City of Troy

Minutes

Employees' Retirement System Board Meeting

April 13, 2016 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 **April 13, 2016** at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 12:06 p.m.

Trustees Present:	Mark Calice Thomas Darling, CPA Thomas Gordon II Brian Kischnick (Arrived 12:15) Steve Pallotta Milton Stansbury
Trustees Absent:	Dave Henderson
Also Present:	Kathy Kostopoulos Mark Owczarzak

Minutes:

Resolution # ER – 2016-04-10

Moved by: Pallotta
Seconded by: Darling

RESOLVED, that the Minutes of the March 9, 2016 meeting be approved.

Yeas: - 6 -
Absent: - 1 -

Retirement Requests:

Name	Milton Stansbury	Andrew Breidenich	Lawrence Holser	Dominic Mauro
Pension Program	DB	DB	DB	DB/Non-Duty Death
Retirement Date	5/11/2016	4/11/2016	5/11/2016	3/17/2016
Department	TPOA	TCOA	Water/AFSCME	Water/AFSCME
Service Time	25 Yrs, 4 Mo.	25 Yrs, 3 Mo.	19 Yrs. 9 Mo.	18 yrs. 4 Mo.

Resolution # ER – 2016-04-11

Discussion: The System Administrator dully noted that the retirement requests of Andrew Breidenich, Lawrence Holser & Dominic Mauro be approved. However also noted that the retirement request submitted by Milton Stansbury has been formally retracted.

Mr. Pallotta requested clarification of the non-duty death retirement request, the System Administrator indicated that Option A pertains, which implies Mr. Mauro had the years of service needed to retire the day before passing and benefits which were already accrued.

Moved by: Gordon II
Seconded by: Pallotta

RESOLVED, that the retirement requests of Andrew Breidenich, Lawrence Holser & Dominic Mauro be approved.

Yeas: - 6 -
Absent: - 1 -

Regular Business:

Chairman Calice and the Members of the Board welcomed Mr. Mark Owczarzak who joined as guest ERS candidate. Mr. Owczarzak indicated that he is retired from the police

department and works part-time at the Police Department front desk. Enjoys researching stocks and investing.

Investments:

- Graystone Consulting Presentation

Mr. Michael Holycross, Amy Cole and Robert Alati from Graystone presented the Graystone Morgan Stanley December April 1, 2016 Portfolio for the City of Troy Employees Retirement System. Mr. Alati provided the Members of the Board with an additional handout and reviewed chart pertaining to Bear Market High and Lows. The Dow, S&P 500 and interest rates were inquired by Mr. Pallotta discussed with the members of the board.

City Manager Brian Kischnick joined the meeting at 12:15 pm.

Ms. Cole reviewed the Morgan Stanley managed accounts for the month and quarter ended March 31, 2016. She noted that the ending value was $79.6 million representing a Return % (net of fees), an increase of 5.73% for the month, 0.89% for the quarter to date and year to date, and a decrease of 2.39% for the last 12 months and an increase of 4.32% for Performance Inception. Mr. Michael Holycross indicated that the portfolio now illustrates Return % Gross of Fees and Return % net of fees as previously requested by Chairman Calice on the Time Weighted Performance Summary. Total Performance Asset Allocation % of portfolio was also reviewed, Cash 1.9%, Equities 65.9%, Fixed Income & Preferred 26.2% and Alternatives 6%.

- UBS Financial Services Presentation

Ms. Rebecca Sorensen and Mr. Darin McBride of UBS reviewed the stock holdings for the City of Troy Employees Retirement Systems Defined Benefit and NAIC portfolios at March 31, 2016 noting $112.2 million in assets and provided a market commentary. This represented a Net Time-Weighted ROR (net of fees) an increase of 5.73% for the month, year-to-date increase of 2.19%, for the last 12 months a decrease of 0.94%, 3 year an increase of 7%, 5 year 6.9%, and 10 year 7.30%. Ms. Sorensen also indicated UBS will provide the Washington Weekly Report to the members of the board. Also announced a new team structure, two new team members have joined UBS' financial team as of April 1, 2016. City Manager Brian Kischnick discussed market performance concerns for the future with UBS and Members of the Board in general and in regards to Retiree Healthcare, it was suggested to have an open door informal study session on the topic.

Mr. McBride provided the Members of the Board with additional handouts pertaining to the S&P 500 and asset classes for the time period 2001 – Year-to-Date. Market sectors and performance expectations for Q1 2016 into Q2 2016 were discussed with Members of the Board.

Recommendations provided by UBS:
Suggested sale of 3,000 shares of Wells Fargo & Company, current market holding $545,000 and take the proceeds up $250,000 to make the UBS stock acquisition into Chubb, LTD. (CB), a life insurance Company.

Resolution # ER – 2016-04-12

Moved by: Pallotta
Seconded by: Stansbury

RESOLVED, that the Members of the Board supported the UBS stock sale recommendation of 3,000 shares of Wells Fargo & Company, current market holding $545,000 and take the proceeds up $250,000 to make the UBS stock acquisition into Chubb, LTD. (CB).

Yeas: - 6 -
Absent: - 1 -

IAS Review, recommendations provided by NAIC:
The System Administrator informed the Members of the Board of the stock sale of Perrigo Inc. (PRGO) all positions, 1000 shares and Purchase of Mednax, Inc., 2000 shares.

City Manager Brian Kischnick made a motion for the recommendation to support and appoint Mark Owczarzak as new retiree member (Ex-Officio) to the City of Troy ERS Board. Mr. Mark Owczarzak's recommended next steps would be to go to City Clerk and fill out an application. Upon completion, the Members of the Board will make a recommendation to City Council for approval.

Resolution # ER – 2016-04-13

Moved by: Kischnick
Seconded by: Gordon II

RESOLVED, that the Members of the Board supported the recommendation to appoint Mr. Mark Owczarzak as new retiree member (Ex-Officio) to the City of Troy ERS Board.

Yeas: - 6 -
Absent: - 1 -

Other Business:

None

Public Comment:

Mr. Scott Conrad from City of Troy's Engineering Department, retiree and part-time employee inquired about the Health Care Plans and contributions.

The next meeting is Wednesday, May 11, 2016 at 12:00 p.m. at Troy City Hall in the Council Board Conference Room, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting adjourned at 1:50 p.m.

Mark Calice, Chairman

Thomas Darling, Pension Administrator