Absent: 0

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Regular Business:

- December 14, 2014 Election Results – Steve Pallotta has been re-elected to serve on the Employees' Retirement System Board of Trustees and Retiree Health Care Benefits Plan & Trust Board.

Investments:

- Graystone Consulting Presentation
  - Investment Review - Morgan Stanley Performance Report - December 2014

Graystone's Brian Green reviewed the portfolio values illustrating the overall portfolio gaining +01.87% for the quarter ending 12/31/2014 and +04.15% since inception for the year ended. Mr. Green anticipates illustrating at the February 2015 meeting 4th quarter results in line with performance objectives.

- UBS Financial Services Presentation
  - Investment Review - City of Troy Employees Retirement Systems Defined Benefit and NAIC - January 2015

The portfolio performed well for calendar 2014, with net performance of 7.30%. Oil prices declined 47% in the second half of 2014, representing the third steepest decline on record. The drop in oil prices has hurt commodity type investments and diversified portfolios having this exposure. Currently the US is producing more oil than ever. The System Administrator questioned if this possibly could lead to consolidation among oil suppliers. Ms. Sorensen felt Exxon will remain among the larger suppliers. She also stated that this is a mixed blessing which may allow for positive infrastructure and long-term improvements.

Chairman Calice questioned whether we are in a deflationary period in our economy with consideration to the current low oil costs. Questioning if we are experiencing a neutral to negative inflation rate and in regards to our current allocations. Darin McBride of UBS feels the asset allocation is in line with the Investment Policy Statement at the end of December 2014. UBS provided a second handout "3 reasons to expect S& P 500 will beat you in 2014". Noting

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that he feels there is minimal market risk from now until mid to late 2015 and anticipates a 6-7% return.

UBS is undergoing a review of overlapping funds from their Troy office within the current portfolio and will have an analysis prepared for the Board at the next meeting for review in February.

UBS provided an additional handout illustrating "Option Cash Flow January 1, 2014 thru January 9, 2015". Illustrated was additional "Gross Option Revenues net of commissions" of $10,590. This amount was added on in addition from what was initially shown in November 2014 data.

Ms. Sorensen requested access to the Morgan Stanley account from the System Administrator in order to provide consolidated data.

Other Business:

None

Public Comment:

None

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

The meeting adjourned at 12:40 p.m.

Mark Calice, Chairman

Thomas Darling, Pension Administrator