

**VILLAGE OF GROSSE POINTE SHORES
MINUTES OF PENSION MEETING
May 14, 2013**

A meeting of the Commission of the Village of Grosse Pointe Shores, A Michigan City Employees Retirement System was held on Tuesday, May 14, 2013 in the Grosse Pointe Shores Municipal Building, 795 Lake Shore Road. The meeting was called to order at 7:30 a.m. by Chairman Campbell.

Present were: Chairman Bruce Campbell
Mayor Ted Kedzierski
Commissioner Charles Ruifrok
Commissioner Sgt. James Wardowski
Finance Officer/Treasurer Rhonda Ricketts

Absent: Commissioner Thomas Krolczyk - Excused

Also present: Mr. George Vitta, of Asset Strategies
Mark Wollenweber, City Manager

APPROVAL OF MINUTES OF THE MEETING HELD ON February 12, 2013

On motion by Commissioner Ruifrok, seconded by Mayor Kedzierski and duly carried, the minutes of the meeting held on February 12, 2013 were approved as submitted 4 - 0.

INVESTMENT PERFORMANCE ANALYSIS

Investment Consultant, George Vitta of Asset Strategies, presented his Investment Performance Analysis report for the quarter ending 03/31/2013. The conclusions are on page 3 with total fund results on page 6.

The United States and International stocks were strong for the first quarter of 2013. The market has been driven by momentum. In general, investors are selling bonds and moving to stocks with increase risks in their portfolio. Progress in the equity markets have been substantial. Earnings growth has been positive but slowing down.

The Pension system's portfolio has approximately 10% of funds targeted for international investments. The system's international fund managers are not investing in financial international markets. Overall they are proceeding cautiously optimistic for the future.

Investment funds with Vanguard Intermediate are being used for liquidity purposes should the need arise to pay vendors and pension payroll payments.

Mr. Vitta is planning on including an additional page into the next quarterly summary regarding risk as it relates to our investments.

FIRST EAGLE INVESTMENT MANAGEMENT

Ms. Andrea Murphy, Senior Vice President of First Eagle Investment Management was present to provide background information regarding First Eagle and investment performance regarding pension funds held with First Eagle.

First Eagle invests with overseas mutual funds and are considered a value investor using a “bottom-up” fundamental approach. They currently have between 90 and 130 holdings, becoming very diversified with small, medium and large cap stocks.

As an alternative investment, First Eagle has invested approximately 8 ½% of the pension funds in their portfolio with gold bullion and gold mining stocks. This investment is used as a hedge.

A listing of the current top holdings of the system’s investments is included on page 23 of the report that was provided to the commission. Many of these investments are with countries such as Japan, Germany, and Switzerland to name a few.

OLD BUSINESS

None

NEW BUSINESS

George Vitta reported to the commission that he had received a telephone call from Mark Van Faussien (formerly of Wilson Kemp) that six of the seven staff members of Wilson Kemp had ended their employment with Wilson Kemp. Mr. Van Faussien informed Mr. Vitta that the six former Wilson Kemp employees had moved/formed a new investment firm of Azimuth Capital Management, LLC.

Currently the funds invested with Wilson Kemp are being held by Comerica Bank and Comerica’s investment managers will maintain the assets for the short-term.

With this information, Mr. Vitta presented the commission with three options regarding the investments held by Wilson Kemp:

- 1: Leave the funds as is with Comerica Bank
- 2: Liquidate the portfolio and move the funds to Vanguard Intermediate
- 3: Identify a replacement manager

Motion by Commissioner Wardowski, seconded by Mayor Kedzierski and duly carried 4-0, Asset Strategies has been instructed to perform further due diligence and prepare requests for proposals for fixed income portfolio managers.

Mr. Wollenweber then informed the commission regarding a concern that the City’s Finance Committee has expressed at their May 8, 2013 meeting. The Finance Committee would like for the Pension Commission to review the investment managers’ and investment advisor’s current fee schedule. Finance Committee Chair, Bruce Bisballe will be invited to a future meeting to discuss this concern to the Pension Commission.

NEXT MEETING

Wednesday, June 5, 2013 at 3:00 PM

ADJOURNMENT

Motion by Mayor Kedzierski, seconded by Commissioner Ruifrok that the meeting be adjourned at 9:30 AM. Approved 4-0.

Rhonda Ricketts, Finance Officer/Treasurer