

**MINUTES
PUBLIC SAFETY RETIREMENT BOARD MEETING
OCTOBER 28, 2014**

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, October 28, 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, 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 Schaaf moved for approval of the September 23, 2014 Minutes. Board member Cowen supported the motion. Upon a vote, minutes were unanimously approved.

Unfinished Business – None

New Business

Investment Performance

Secretary Valentine reviewed 6/30/14 2nd quarter investment performance compared against the Wilshire, BNY and Northern Trust Universes. Mr. Valentine also presented the following 9/30/2014 investment return data:

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**City of Escanaba Public Safety Retirement Plan
Investment Performance Summary
09/30/2014**

	<u>08/31/2014</u>	<u>09/30/2014</u>	<u>% Total</u>
	<u>\$ Value</u>	<u>\$ Value</u>	
BONDS			
Vanguard Total Bond Mkt Idx	2,945,881	2,865,090	11.4%
Vanguard Short Term Bond Idx	3,223,216	3,216,377	12.8%
Eaton Vance Bonds	<u>2,510,169</u>	<u>2,464,765</u>	<u>9.8%</u>
Total Bonds	<u>8,679,266</u>	<u>8,546,232</u>	<u>34.1%</u>
STOCKS			
Vanguard Stock Index	6,436,522	6,346,002	25.3%
Vanguard Sm Cap Gro Idx	2,986,279	2,839,725	11.3%
JP Morgan Mid Val	4,854,712	4,713,374	18.8%
Vanguard REIT Index	1,242,483	1,168,057	4.7%
DFA Int'l Value	<u>1,493,006</u>	<u>1,427,648</u>	<u>5.7%</u>
Total Stocks	<u>17,013,002</u>	<u>16,494,806</u>	<u>65.9%</u>
CASH			
Money Market Accounts	0	0	0.0%
Total	<u>25,692,268</u>	<u>25,041,038</u>	<u>100.00%</u>

TOTAL RETURNS

	Sep-14	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year	Trailing 5 year
BONDS							
Vanguard Totl Bond Mkt Fnd VBTSX	-0.7%	4.1%	0.2%	4.0%	2.0%	7.1%	21.8%
Vanguard S.T. Inv Grade Fnd VFSUX	-0.2%	1.6%	-0.1%	n/a	n/a	n/a	n/a
Eaton Vance H.Y. Bond Fund EVIBX	-1.8%	2.9%	-1.5%	6.4%	13.9%	32.8%	60.1%
Escanaba Bond Composite	-0.8%	2.9%	-0.4%	4.0%	4.8%	13.4%	31.2%
Merrill HY Master Index J0A0	-2.1%	3.5%	-1.9%	7.1%	14.7%	36.2%	63.6%
Merrill Bond Market Index BOA01	-0.8%	4.5%	0.3%	4.3%	2.1%	8.1%	23.7%
STOCKS							
Vanguard S&P 500 Index Fnd VIFSX	-1.4%	8.3%	1.1%	19.7%	42.8%	86.1%	106.6%
Vanguard Sm Cap gro Idx VISGX	-4.9%	-1.6%	-5.5%	5.7%	38.2%	83.0%	113.7%
JP Morgan Mid Value FLMVX	-2.9%	6.3%	-1.7%	15.6%	45.1%	93.2%	126.9%
DFA Int'l Value DFIVX	-4.4%	-1.7%	-6.5%	4.3%	30.6%	45.5%	29.7%
Vanguard Reit Fund VGRSX	-6.0%	14.0%	-3.1%	13.2%	n/a	n/a	n/a
Escanaba Equity Composite	-3.0%	5.4%	-1.9%	14.0%	39.8%	80.9%	101.8%
S&P 500 Index	-1.4%	8.3%	1.1%	19.7%	42.0%	80.8%	93.5%
EAFA Int'l Index	-4.1%	-3.6%	-7.4%	1.5%	22.2%	34.4%	18.9%
MSCI REIT Index	-4.8%	14.0%	-3.1%	13.3%	19.8%	n/a	n/a
Russell 1000 : Mid Cap Index	-1.9%	6.4%	0.2%	16.7%	38.1%	75.9%	89.0%
Russell 2000: Small Cap Index	-6.2%	-5.3%	-7.7%	2.6%	31.6%	71.0%	82.3%
Russell 3000: Broad Mkt Index	-2.2%	5.5%	-0.5%	15.5%	37.6%	75.5%	88.5%
OVERALL							
Escanaba Portfolio Composite	-2.3%	4.5%	-1.4%	10.3%	26.4%	53.4%	74.4%
Combined Passive Index	-1.6%	6.6%	-0.1%	13.1%	26.6%	51.8%	68.3%
MERS TOTAL MARKET FUND	-1.5%	4.4%	-0.6%	9.4%	n/a	n/a	58.1%

