City of Troy

Minutes

Employees' Retirement System Board Meeting

March 11, 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 **March 11, 2015** at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 12:07 p.m.

Trustees Present:

Mark Calice
Brian Kischnick (arrived 12:30 pm)
Thomas Darling, CPA
Steve Pallotta
Thomas J. Gordon, II
Milton Stansbury
Dave Henderson

Trustees Absent: William R. Need (Ex-Officio)

Also Present: Kathy Kostopoulos

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Minutes:

Resolution # ER – 2015-03-11

Moved by: Pallotta
Seconded by: Stansbury

RESOLVED, The Minutes of the February 11, 2015 meeting be approved.
Yeas: 6
Absent: 1 (Brian Kischnick) (did not arrive until 12:30 pm)

Retirement Requests:

None

Regular Business:

- Review ERS System Statement of Revenues and Expenses for the Six Months Ended December 31, 2014

  The ERS Board of Trustees reviewed the Statement of Revenues and Expenses for 7-1-2014 through 12-31-14. Mr. Pallotta asked for clarification of various line items contained in the expense section of the statement pertaining to professional services, interest and option income. The System Administrator provided clarification and illustrated that expenses were in line with expectations and comparable with the prior year.

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Investments:

- Graystone Consulting Presentation - Investment Review - Morgan Stanley Performance Report - February 2015 Investment Results:

  Present from Graystone Consulting were Mr. Robert Alati, Mr. Brian Green and Mr. Michael Holycross. Mr. Green reviewed the City of Troy's Wealth Management Performance, The Weighted Summary, pg. 4., stating that the market was kind to investors in February of 2015, however not so, during January 2015 thus yielding a 2.83% return for the Quarter to date (Jan. – Feb. 2015. Also, noting the corresponding MSCI EAFE index of 6.5 %. Chairman Calice questioned and further discussed Graystone's illustration of the inception date 2/22/08. Mr. Green shared that his system eliminates the ability to choose a start date. Mr. Holycross suggested that the focus should be on month-to-date, year-to-date and quarter-to-date in order to eliminate confusion.

  City Manager, Brian Kischnick joined the meeting at 12:30p.m.

  Chairman Calice questioned Mr. Alati's current role with Graystone Consulting. Mr. Alati stated that he oversees the managers and monitors their fund performance. He also confirmed to Chairman Calice that he is compensated for this oversight role and has been in the business for 53 years.

  Mr. Green commented that March 2015 performance reports will be delivered for the next meeting however they will not be able to send a representative to the March board meeting due to conflicts in their schedule.

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

  Presenting from UBS were Ms. Sorensen and Mr. McBride, reviewing the February Performance Report. Mr. McBride felt that February 2015 was a strong month and

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January 2015 was weak. Even with the recent volatility we are still on target. Ms. Sorensen discussed and reiterated the February 2015 Update. Stating that as of February 19, 2015, the broad global equity market is up 3.2%. U.S. Equities overall are up 2.5%, with Large Cap Growth up 4.3%, once again outperforming Large Cap Value, up .06% year-to-date. Mid Cap Stocks are up 3.6%, International Developed markets are up 5.2%, and Emerging Markets are up 3.2%. Each of the major U.S. indices has reached either its all-time high or a post crisis high. We still believe that equities continue to be positioned to outperform and while fairly valued, they are not overvalued. U.S. Fixed income is positive year-to-date, as is emerging market debt. International Developed fixed income is negative as of February 19, 2015. We continue to prefer corporate bonds to government debt. We are evaluating in-depth the stock holdings of the ERS, including market cap, style and sector analysis. This will be available for review at the ERS meeting in April.

UBS and the Board of Trustee's reviewed the UBS Focus List pg. 12, Chairman Calice initiated a discussion on consumer staples and suggested - WhiteWave Foods be considered as a purchase. City Manager Brian Kischnick requested we review our current consumer staple holdings, UBS and the Board of Trustees determined that it would be a good recommendation to add WhiteWave Foods to the current holdings.

- Recommendations
  - WWAV - WhiteWave Foods Consumer Staples 5,000 shares

Resolution # ER – 2015-03-12

Moved by: Calice
Seconded by: Stansbury

RESOLVED, The purchase of 5000 shares WWAV - WhiteWave Foods – from consumer staples sector be approved.
Yeas: 7
Absent: 0

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Other Business:

None

Public Comment:

None

- The next meeting is Wednesday, April 8, 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 1:13 p.m.

~~Mark Calice, Chairman~~
Thomas Gordon, Vice Chairman

Thomas Darling, Pension Administrator