

Minutes

**Employees' Retirement System
Board Meeting**

**September 9, 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 **September 9, 2015** at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 12:14 p.m.

Trustees Present:

Mark Calice
William R. Need (Ex-Officio)
Thomas Darling, CPA
Steve Pallotta
Thomas J. Gordon, II
Brian Kischnick
Dave Henderson

Trustees Absent:

Milton Stansbury

Also Present:

Kathy Kostopoulos



Minutes

**Employees' Retirement System
Board Meeting**

**September 9, 2015 at 12:00 PM
City Council Board Room**

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

Minutes:

Resolution # ER – 2015-09-21

Moved by: Kischnick
Seconded by: Henderson

RESOLVED, that the Minutes of the August 12, 2015 meeting be approved.

Yeas: - 6 -
Absent: - 1 -

Retirement Requests:

Name	Diane Lepola	William S. Nelson	
Pension Program	DB – Deferred	DC	
Retirement Date	10/15/2015	9/25/2015	
Department	TPOA	Fire – Exempt	
Service Time	12 yrs. 5 mo. (1/31/1994)	40 yrs. 11 mo.	

Resolution # ER – 2015-09-22

Moved by: Gordon
Seconded by: Pallotta

RESOLVED, that the retirement requests be approved.

Yeas: - 6 -
Absent: - 1 -



Minutes

**Employees' Retirement System
Board Meeting**

**September 9, 2015 at 12:00 PM
City Council Board Room**

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

City Manager Brian Kischnick commented that Chief William Nelson "is truly an amazing man and all out great guy who will be missed. "There are good people and then there are great people, and he truly is great."

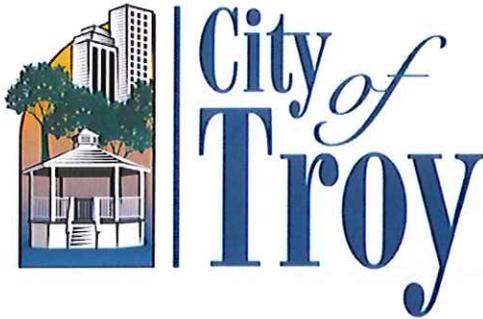
Investments:

- **Graystone Consulting Presentation**

Mr. Mike Holycross from Graystone, began the review with an additional handout provided by Morgan Stanley Wealth Management, a monthly commentary written by Mike Wilson regarding the recent 1% moves in the market. In the last 13 trading sessions there's been ten 1% moves in the market. Mr. Holycross stated it's been 4 years since the last 10% correction in market place which was in August 2011 and suggested the board review the article provided as he feels this is relevant to current conditions. Also, reviewed was the Time Weighted Performance (pg. 14/235 pdf file) for the Month to Date 07/31/15 - 08/31/15, Return Net of Fees, which was down 4.43% slightly ahead of the target. In addition Mr. Holycross reviewed (pg. 19/235 pdf file) illustrating Global Equities and Fixed Income as of 9/01/15. Chairman Calice questioned Mr. Holycross about currency exposure relating to domestic and global fixed income. Mr. Holycross stated that Templeton Global Total Return Fixed Income is 80/20 (80% non U.S.). Chairman Calice responded that if there is concern about currency exposure why wouldn't there be weight in US domestic holdings only. Mr. Holycross stated that they think its "short term noise" and there is still value in overseas markets, in addition they have confidence in the fund managing team. Greystone next recommended full liquidation of WHV International \$4,823,160 with transfer to iShares MSCI ETF (EFA) as a temporary move due to WHV International not making any trades in their portfolio in the past year. Mr. Holycross feels that WHV International has missed out on tremendous buying opportunities especially within energy stock sector.

Resolution # ER – 2015-09-23

Moved by: Gordon
Seconded by: Pallotta



Minutes

**Employees' Retirement System
Board Meeting**

**September 9, 2015 at 12:00 PM
City Council Board Room**

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

RESOLVED, that the Board Members approve the recommended full liquidation of WHV International \$4,823,160 with transfer to iShares MSCI EAFE (EFA) and to track the performance of WHY International over the next year for comparison to be approved.

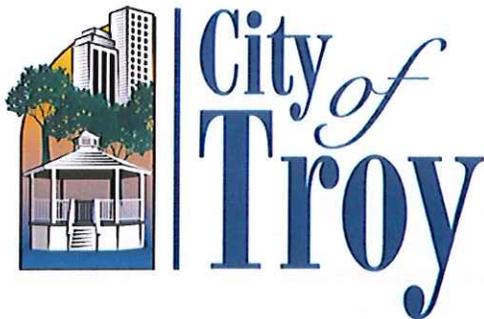
Yeas: - 6 -

Absent: - 1 -

- **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 September 2015 Portfolio.

Ms. Sorensen noted UBS provided the UBS House View publication which was enclosed this month for review along with the additional handout Fixed Income Strategist September 2015. They are concerned about interest rates, and feel the Federal Reserve will raise interest rates. Also they feel there is tremendous opportunity in Japan and European markets. However they are still cautious on emerging markets which the ERS has no exposure to at this time. UBS recommends no changes to the portfolio they like the overall quality of the portfolio and are happy with investment performance year to date. Additionally reviewed (pg. 45/235 pdf file), Asset Allocation for August 31, 2015, noted by Ms. Sorensen is that performance is similar to the Morgan Stanley portfolio, and was down 4.57 % for 07/31/2015 to 08/31/2015 due to volatility in the market. An additional handout was provided illustrating the Option Cash Flow revenue as of September 08, 2015. There was not a lot of trades this year compared to last year, 3 call positions expired. Portfolio value and investment returns on (pg. 86/235 pdf file) were reviewed. Noted was the Net Time-weighted ROR of 10.08% for the 5 yrs. 08/31/2010 to 08/31/2015.



Minutes

**Employees' Retirement System
Board Meeting**

**September 9, 2015 at 12:00 PM
City Council Board Room**

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

Other Business:

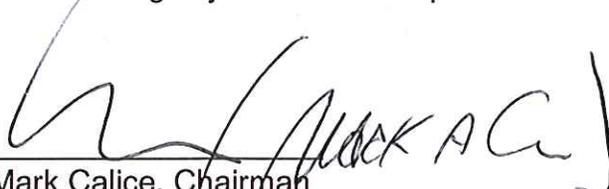
None

Public Comment:

None

The next meeting is Wednesday, October 14, 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