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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Disbursements

The board reviewed the check register for 9/30/2014 AND 10/31/2014. Board member Schaaf moved for acceptance of the registers. Board member LaPlant supported the motion. A vote in favor was unanimous.

Cessation of Benefits Payable to Margared Gadnis

Secretary Valentine advised the board that survivor beneficiary, Margaret Gadnis, passed away on 10/12/14. Secretary Valentine presented the calculation of the final benefit due the estate of Ms Gadnis for 12 days of October which amounted to \$287.60. Board member Cowen moved for cessation of benefits to Margaret Gadnis effective 10/12/14 and for approval of a final payment in the amount of \$287.60. Board member Nault supported the motion. The board voted unanimously in favor of the motion.

Consideration of Dale Vandrese's Retirement Application

The board reviewed a retirement application from PSO Dale Vandrese. Having found that Mr. Vandrese meets the service requirements for a regular retirement based on 25 years of service, board member Cowen moved to accept Mr. Vandrese's retirement application. Board member Nault supported the motion. The board voted unanimously in favor of the motion.

Approval of Pension Payable to Dale Vandrese

Secretary Valentine presented the calculation of Dale Vandrese's monthly retirement benefit. Secretary Valentine further explained that Mr. Vandrese is subject to an EDRO (Court Order) requiring the division of his benefit between himself and his former spouse, Marylin Noble. Mr. Valentine advised that there is an actuarially determined reduction to Mr. Vandrese's benefit in the amount of \$1,456.44 which is intended to fund the benefits payable to Ms. Noble. Upon review of the calculations, board member LaPlant moved to authorize commencement of Mr. Vandrese's monthly benefit in the amount of \$2,932.89, net of the recoupment amount required to fund Ms. Noble's benefit. Board member Cowen supported the motion. The board voted unanimously in favor of the motion.

Approval of Benefit Increase for Marylin Noble

Secretary Valentine explained that Ms Noble, former spouse of Dale VanDrese, has been receiving her pension benefits since 7/1/2010, which is the earliest draw date provided for in the EDRO which governs the distribution of Mr. VanDrese's benefit. Mr. Valentine advised that Ms Noble has been receiving a "reduced" benefit to account for the fact that commenced her benefit prior to Mr. Vandrese's actual retirement. Mr. Valentine explained that Ms. Noble's benefit is subject to recalculation by the plan's actuary at the time Mr. Vandrese's

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actual retirement date becomes known with certainty. Mr. Valentine went on to explain that Ms. Noble's reduction was calculated in 2010, assuming Mr. Vandrese would have retired at age 60 (an assumption which is required under Michigan law), but because Mr. Vandrese retired at an earlier age (age 53) Ms. Noble will see an increase in her benefit. The board reviewed a letter dated 10/23/14 from the plan's actuary establishing Ms Noble's new benefit at \$1,256.38 effective 10/14/2014. The board also reviewed the original EDRO and other communications from the plan's actuary explaining the benefit structure in place for distribution of Mr. Vandrese's benefit. Board member LaPlant moved for adoption of Ms Noble's new monthly benefit in the amount of \$1,256.38. Board member Nault supported the motion. The board voted unanimously in favor.

Audit Draft

Secretary Valentine presented a draft of the 6/30/14 audit report. No action was requested or taken

Adjournment

The meeting was adjourned at 9:05 a.m.

PPROVED:



ROBERT VALENTINE,
SECRETARY

TONY LAPLANT
BOARD CHAIRMAN