

**VILLAGE OF GROSSE POINTE SHORES
MINUTES OF PENSION MEETING
February 12, 2013**

A meeting of the Commission of the Village of Grosse Pointe Shores, A Michigan City Employees Retirement System was held on Tuesday, February 12, 2013 in the Grosse Pointe Shores Municipal Building, 795 Lake Shore Road. The meeting was called to order at 7:32 a.m. by Chairman Campbell.

Present were: Chairman Bruce Campbell
Commissioner Charles Ruifrok
Commissioner Sgt. James Wardowski
Commissioner Tom Krolczyk
Finance Officer/Treasurer Rhonda Ricketts

Absent: Mayor Ted Kedzierski - Excused

Also present: Mr. George Vitta, of Asset Strategies

APPROVAL OF MINUTES OF THE MEETING HELD ON December 4, 2012

On motion by Commissioner Wardowski, seconded by Commissioner Krolczyk and duly carried, the minutes of the meeting held on December 4, 2012 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 12/31/2012. The conclusions are on page 3 with total fund results on page 6.

The Standard & Poor's 500 showed a loss of 0.31% for the quarter. Investors tended to rotate from growth stocks to value stocks during the quarter. Sigma Investment Counselors' portfolio diversifies among all stocks.

The Fixed Income market continues to show positive results for the quarter ending December 31, 2012. Inflation was negative for the quarter – the broad consumer price index was 1.74% for the calendar year 2012.

The Financial sector was the strongest group for both the United States and the world for the year. Looking ahead, the global financial sector looks good but is very volatile. The outlook for US stocks in 2014 looks positive.

Sigma Investments were up 0.78% for the quarter and up 16.31% for the year. First Eagle Overseas Fund showed a positive return of 4.02% for the quarter and 15.25% for the year. WHV Investment Management is a long term focused management investor with returns of

3.64% for the quarter and 13.55% for the year. The investments with Wilson Kemp represent 38% of the total pension system's investments. Wilson Kemp outperformed the benchmark for the quarter and calendar year with returns of 1.54% for the fourth quarter and total returns for the year of 8.17%. Investments are mainly with non-government debt including commercial mortgages and corporate debt. Vanguard Intermediate Investment includes corporate bonds in the maturity range of 5 to 10 years. Vanguard is temporarily investing funds that will be invested with Cornerstone Patriot and the Commonfund.

The total pension system's assets showed a positive return of 1.39% for the quarter and 11.97% for the year 2012. Results are improving and are ahead of expectations. Compared to the Policy Index of peer groups, the ranking is very strong.

Currently, the Fixed Income Sector is above the asset allocation range set by the Investment Policy of the pension system.

Motion by Commissioner Wardowski, seconded by Commissioner Ruifrok and duly carried, approximately \$200,000 will be transferred from the Wilson Kemp and the Vanguard account to Sigma Investments each month for the next three months to balance the asset allocation per the Investment Policy. In total, Wilson Kemp investments will be reduced \$560,000 and a reduction of \$90,000 from the Vanguard investments to increase the investments of Sigma by \$650,000. Approved 4-0.

OLD BUSINESS

None

NEW BUSINESS

George Vitta provided a legislative update from VanOverbeke, Michaud & Timmony, PC to the commission regarding Public Act 347 of 2012. PA 347 will change investment guidelines and reporting changes effective April 1, 2013. At this time, no changes in investments will be made and changes to the system's annual report will be prepared in accordance with the Act for the fiscal year ending June 30, 2013.

NEXT MEETING

Tuesday, May 14, 2013 at 7:30 AM

ADJOURNMENT

Motion by Commissioner Krolczyk, seconded by Commissioner Wardowski that the meeting be adjourned at 8:40 AM. Approved 4-0.

Rhonda Ricketts, Finance Officer/Treasurer