

**MINUTES  
PUBLIC SAFETY RETIREMENT BOARD MEETING  
OCTOBER 22, 2013**

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, October 22, 2013 at 8:00 a.m. in Room 102 of City Hall, 410 Ludington, Escanaba, MI.

**Board Members Present:** Robert Valentine, Blake Cowen, Todd Chouinard, Tony LaPlant, David Schaaf

**Board Members Absent:**

**Others Present:** None

**Approval of Minutes – September 24, 2013**

Board member Chouinard moved for approval of the September 24, 2013 minutes. Board member LaPlant supported the motion. There being no further discussion, the motion carried unanimously.

**Approval/Adjustments to the Agenda**

Board members LaPlant and Chouinard brought to the attention of the board that Officer elections were necessary due to recent changes in Public representation. The board unanimously consented to the addition of elections to the agenda.

**Conflict of Interest Declaration**

None

**Unfinished Business**

None.

**New Business**

**Officer Elections**

In accordance with the previously approved adjustment to the Agenda, Secretary Valentine called for nominations for officer positions. The following nominations were received: Tony LaPlant for President/Chairman; Blake Cowen for Vice Chair; Robert Valentine for Secretary. There being no further discussion the board voted unanimously in favor of the nominations

**MAPERS Expenses**

The board reviewed MAPERS conference expenses in the amount of \$1249.70. Board member Chouinard moved to authorize reimbursement of expenses incurred by member Schaaf in connection with his attendance at the conference. Board member LaPlant supported the motion. There being no further discussion, the board voted unanimously in favor of the motion.

**MAPERS Recap**

Board member Schaaf summarized the content of the MAPERS Conference for members of the board.

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**INVESTMENT RESULTS**

Secretary Valentine presented the following investment results:

**City of Escanaba Public Safety Retirement Plan  
Investment Performance Summary**

09/30/2013

	08/31/2013	09/30/2013	
	\$ Value	\$ Value	% Total
<b>BONDS</b>			
Vanguard Total Bond Mkt Idx	5,308,536	5,306,474	23.0%
Vanguard Short Term Bond Idx	0	1,001,327	4.3%
Eaton Vance Bonds	2,292,406	2,316,083	10.0%
<b>Total Bonds</b>	<b>7,600,942</b>	<b>8,623,884</b>	<b>37.3%</b>
<b>STOCKS</b>			
Vanguard Stock Index	5,141,688	5,302,521	23.0%
Vanguard Sm Cap Gro Idx	2,530,448	2,685,936	11.6%
JP Morgan Mid Val	4,900,404	4,078,740	17.7%
Vanguard REIT Index	999,106	1,032,216	4.5%
DFA Int'l Value	1,272,935	1,368,952	5.9%
<b>Total Stocks</b>	<b>14,844,582</b>	<b>14,468,365</b>	<b>62.7%</b>
<b>CASH</b>			
Money Market Accounts	0	0	0.0%
<b>Total</b>	<b>22,445,524</b>	<b>23,092,249</b>	<b>100.00%</b>

**TOTAL RETURNS**

	Sep-13	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year	Trailing 5 year
<b>BONDS</b>							
Vanguard Totl Bond Mkt Fnd VBTSX	1.0%	-2.0%	0.5%	-1.9%	3.0%	8.5%	29.6%
Vanguard S.T. Inv Grade Fnd VFSUX							
Eaton Vance H.Y. Bond Fund EVIBX	1.0%	3.8%	2.4%	7.0%	24.7%	28.3%	70.2%
<b>Escanaba Bond Composite</b>	<b>1.0%</b>	<b>-0.3%</b>	<b>1.1%</b>	<b>0.7%</b>	<b>9.0%</b>	<b>14.2%</b>	<b>40.7%</b>
Merrill HY Master Index J0A0	1.0%	3.8%	2.3%	7.1%	27.2%	28.9%	86.1%
Merrill BOA01 Index	0.8%	-2.5%	0.4%	-2.1%	3.6%	8.9%	31.7%
<b>STOCKS</b>							
Vanguard S&P 500 Index Fnd VIFSX	3.1%	19.8%	5.2%	19.4%	55.5%	57.1%	60.9%
Vanguard Sm Cap gro Idx VISGX	6.1%	28.3%	11.0%	30.8%	73.1%	73.5%	97.9%
JP Morgan Mid Value FLMVX	3.9%	22.2%	6.0%	25.6%	67.2%	68.6%	84.5%
DFA Int'l Value DFIVX	7.5%	16.1%	14.0%	25.2%	39.6%	20.9%	31.1%
Vanguard Reit Fund VGRSX	3.3%	3.2%	-3.0%	5.7%	n/a	n/a	n/a
<b>Escanaba Equity Composite</b>	<b>4.3%</b>	<b>20.4%</b>	<b>6.6%</b>	<b>22.6%</b>	<b>58.7%</b>	<b>57.7%</b>	<b>68.7%</b>
S&P 500 Index	3.1%	19.8%	5.2%	18.6%	51.0%	49.7%	47.6%
EAFA Int'l Index	7.1%	13.4%	10.9%	20.4%	32.4%	16.5%	16.5%
MSCI REIT Index	3.3%	3.2%	-3.0%	5.8%	n/a	n/a	n/a
Russell 1000 : Mid Cap Index	3.3%	18.9%	5.5%	18.4%	50.7%	49.2%	48.2%
Russell 2000: Small Cap Index	6.2%	26.4%	9.9%	28.2%	66.7%	58.8%	58.0%
Russell 3000: Broad Mkt Index	3.6%	19.5%	5.8%	19.1%	51.9%	49.9%	48.9%
<b>OVERALL</b>							
<b>Escanaba Portfolio Composite</b>	<b>3.1%</b>	<b>12.8%</b>	<b>4.7%</b>	<b>14.6%</b>	<b>39.1%</b>	<b>41.6%</b>	<b>58.1%</b>
Combined Passive Index	2.5%	11.5%	3.7%	11.9%	34.2%	35.6%	51.9%
MERS TOTAL MARKET FUND	2.5%	9.2%	4.0%	10.2%	n/a	n/a	36.6%

Notes:

- Equity policy limitation is 65% of total portfolio
- 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).
- Two, three and five year returns above are gross (not annualized) returns.

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**MAPERS Public Plan Survey**

The board reviewed results of the annual MAPERS Plan Survey. Secretary Valentine inserted Escanaba's data for comparison to the MAPERS membership.

**Recommendation to Change Bond Allocation**

Secretary Valentine recommended that the Vanguard bond allocation be split evenly between the Total Bond Market Index Fund and the Short Term Investment Grade Bond Fund, thereby shortening duration and reducing exposure to rising interest rates. Secretary Valentine indicated that the Fed eventually must begin tapering its artificial suppression of interest rates, and that it is a question of "if" not "when". Mr. Valentine advised that the fund will sacrifice a small amount of yield in exchange for enhanced price protection in a rising rate environment. After further several questions and further discussion, board member Schaaf moved to authorize Secretary Valentine's recommendation, board member LaPlant supported the motion. A vote was taken as follows: Ayes: Schaaf, LaPlant, Valentine, Chouinard; Abstain: Cowen. The motion passed. Board member Cowen requested additional yield figures from Secretary Valentine.

**Announcements**

None

**Adjournment**

The meeting was unanimously adjourned at 9:00 a.m.

PPROVED:



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ROBERT VALENTINE,  
SECRETARY

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TODD CHOUINARD  
BOARD CHAIRMAN