

**MINUTES
PUBLIC SAFETY RETIREMENT BOARD MEETING
MAY 1, 2014**

Pursuant to public notice, a rescheduled meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, March 25, 2014 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, Brad Nault, David Schaaf, Tony LaPlant

Board Members Absent: Blake Cowen

Others Present: None

Adjustments to the Agenda - None

Approval/Adjustments to the Agenda - None

Conflict of Interest Declaration – None

Approval of Minutes – March 25, 2014

Board member Schaaf moved for approval of the January Minutes. Board member LaPlant supported the motion. There being no further discussion, the motion carried unanimously.

Unfinished Business

New Business

Investment Performance

Investment performance was moved from the number two item to the number one item to accommodate a delay in the travel schedule of Michael Gano. Secretary Valentine presented the following investment statistics for the month of March 2014:

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**City of Escanaba Public Safety Retirement Plan
Investment Performance Summary
03/31/2014**

	<u>02/28/2014</u>	<u>03/31/2014</u>	
	<u>\$ Value</u>	<u>\$ Value</u>	<u>% Total</u>
BONDS			
Vanguard Total Bond Mkt Idx	3,139,889	3,061,793	12.4%
Vanguard Short Term Bond Idx	3,192,698	3,190,185	12.9%
Eaton Vance Bonds	<u>2,451,130</u>	<u>2,453,977</u>	<u>9.9%</u>
Total Bonds	<u>8,783,717</u>	<u>8,705,955</u>	<u>35.1%</u>
STOCKS			
Vanguard Stock Index	5,914,810	5,964,369	24.1%
Vanguard Sm Cap Gro Idx	2,999,463	2,932,517	11.8%
JP Morgan Mid Val	4,540,487	4,573,298	18.5%
Vanguard REIT Index	1,120,821	1,126,859	4.5%
DFA Int'l Value	<u>1,478,604</u>	<u>1,467,918</u>	<u>5.9%</u>
Total Stocks	<u>16,054,185</u>	<u>16,064,961</u>	<u>64.9%</u>
CASH			
Money Market Accounts	0	0	0.0%
Total	<u>24,837,902</u>	<u>24,770,916</u>	<u>100.00%</u>

TOTAL RETURNS

	Mar-14	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year	Trailing 5 year
BONDS							
Vanguard Totl Bond Mkt Fnd VBTSX	-0.1%	1.9%	1.9%	-0.2%	3.6%	11.6%	25.9%
Vanguard S.T. Inv Grade Fnd VFSUX	-0.1%	0.8%	0.8%	n/a	n/a	n/a	n/a
Eaton Vance H.Y. Bond Fund EVIBX	0.1%	2.5%	2.5%	7.1%	19.4%	26.2%	123.5%
Escanaba Bond Composite	0.0%	1.7%	1.7%	1.7%	7.9%	15.7%	45.5%
Merrill HY Master Index J0A0	0.2%	3.0%	3.0%	7.5%	21.5%	28.5%	128.3%
Merrill Bond Market Index BOA01	-0.1%	2.1%	2.1%	-0.4%	4.3%	13.0%	28.6%
STOCKS							
Vanguard S&P 500 Index Fnd VIFSX	0.8%	1.8%	1.8%	21.9%	38.9%	50.8%	160.3%
Vanguard Sm Cap gro Idx VISGX	-2.2%	1.6%	1.6%	24.7%	44.7%	46.4%	229.2%
JP Morgan Mid Value FLMVX	0.7%	3.2%	3.2%	21.6%	48.5%	59.1%	203.9%
DFA Int'l Value DFIVX	-0.7%	1.1%	1.1%	22.2%	30.3%	15.2%	121.9%
Vanguard Reit Fund VGRSX	0.5%	10.0%	10.0%	4.2%	n/a	n/a	n/a
Escanaba Equity Composite	0.1%	2.6%	2.6%	20.9%	40.1%	46.9%	176.0%
S&P 500 Index	0.8%	1.8%	1.8%	21.9%	36.5%	45.0%	140.9%
EAFE Int'l Index	-1.0%	0.0%	0.0%	14.4%	23.3%	12.5%	12.5%
MSCI REIT Index	0.3%	10.0%	10.0%	4.3%	19.9%	n/a	n/a
Russell 1000 : Mid Cap Index	0.5%	1.6%	1.6%	20.0%	34.3%	42.0%	141.3%
Russell 2000: Small Cap Index	-0.8%	0.8%	0.8%	23.3%	41.3%	39.1%	177.5%
Russell 3000: Broad Mkt Index	0.4%	1.5%	1.5%	20.2%	34.9%	41.7%	170.3%
OVERALL							
Escanaba Portfolio Composite	0.0%	2.3%	2.3%	13.7%	28.0%	35.3%	118.7%
Combined Passive Index	0.4%	2.3%	2.3%	13.4%	25.1%	33.4%	102.6%
MERS TOTAL MARKET FUND	0.4%	1.9%	1.9%	11.0%	n/a	n/a	83.4%

Notes:

1.) Equity policy limitation is 65% of total portfolio

2.) The MERS Total Market Fund invests in a broad selection of diverse investments and securities. Some securities (approximately 25% of the total portfolio) are not able to provide prices on a daily basis or prices are determined on a delayed basis. Due to the characteristics of these investments, the NAVs provided by Northern Trust Company may not reflect the current market value of the Fund. The returns provided for periods prior to October 3, 2006 are based upon data provided by Northern Trust Company and do not incorporate the additional fees for record-keeping (ICMA-RC) and investment management (MERS).

3.) Two, three and five year returns above are gross (not annualized) returns.

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Actuarial Report

Michael Gano of Gabriel Roeder Smith and Co. presented the results of the actuarial valuation dated 6/30/2013. Mr. Gano began by reviewing the process by which the valuation was performed. Mr. Gano advised that an "entry age normal cost" methodology was employed under which the long term objective is a level percent of payroll contribution which is lower than the dollar value of the benefits paid out. Mr. Gano also advised that funding levels improved slightly in this valuation and are expected to improve in future valuations as the plan sheds residual losses which were spread over five year periods. Mr. Gano explained that the City contribution is mainly comprised of the normal cost, plus a charge toward the unfunded liability. The liability payment is calculated using a 30 year open amortization period. He advised that we are moving to a closed amortization period starting with the 6/30/14 valuation, which will accelerate the payoff of the unfunded liability. Mr. Gano pointed out that the plan is 69% funded based on actuarial values and 75.4% funded based on marked values as of 6/30/2014. Mr. Gano also discussed the upcoming GASB requirements and reminded the board to prepare for an additional valuation to address those issues. Mr. Gano advised that his firm would distribute more information in the future regarding GASB compliance and reporting costs. Mr. Gano advised that plan assumptions are not in need of updating at the current time.

Contract for Actuarial Services

The board discussed 2014 actuarial services. Board member LaPlant moved to hire Gabriel Roeder for 2014 services at a cost of \$8,100 not including new GASB compliance. Board member Nault supported the motion. The motion carried unanimously.

Articles

The board reviewed articles on indexing, REITS and the condition of public pension plans.

Announcements - None

Adjournment

The meeting was adjourned at 8:35 a.m.

PPROVED:



ROBERT VALENTINE,
SECRETARY

TONY LAPLANT
BOARD CHAIRMAN