City of Troy

Agenda

Retiree Healthcare Benefits Plan & Trust Board Meeting

April 10, 2013 at 11:30 AM
Conference Room C

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

ROLL CALL

ABSENT MEMBERS

MINUTES FROM THE JANUARY 9, 2013 MEETING

INVESTMENTS

OTHER BUSINESS

Responses to RFI for Investment Consultant
Report from Waddell & Reed

PUBLIC COMMENT

ADJOURN

NOTICE OF MEETING TIME CHANGE

Retiree Health Care Benefits Plan & Trust Board

Wednesday, April 10, 2013

Starting at 11:30 am instead of 1:00 pm

Conference Room C

Be advised that the Retiree Health Care Benefits Plan & Trust Board will hold a Meeting on Wednesday, April 10, 2013 at 11:30 AM in Conference Room C at Troy City Hall, 500 W. Big Beaver, Troy, Michigan, (248) 524-3330.

This notice is hereby posted as required by Section 4 of the Open Meetings Act, (MCLA 15.261 et seq.).

T. Darling

Thomas Darling, CPA
Pension Administrator

Posted: April 4, 2013

NOTICE: People with disabilities needing accommodations for effective participation in this meeting should contact the City Clerk (248) 524-3317 at least two working days in advance of the meeting. An attempt will be made to make reasonable accommodations.

A meeting of the Retiree Health Care Benefits Plan & Trust Board of Trustees was held on Wednesday, January 9, 2013, at Troy City Hall, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting was called to order at 1:12 p.m.

Trustees Present: Mark Calice
Thomas J. Gordon, II
Milton Stansbury
Thomas Darling, CPA
William R. Need (Ex-Officio)
Dave Henderson
Brian Kischnick (left at 1:23 pm)

Trustees Absent: Steve Pallotta

Also Present: Justin Breyer
John Lamerato

Minutes

Resolution # ER – 2013-01-1
Moved by Darling
Seconded by Stansbury

RESOLVED, That the Minutes of the December 12, 2012 meeting be approved.

Yeas: All- 6
Absent: Pallotta

Investments

Tom Darling reviewed the Trial Balance Listing for 3 Months ending September 30, 2012. William Need requested that Mr. Darling return next month with some short-term bond options.

Public Comment

None

The next meeting is February 13th, 2013 at 1:00 p.m. at Troy City Hall, Conference Room C, 500 W. Big Beaver Road, Troy, MI 48084.

The meeting adjourned at 1:26 p.m.

Mark Calice, Chairman

Tom Darling, Pension Administrator

WADDELL & REED
Financial Advisors™

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BRYAN M. WIEFERICH, CFP®
Financial Advisor
CFP®

March 27, 2013

Mr. Tom Darling
Financial Services Director
City of Troy
500 W. Big Beaver Road
Troy, MI 48084-5285

Mr. Darling,

Please find the enclosed Basic Report Package for the Health Care Trust meeting on April 10th. I thought it would be a good idea to point out to the Board, the overall performance figures for 2012 and Year-to-Date, which were 13.95% and 6.60% respectively. These numbers are for the City's accounts as of 3/26/2013. On an annual basis, the accounts have averaged 7.46% per year since you've started with Waddell & Reed, which is summarized on page 2 of the report.

I know the Retirement Board has been actively searching for a plan consultant to help guide you with an Investment Policy Statement and Asset Allocation Model. Please keep me posted on this search, and if there is still idle money that you would like a proposal for, I would be happy to provide these investment suggestions for your Waddell & Reed/Ivy Funds account.

Thank you for your continued confidence in Waddell & Reed and in me. If you have questions prior to the meeting, please don't hesitate to contact me at 800.956.0051 or via email at bryanwieferich@wradvisors.com.

Regards,

Bryan M. Wieferich, CFP®
CERTIFIED FINANCIAL PLANNER™ Professional
Waddell & Reed

WADDELL & REED Financial Advisors™

Basic Report Package

11/18/2005–03/26/2013

Combined Account Portfolio

Prepared For

City of Troy
500 W Big Beaver Road
Troy, MI 48084

Prepared By

BRYAN M WIEFERICH
Waddell & Reed
110 E. Broadway
Suite B
Mt. Pleasant, MI 48858

Basic Report Package

City of Troy
500 W Big Beaver Road
Troy, MI 48084

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(989) 953−7888

Combined Account Portfolio
Created: 03/27/2013

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Basic Report Package

City of Troy
500 W Big Beaver Road
Troy, MI 48084

BRYAN M WIEFERICH
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(989) 953−7888

