

**MINUTES
PUBLIC SAFETY RETIREMENT BOARD MEETING
FEBRUARY 24, 2015**

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, February 24, 2015 at 8:00 a.m. in Room 102 of City Hall, 410 Ludington, Escanaba, MI.

Call to Order

Secretary Valentine called the meeting to order at 8:00 a.m.

Roll Call

Board Members Present: Robert Valentine, Dave Schaaf, Blake Cowen, Tony LaPlant, Brad Nault

Board Members Absent: None

Others Present: None

Approval/Adjustments to Agenda -- None.

Conflict of Interest Declaration – None

Approval of Minutes

Board member Cowen moved for approval of the January 27, 2015 Minutes. Board member Nault supported the motion. Minutes were unanimously approved.

Unfinished Business – None

New Business

Audit Review

Alan Stotz, Partner at Anderson Tackman, reviewed the Audit Report covering the fiscal year ending 6/30/2014. Mr. Stotz offered the following insight and commentary:

1. The audit is clean with no adverse findings.
2. Administration opted not to include a section titled “Management Discussion and Analysis” which is often included in such audits.
3. GASB funding calculations resulted in a lower net pension liability than the plan’s traditional actuarial funding calculation.
4. 6/30/14 asset values matched the figures that were reported to the Board.
5. Although not required, the Audit contains both GASB and traditional actuarial calculations.

Investment Performance Review

Secretary Valentine presented the following statistics:

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City of Escanaba Public Safety Retirement Plan
Investment Performance Summary
01/31/2015

	12/31/2014	01/31/2015	% Total
	\$ Value	\$ Value	
BONDS			
Vanguard Total Bond Mkt Idx	2,914,450	2,967,130	11.5%
Vanguard Short Term Bond Idx	3,223,360	3,249,633	12.6%
Eaton Vance Bonds	<u>2,455,309</u>	<u>2,476,361</u>	<u>9.6%</u>
Total Bonds	8,593,119	8,693,124	33.6%
STOCKS			
Vanguard Stock Index	6,658,648	6,458,772	24.9%
Vanguard Sm Cap Gro Idx	2,998,831	2,973,417	11.5%
JP Morgan Mid Val	5,103,139	5,000,115	19.3%
Vanguard REIT Index	1,335,450	1,425,581	5.5%
DFA Int'l Value	<u>1,350,742</u>	<u>1,341,558</u>	<u>5.2%</u>
Total Stocks	17,446,810	17,199,443	66.4%
CASH			
Money Market Accounts	0	0	0.0%
Total	<u>26,039,929</u>	<u>25,892,567</u>	<u>100.00%</u>

TOTAL RETURNS

	-----Gross Returns-----						
	Jan-15	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year	Trailing 5 year
BONDS							
Vanguard Totl Bond Mkt Fnd VBTLX	2.3%	2.3%	3.1%	6.7%	6.8%	9.5%	24.7%
Vanguard S.T. Inv Grade Fnd VFSUX	0.8%	0.8%	0.7%	2.1%	n/a	n/a	n/a
Eaton Vance H.Y. Bond Fund EVIBX	0.9%	0.9%	-0.8%	2.9%	9.7%	22.8%	49.2%
Escanaba Bond Composite	1.3%	1.3%	1.1%	3.9%	5.8%	11.4%	29.5%
Merrill HY Master Index JOA0	0.7%	0.7%	-1.5%	2.4%	9.3%	24.3%	51.7%
Merrill Bond Market Index BOA01	2.7%	2.7%	3.6%	7.7%	7.3%	10.7%	27.7%
STOCKS							
Vanguard S&P 500 Index Fnd VIAXX	-3.0%	-3.0%	-0.6%	14.2%	38.7%	62.1%	105.6%
Vanguard Sm Cap gro Idx VISGX	-0.8%	-0.8%	0.8%	4.2%	33.9%	55.8%	122.4%
JP Morgan Mid Value FLMVX	-2.0%	-2.0%	2.7%	16.1%	42.1%	73.3%	132.4%
DFA Int'l Value DFIVX	-0.7%	-0.7%	-4.4%	-4.1%	8.7%	24.3%	29.5%
Vanguard Reit Fund VGSLX	6.7%	6.7%	11.0%	33.5%	37.4%	n/a	n/a
Escanaba Equity Composite	-1.4%	-1.4%	1.1%	12.5%	36.0%	60.3%	107.2%
S&P 500 Index	-3.0%	-3.0%	-0.6%	14.2%	38.8%	58.6%	93.9%
EAFA Int'l Index	0.4%	0.4%	-2.0%	-3.0%	5.7%	19.9%	18.0%
MSCI REIT Index	6.8%	6.8%	11.0%	33.5%	37.5%	n/a	n/a
Russell 1000 : Mid Cap Index	-2.8%	-2.8%	-0.9%	11.6%	33.7%	53.1%	88.6%
Russell 2000: Small Cap Index	-3.3%	-3.3%	-0.7%	3.1%	29.2%	47.0%	93.6%
Russell 3000: Broad Mkt Index	-2.9%	-2.9%	-0.9%	10.9%	33.3%	52.6%	89.0%
OVERALL							
Escanaba Portfolio Composite	-0.5%	-0.5%	1.1%	9.4%	24.6%	41.3%	76.6%
Combined Passive Index	-0.6%	-0.6%	0.9%	11.4%	25.8%	40.5%	70.1%
MERS TOTAL MARKET FUND	-1.0%	-1.0%	-0.8%	6.3%			56.0%

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Secretary Valentine reviewed 2014 investment performance from the Wilshire Universe, in comparison to Escanaba's performance. The data showed that Escanaba's portfolio outperformed the median return of the Wilshire Universe (All Plans) over each of the 6 preceding years. Mr. Valentine advised that the Wilshire Universe the most widely used proxy for measuring relative performance of pension fund investment portfolios.

Review of Receipts and Disbursements

The Board reviewed the disbursement register for February 2015 totaling \$116,406.16. Board member Schaaf moved for approval of the February payments. Board member LaPlant supported the motion. The motion carried unanimously.

Adjournment

The meeting was adjourned at 8:55 a.m.

PPROVED:



ROBERT VALENTINE,
SECRETARY

TONY LAPLANT
BOARD CHAIRMAN