

**MINUTES  
PUBLIC SAFETY RETIREMENT BOARD MEETING  
August 28, 2012**

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, August 28, 2012 at 8:00 a.m. in Room 102 of City Hall, 410 Ludington, Escanaba, MI.

**Board Members Present:** Robert Valentine, Blake Cowen, Todd Chouinard, Darin Hunter, David Schaaf

**Board Members Absent:** None

**Guests Present:** Council Liaison Brady Nelson

**Approval of Minutes – June 26, 2012**

Board member Schaaf moved for approval of the June 26, 2012 minutes. Board member Cowen supported the motion. There being no further discussion, the motion was approved unanimously.

**Approval/Adjustments to the Agenda**

None

**Conflict of Interest Declaration**

None

**Unfinished Business**

None.

**New Business**

**Investment Performance**

Secretary Valentine presented the following summary of plan investment returns through July 2012:

	<b>06/30/2012</b>	<b>07/31/2012</b>	
	<b>\$ Value</b>	<b>\$ Value</b>	<b>% Total</b>
<b>BONDS</b>			
Vanguard Bond Index	5,164,557	5,236,551	26.2%
Eaton Vance Bonds	<u>2,088,468</u>	<u>2,121,993</u>	<u>10.6%</u>
<b>Total Bonds</b>	<b>7,253,025</b>	<b>7,358,544</b>	<b>36.8%</b>
<b>STOCKS</b>			
Vanguard Stock Index	4,823,770	4,872,530	24.4%
Vanguard Sm Cap Gro Idx	2,115,903	2,088,914	10.5%
JP Morgan Mid Val	4,581,173	4,642,279	23.2%

<b>DFA Int'l Value</b>	<u>1,018,594</u>	<u>1,014,388</u>	<u>5.1%</u>			
<b>Total Stocks</b>	12,539,440	12,618,111	63.2%			
<b>CASH</b>						
<b>Money Market Accounts</b>	0	0	0.0%			
<b>Total</b>	<u>19,792,465</u>	<u>19,976,655</u>	<u>100.00%</u>			
	Jul-12	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year
<b>BONDS</b>						
Vanguard Bonds VBTSX	1.4%	3.9%	2.4%	7.4%	12.0%	21.9%
Eaton Vance Bond Fund EVIBX	1.6%	10.2%	2.1%	6.8%	20.3%	47.3%
Escanaba Bond Composite	1.5%	5.7%	2.3%	7.3%	14.6%	28.5%
Merrill HY Master Index J0A0	2.0%	9.1%	2.8%	7.4%	21.1%	50.1%
Merrill BOA01 Index	1.7%	4.5%	2.9%	8.5%	13.5%	24.0%
<b>STOCKS</b>						
Vanguard S&P 500 Index VIFSX	1.4%	11.1%	-0.8%	9.2%	30.5%	48.2%
Vanguard Sm Cap gro Idx	-1.3%	8.1%	-4.1%	0.6%	32.1%	59.5%
<b>VISGX</b>						
JP Morgan Mid Value FLMVX	1.3%	12.0%	-0.3%	10.9%	33.8%	63.9%
DFA Int'l Value DFIVX	-0.4%	0.3%	-6.6%	-17.8%	-5.7%	2.4%
Escanaba Equity Composite	0.8%	10.0%	-1.7%	5.6%	28.1%	49.8%
S&P 500 Index	1.3%	9.7%	-1.3%	6.7%	25.2%	39.7%
Eafa Int'l Index	1.1%	1.8%	-5.1%	-14.4%	-2.5%	0.9%
Vanguard Reit Index EFT VNQ	2.0%	16.9%	2.8%	13.4%	40.8%	117.3%
Russell 1000 : Mid Cap Index	1.1%	9.4%	-1.9%	5.7%	25.2%	40.5%
Russell 2000: Small Cap Index	-1.4%	6.2%	-3.7%	-1.3%	20.9%	41.4%
Russell 3000: Broad Mkt Index	0.9%	9.2%	-2.1%	5.1%	24.8%	40.6%
<b>OVERALL</b>						
Escanaba Portfolio Composite	1.0%	8.5%	-0.2%	6.4%	23.7%	42.4%
Combined Passive Index	1.4%	8.3%	0.2%	6.9%	22.0%	37.0%
MERS PORTFOLIO	2.2%	6.0%		2.7%		32.9%

Board members discussed a REIT allocation and in conjunction with that discussion reviewed historical performance of the Vanguard REIT index. Upon a recommendation from Secretary Valentine, Board member Schaaf moved to allocate 5% of the portfolio to the REIT category using the Vanguard REIT index. Mr. Schaaf specified in his motion that Secretary Valentine should reserve the right to choose between the ETF and the open ended mutual fund versions of the REIT index. Mr. Schaaf further specified that funds should be pulled from the JP Morgan Mid Cap Value Fund and the S&P 500 index to fund the allocation. Board member Chouinard supported the motion. There being no further discussion, the board voted unanimously in favor of the motion.

#### **McNeil Retirement Benefit Calculation**

Secretary Valentine reviewed a copy of the calculation of Jim McNeil's retirement benefit in the amount of \$3,747.23 per month. Mr. Valentine also reviewed documentation

substantiating qualifying Act 88 service with the City of Gladstone which was used to qualify Mr. McNeil for retirement with 25 years of service. Mr. Valentine reminded board members that Mr. McNeil's 2 years of Act 88 time are not included in his benefit calculation and that his benefit is based only on the 23 years of actual Escanaba service. Mr. Valentine further advised that the Mr. McNeil's first check on August 1<sup>st</sup> included payment for the month of July plus 11 days from June. Other documents which were reviewed included Mr. McNeil's retirement application, his option election form, and his final paycheck calculation. Board member Cowen moved for approval of a monthly benefit in the amount of \$3,747.23. Board member Hunter supported the motion. There being no further discussion, the motion was unanimously approved.

### **GASB Proclamations**

Secretary Valentine advised that GASB had completed its study of public pension funds and has issued statements 67 and 68 in final form. Mr. Valentine advised that the public accounting world is still working on its interpretations of the new regs, but in a nutshell, we will likely need two sets of valuation numbers in the future: one set for plan administration and another set for City audit compliance. At a minimum, starting in 2014 or 2015 the City's unfunded pension liability must be recalculated according to GASB standards and incorporated into the City's consolidated balance sheet along with other disclosures and footnotes. Mr. Valentine advised that the City has held preliminary discussions with its auditor and additional discussions will follow. He will report back to the board when more information becomes available.

### **General Public Comment**

None

### **Announcements**

None

### **Adjournment**

The meeting was unanimously adjourned at 9:00

APPROVED:



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ROBERT VALENTINE,  
SECRETARY

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TODD CHOUINARD  
BOARD CHAIRMAN