Combined Account Portfolio
Period: 03/26/2013
Created: 03/27/2013

Holdings by Investor

City of Troy

Acct Name: CITY OF TROY EMPLOYEES RETIREMENT SYSTEM THOMAS DARLING PLAN ADMIN 500 W BIG BEAVER RD TROY MI 48084−5285

Acct No: 00015728413 **Acct Type:** Std Int Defined Bene Plan

Rep. No: 79390

Asset Name	Ticker	Asset Class	Mgt. Name	Quantity	Price ($)	Value ($)
WADDELL & REED ADV VANGUARD A	UNVGX	US LARGE CAP GROWTH EQUITY	WADDELL & REED	26,931.12	9.32	250,998.00
				Account Total:		$250,998.00

Acct Name: CITY OF TROY RETIREE HEALTH CARE TRUST THOMAS DARLING PLAN ADMIN 500 W BIG BEAVER RD TROY MI 48084−5285

Acct No: 00035622538 **Acct Type:** Corporations

Rep. No: 79390

Asset Name	Ticker	Asset Class	Mgt. Name	Quantity	Price ($)	Value ($)
IVY FUND−BOND FUND A	IBOAX	US INVESTMENT GRADE BOND	WADDELL & REED	105,335.73	10.70	1,127,092.31
IVY MANAGED INTERNAT'L OPPORTUNITIES A	IVTAX	NON−US DEVELOPED MARKETS EQUITY	WADDELL & REED	160,178.10	9.00	1,441,602.91
WADDELL & REED ADV ASSET STRAT A	UNASX	NON−US DEVELOPED MARKETS EQUITY	WADDELL & REED	315,067.37	10.33	3,254,645.97
WADDELL & REED ADV BOND FUND A	UNBDX	US INVESTMENT GRADE BOND	WADDELL & REED	262,193.87	6.60	1,730,479.55
WADDELL & REED ADV CORE INVEST A	UNCMX	US LARGE CAP GROWTH EQUITY	WADDELL & REED	277,733.34	6.84	1,899,696.07
WADDELL & REED ADV MUNI BOND A	UNMBX	US INVESTMENT GRADE BOND	WADDELL & REED	344,377.23	7.71	2,655,148.47
WADDELL & REED ADV NEW CONCEPTS A	UNECX	US MID CAP EQUITY	WADDELL & REED	360,277.89	10.75	3,872,987.35
WADDELL & REED ADV SCIENCE & TECH A	UNSCX	US SMALL CAP EQUITY	WADDELL & REED	198,404.11	12.54	2,487,987.56
WADDELL & REED ADV SMALL CAP A	UNSAX	US SMALL CAP EQUITY	WADDELL & REED	153,206.65	16.40	2,512,589.01
WADDELL & REED ADVISORS SELECT DIV OPPTN FD A	WDVAX	US LARGE CAP GROWTH EQUITY	WADDELL & REED	114,558.56	16.76	1,920,001.50
WR ADVISORS ACCUMULATIVE A	UNACX	US LARGE CAP GROWTH EQUITY	WADDELL & REED	237,128.28	8.90	2,110,441.70
				Account Total:		$25,012,672.41
				Investor Total:		**$25,263,670.41**

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Combined Account Portfolio
Period: 11/18/2005−03/26/2013
Created: 03/27/2013

Portfolio Snapshot

As of: 03/26/2013
Portfolio Value
$25,263,670.41

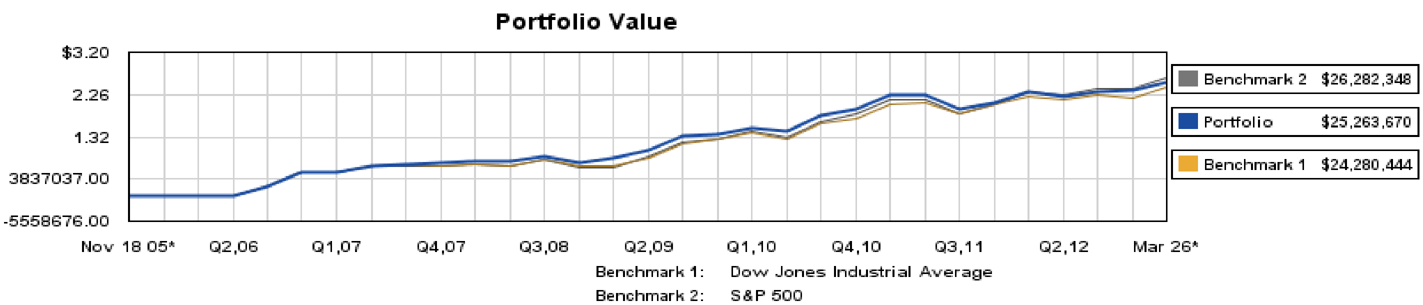
	Since Start Date($)	Last Year($)	YTD($)	Last Qtr($)	Selected Period($)
	11/18/2005	2012	03/26/13	Q4,2012	11/18/05 − 03/26/13
Beginning Value	0.00	20,791,649.43	23,699,637.62	23,388,024.19	0.00
Net Contributions	18,184,273.09	0.00	0.00	0.00	18,184,273.09
Change in Value	7,079,397.32	2,907,988.19	1,564,032.79	311,613.42	7,079,397.32
Ending Value	25,263,670.41	23,699,637.62	25,263,670.41	23,699,637.62	25,263,670.41
Investment Return	7.46%	13.95%	6.60%	1.33%	7.46%

