

MINUTES
PUBLIC SAFETY RETIREMENT BOARD MEETING
January 24, 2012

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, January 24, 2012, 8:00 a.m. in Room 102 of City Hall, 410 Ludington, Escanaba, MI.

Board Members Present: Robert Valentine, Blake Cowen and Todd Chouinard

Board Members Absent: Darin Hunter, David Schaaf

Others Present: Alan Stotz of Anderson Tackman

Approval of Minutes – November 22, 2011

A motion was made by Board Member Cowen and supported by Board Member Chouinard, to approve the meeting minutes of November 22, 2011 subject to removing Mr. Cowen from the list of those attending. Ayes were unanimous.

Approval/Adjustments to the Agenda

No adjustments were made.

Conflict of Interest Declaration

No conflict of interest declarations were made.

Unfinished Business

None.

New Business

Audit Review

Alan Stotz of Anderson Tackman reviewed the Audit report dated 6/30/2011. Mr. Stotz advised the board that the audit was a financial audit and its purpose is present fairly and accurately the financial position of the fund and that it is not intended to expose instances of fraud, conversion or theft of resources. Mr. Stotz advised that a "fraud audit" is intended for those purposes and is much more involved and typically not performed unless there is reason to suspect fraud. Mr. Stotz advised that the audit process takes 3-4 days and involves sampling of transactions from the audit period; 25 were sampled in our case. Mr. Stotz advised that his firm has issued a "clean opinion" with regard to the financial statements of the plan. Mr. Stotz also advised that the audit contains no Management Discussion and Analysis (MD&A) section and that GASB recommends but does not require that to be included in the report. Mr. Stotz concluded his remarks by advising the board that there are no issues and that the money is being handled well.

A motion was made by board member Chouinard to accept the audit report. Board member Cowen supported the motion. The board voted unanimously in favor of the motion.

Audit Invoice

Secretary Valentine presented for approval an invoice in the amount of \$1,600 from Anderson Tackman for the cost of the audit dated 6/30/2011. Board member Chouinard moved for approval of the invoice. Board member Cowen supported the motion. The board voted unanimously in favor of the motion.

Investment Performance

Secretary Valentine presented the following investment performance summary:

	<u>11/30/2011</u>	<u>12/31/2011</u>	
	<u>\$ Value</u>	<u>\$ Value</u>	<u>% Total</u>
BONDS			
Vanguard Bond Index	4,803,701	4,766,392	25.6%
Eaton Vance Bonds	<u>1,856,696</u>	<u>1,925,792</u>	<u>10.3%</u>
Total Bonds	6,660,397	6,692,183	35.9%
STOCKS			
Vanguard Stock Index	4,798,210	4,847,215	26.0%
Vanguard Sm Cap Gro Idx	1,943,703	1,933,201	10.4%
JP Morgan Mid Val	4,096,917	4,146,451	22.3%
DFA Int'l Value	<u>1,039,339</u>	<u>1,011,553</u>	<u>5.4%</u>
Total Stocks	11,878,169	11,938,420	64.1%
CASH			
Money Market Accounts	0	0	0.0%
Total	<u>18,538,566</u>	<u>18,630,603</u>	<u>100.00%</u>

	Dec-11	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year
BONDS						
Vanguard Bonds VBTSX	1.1%	7.7%	1.0%	7.7%	14.7%	21.7%
Eaton Vance Bond Fund EVIBX	3.7%	2.5%	3.7%	2.5%	17.8%	85.6%
Escanaba Bond Composite	1.8%	6.3%	1.7%	6.3%	15.7%	33.7%
Merrill HY Master Index JOAO	2.5%	4.5%	6.2%	4.5%	20.4%	88.2%
Merrill BOA01 Index	1.2%	8.6%	1.2%	8.6%	16.0%	21.6%
STOCKS						
Vanguard S&P 500 Index VIFSX	1.0%	2.0%	11.8%	2.0%	17.0%	48.2%
Vanguard Sm Cap gro Idx VISGX	-0.5%	-1.7%	14.8%	-1.7%	28.4%	82.2%
JP Morgan Mid Value FLMVX	1.2%	2.3%	13.7%	2.3%	26.2%	60.0%
DFA Int'l Value DFIVX	-2.7%	-16.8%	3.1%	-16.8%	-8.1%	28.2%
Escanaba Equity Composite	0.5%	-0.4%	12.1%	-0.4%	19.0%	54.7%

S&P 500 Index	0.9%	-0.0%	11.2%	-0.0%	12.8%	39.2%
EAFAs Int'l Index	-1.0%	-14.8%	2.9%	-14.8%	-10.6%	14.2%
Russell 1000 : Mid Cap Index	0.7%	-0.5%	11.2%	-0.5%	13.3%	42.1%
Russell 2000: Small Cap Index	0.5%	-5.5%	15.0%	-5.5%	18.5%	48.3%
Russell 3000: Broad Mkt Index	0.7%	-0.9%	11.5%	-0.9%	13.7%	42.6%
OVERALL						
Escanaba Portfolio Composite	1.0%	2.1%	8.1%	2.1%	18.3%	47.3%
Combined Passive Index	1.0%	2.3%	7.6%	2.3%	14.9%	39.9%

2012 Meeting Schedule

Board member Chouinard moved for adoption of the 2012 meeting schedule as outlined below. Board member Cowen supported the motion. The board voted unanimously in favor.

1/12/2012	7/24/2012
2/28/2012	8/28/2012
3/27/2012	9/25/2012
4/24/2012	10/23/2012
5/22/2012	11/27/2012
6/26/2012	12/18/2012

Lilian Finman Final Benefit

Secretary Valentine advised that survivor beneficiary, Lilian Finman, passed away on 12/6/2011. Secretary Valentine advised that her regular monthly benefit was \$557.83 and that her estate was paid a final benefit of \$107.97 which equates to 6/31 her regular benefit. Board member Cowen moved for approval of the final benefit payment. Board member Chouinard supported the motion. The board voted unanimously to ratify the final benefit.

MAPERS Membership

Secretary Valentine presented the board with an invoice in the amount of \$100 for a one year renewal of the fund's membership in MAPERS. Board member Cowen moved for approval of the invoice. Board member Chouinard supported the motion. The board voted unanimously in favor of approval.

HB 4361 Pension Taxation

The board reviewed the provisions of recently enacted HB 4361 which requires the taxation of Michigan public pensions subject to various levels of exemptions based on a pensioner's date of birth.

SB 797 Investment Regulations

The board reviewed the provisions of this pending legislation which is proposing changes to the investment regulations contained in PA 314. Proposed changes include the following: 1.) an increase in the maximum real estate allocation from 5% to 10%; 2.) an increase in the maximum allocation under the "basket clause" to 15% from 5%; 3) an increase in the maximum allocation to foreign securities to 70% from 20%. In addition,

the proposed legislation prohibits a practice called “pay to play” and requires greater plan transparency.

General Public Comment

None was heard.

Announcements

None were heard.

Adjournment

The meeting was unanimously adjourned at 9:00

APPROVED:



ROBERT VALENTINE,
SECRETARY

TODD CHOUINARD
BOARD CHAIRMAN