

**VILLAGE OF GROSSE POINTE SHORES
MINUTES OF PENSION MEETING
AUGUST 23, 2012**

A meeting of the Commission of the Village of Grosse Pointe Shores, A Michigan City Employees Retirement System was held on Thursday, August 23, 2012 in the Grosse Pointe Shores Municipal Building, 795 Lake Shore Road. The meeting was called to order at 7:35 a.m. by Chairman Vandenberghe.

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

Also present: Mr. George Vitta, of Asset Strategies, Councilmember Kay Felt

APPROVAL OF MINUTES OF THE MEETING HELD ON MAY 31, 2012

On motion by Chairman Vandenberghe, seconded by Mayor Kedzierski and duly carried, the minutes of the meeting held on May 31, 2012 were approved as submitted 5 - 0.

INVESTMENT PERFORMANCE ANALYSIS

Investment Consultant, George Vitta of Asset Strategies, presented his quarterly market report for the period ending June 30, 2012. Mr. Vitta stated that the international markets are still behind in performance compared to the domestic markets; global fixed performance was positive. In reviewing the many indices used in the report, Mr. Vitta stated that the Broad Consumer Price Index, which includes food and energy, is more realistic on the impact to consumers and is directly related to the growth of the economy. The 10 year Treasury bill is at an all time low of 1.39%.

The Sigma Investment portfolio is comprised mainly of US equity strategies and has outperformed the benchmark for the quarter, year-to-date, and over the last year.

First Eagle Overseas Fund is down 3.98% compared to the benchmark of 7.38%. This fund comprises of over 100 stocks and incurs less risk than the benchmark, but provides real growth.

WHV Investment Management portfolio contains 30 stocks and is a complement to the First Eagle portfolio with a focus on long term results. There is no overlap in stocks between the First Eagle Overseas portfolio and the WHV Investment Management portfolio.

Wilson Kemp's fixed income portfolio is slightly behind the market for the current quarter. However, they have outperformed the market when looking at the year-to-date figures.

Mr. Vitta stated that there are several economic and investment concerns for the immediate future. Besides the ongoing Eurozone financial challenges, China has several internal challenges – their growth rate has slowed from 6% to around 3 to 4% and they have the need

for additional raw materials for infrastructure, etc. Domestically, due to the Presidential election in November, there is uncertainty in the federal budget, U.S. debt financing and future expenditures. No major fiscal or monetary policy changes are expected until 2013, despite the 'fiscal cliff' faced by the U.S. on January 1.

Economic indicators have been turning upwards and there is some feeling of optimism toward the future. The pension system has outperformed the US stock market during the last ten years, while trailing bond market returns. This is a reflection of the most unusual period for investors, in many decades.

ALTERNATIVE INVESTMENT MANAGER

Mr. Vitta reported that the two commercial real estate finance funds which the Board previously requested be invited for an interview, could no longer be consider for investment. This is due to the legal opinion issued by attorneys who specialize in counsel to Michigan public funds, stating that this type of investment would be classified as a 'direct real estate investment' under state statutes. In order for a Michigan public retirement system to invest in direct real estate, the system must have total assets of a least \$100 million.

NEW BUSINESS

The commission was informed that Rhonda Ricketts will no longer represent the General Employees of the Village of Grosse Pointe Shores due to her employment status change. An election was held by the members of the General group. Thomas Krolczyk will be the new Commissioner representing the General Employees with Michael Way as his alternate.

NEXT MEETING

The commission has requested that a representative from Commonfund Capital, Inc be present at the next meeting to present their firm and strategies in regard to Private Equity Fund-of-Funds investments. Also the commission has requested that Rodwan Consulting Group appear to present the Actuarial Report for the fiscal year ending June 30, 2012. A meeting will be scheduled once we have confirmation of the completion date of the actuarial report.

ADJOURNMENT

The meeting was adjourned at 9:52 a.m.

Mark Wollenweber, City Manager