Performance By Account

Acct Name	Start Date	Value($)	Allocation(%)	Since Start Date(%)	Last Year(%)	YTD(%)	Last Qtr(%)	Selected Period(%)
		03/26/13	03/26/13		2012	03/26/13	Q4,2012	11/18/05 − 03/26/13
00035622538	09/22/2006	25,012,672.41	99.0	7.52	13.98	6.60	1.36	7.52[6]
00015728413	11/18/2005	250,998.00	1.0	4.29	10.51	7.00	−1.20	4.29

Portfolio and Benchmark

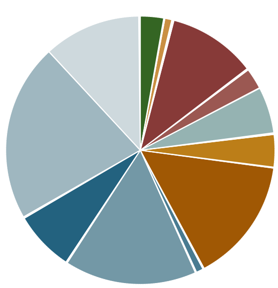
Selected Period: 11/18/2005−03/26/2013



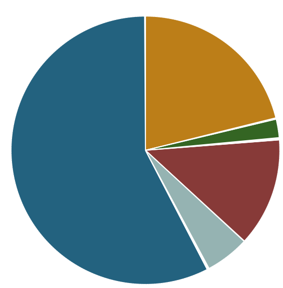
Asset Allocation

As of: 03/26/13 100% = $25,263,670

Asset Class



Asset Type



	Asset Class	Amount($)	Alloc(%)
	CASH	739,033.44	2.9
	NON−US BOND	277,623.22	1.1
	NON−US DEVELOPED MARKETS	2,717,912.65	10.8
	NON−US EMERGING MARKETS	649,829.00	2.6
	OTHER	1,456,086.68	5.8
	US HIGH YIELD BOND	1,013,090.81	4.0
	US INVESTMENT GRADE BOND	3,833,283.75	15.2
	US LARGE CAP CORE EQUITY	250,498.70	1.0
	US LARGE CAP GROWTH EQUITY	4,045,402.09	16.0
	US LARGE CAP VALUE EQUITY	1,874,167.36	7.4
	US MID CAP EQUITY	5,409,532.60	21.4
	US SMALL CAP EQUITY	2,997,210.09	11.9

	Asset Type	Amount($)	Alloc(%)
	BONDS	5,373,709.23	21.3
	CASH	629,977.46	2.5
	NON−US STOCKS	3,310,303.63	13.1
	OTHER	1,397,242.82	5.5
	US STOCKS	14,552,437.26	57.6

Basic Report Package

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Combined Account Portfolio
Created: 03/27/2013

Disclosure:

Securities offered through Waddell & Reed, member FINRA/SIPC.

The source data for the following accounts was provided by DST FAN Mail:
00015728413
00035622538

This report contains performance information calculated using Modified Dietz formula (approximation of daily time weighted return) and may differ from other performance reporting systems. Please note that large cash flows can distort results shown. For more information on how performance is calculated, consult your advisor.

The "Portfolio Value and Benchmark" report graphs your actual core portfolio value over time. The starting point on the graph will always use that days beginning balance. For fair comparison purposes, buy and sell transactions that occurred in your core portfolio during the period will be applied to any included Benchmarks. The Net Contribution column in the underlying legend includes all cash flows in and out of the core portfolio, including but not limited to buys, sells, dividends, interest and fees. If your core portfolio s Net Contribution contains dividend, interest and fees, it will not represent the same cash flow adjustment that is applied to the benchmarks for fair comparison purposes. Additionally, interest and dividends will cause increased rate of returns in the legend without a corresponding affect on the graph.

*Represent partial period related to other periods on this report.

Pie chart slices labeled as "other" may include securities classified as "other" by the provider of asset classification data, as well as securities that did not fit in the other slices displayed.

[6] The return for this holding represents a partial period relative to the report period requested on the report. At some time during the reporting period, the holding was not in the portfolio. The partial period asset will affect the total account's rate of return.

Performance calculations are performed using the Internal Rate of Return (IRR) Calculation method

The Internal Rate of Return (IRR) is used to calculate the true, money−weighted rate of return. Like the Modified Dietz calculation, the portfolio or asset is valued at the starting and ending points of the period. And, cash flows are included based on their timing.

The IRR is related to the time−value of money or present value formula. It calculates the discount rate which will take the starting value and all cash flows to result in the ending market value.

Performance returns for time periods longer than 365 days have been annualized.