

**MINUTES
PUBLIC SAFETY RETIREMENT BOARD MEETING
FEBRUARY 26, 2013**

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, February 26, 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, David Schaaf

Board Members Absent: Darin Hunter

Guests Present: Council Liaison Brady Nelson

Approval of Minutes – January 22, 2013

Board member Schaaf moved for approval of the January 22, 2013 minutes subject to correcting a date typographical error. Board member Cowen supported the motion. There being no further discussion, the minutes motion carried unanimously.

Approval/Adjustments to the Agenda

None

Conflict of Interest Declaration

None

Unfinished Business

None.

New Business

Consideration of Change to Actuarial Assumptions

Secretary Valentine advised that the plan's actuary has recommended adopting an updated mortality table, specifically the RP 2000 projected forward five years after the valuation date. Secretary Valentine further advised that the table currently in use is the 1971 Group Annuity Table projected forward to 2005, which was adopted in 1998. Mr. Valentine advised that the updated mortality assumptions will add approximately 3% to the ARC. Actuaries have estimated the 6/30/2012 contribution to be very close to the 6/30/2011 level absent any changes, so he advised members to expect a 3-3.5 percent increase in the ARC if the recommendation is adopted. The board reviewed an e-mail from actuary Michael Gano along with the page A-9 of the 6/30/2011 valuation which contains the recommended change. Secretary Valentine advised that the mortality table change is the only recommended change to assumptions for the 6/30/2012 valuation. After further discussion, board member Schaaf moved to for adoption of the

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RP 2000 table projected forward 5 years after the valuation date. Board member Chouinard supported the motion. The motion carried unanimously.

calendar was adopted by unanimous vote.

Termination of Benefits for Lois Curran

Secretary Valentine advised that survivor beneficiary, Lois Curran, passed away on January 17, 2013. Mr. Valentine advised that the board should take action to terminate the pension benefits being paid Ms Curran. Mr. Valentine presented the board with a calculation showing a pro-rated benefit in the amount of \$312.05 being paid to the Estate of Lois Curran on January 31st. Board member Chouinard moved to terminate Ms. Curran's benefits commensurate with the final payment to the estate of \$312.05. Board member Cowen supported the motion. There being no further discussion, the motion carried unanimously.

Investment Performance

Secretary Valentine presented the following investment performance statistics.

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

01/31/2013

	12/31/2012	01/31/2013	
	\$ Value	\$ Value	% Total
BONDS			
Vanguard Bond Index	5,055,705	4,975,243	23.2%
Eaton Vance Bonds	<u>2,231,941</u>	<u>2,258,389</u>	<u>10.5%</u>
Total Bonds	7,287,647	7,233,632	33.7%
STOCKS			
Vanguard Stock Index	4,784,666	5,032,453	23.5%
Vanguard Sm Cap Gro Idx	2,271,879	2,410,751	11.2%
JP Morgan Mid Val	4,257,531	4,485,695	20.9%
Vanguard REIT Index	1,000,501	1,037,884	4.8%
DFA Int'l Value	<u>1,179,576</u>	<u>1,234,291</u>	<u>5.8%</u>
Total Stocks	13,494,153	14,201,074	66.3%
CASH			
Money Market Accounts	0	0	0.0%
Total	<u>20,781,800</u>	<u>21,434,706</u>	<u>100.00%</u>

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TOTAL RETURNS

	Jan-13	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year
BONDS						
Vanguard Bonds VBTSX	-0.7%	-0.7%	-0.7%	2.5%	11.3%	16.8%
Eaton Vance Bond Fund EVIBX	1.2%	1.2%	3.6%	12.0%	17.8%	36.1%
Escanaba Bond Composite	-0.1%	-0.1%	0.6%	5.3%	13.4%	22.4%
Merrill HY Master Index JOAO	1.3%	1.3%	3.7%	13.8%	19.8%	38.8%
Merrill BOA01 Index	-0.8%	-0.8%	-0.7%	3.1%	13.1%	19.0%
STOCKS						
Vanguard S&P 500 Index Fnd VIFSX	5.2%	5.2%	6.8%	16.8%	21.7%	48.2%
Vanguard Sm Cap gro Idx VISGX	6.1%	6.1%	10.7%	16.4%	21.3%	66.2%
JP Morgan Mid Value FLMVX	5.4%	5.4%	7.2%	22.0%	28.4%	63.5%
DFA Int'l Value DFIVX	4.6%	4.6%	11.5%	14.3%	-2.7%	19.1%
Vanguard Reit Fund VGRSX	3.7%	3.7%	7.2%	n/a	n/a	n/a
Escanaba Equity Composite	5.2%	5.2%	8.0%	17.9%	21.0%	52.4%
S&P 500 Index	5.0%	5.0%	6.1%	14.1%	16.5%	39.5%
EAFA Int'l Index	5.2%	5.2%	10.8%	13.5%	-0.5%	11.7%
MSCI REIT Index	3.7%	3.7%	7.2%	n/a	n/a	n/a
Russell 1000 : Mid Cap Index	5.3%	5.3%	6.7%	14.5%	16.7%	41.1%
Russell 2000: Small Cap Index	6.2%	6.2%	10.2%	13.8%	15.5%	49.8%
Russell 3000: Broad Mkt Index	5.4%	5.4%	7.0%	14.4%	16.6%	41.8%
OVERALL						
Escanaba Portfolio Composite	3.4%	3.4%	5.4%	13.4%	18.5%	41.7%
Combined Passive Index	3.2%	3.2%	4.5%	11.6%	16.0%	35.2%
MERS	2.8%	2.8%		9.9%		33.2%

Note: Equity policy limitation is 65% of total portfolio

Secretary Valentine reviewed 2012 returns for plans within the Wilshire Universe. According to Wilshire the average 2012 return for all plans was 12.38%; the Northern Trust Universe returned 12.3%; corporate DB plans returned 12.82%; public plans returned 12.69%; foundations and endowments returned 12.17%. Escanaba's 14.0% return compares favorably against other plans.

Issue Brief

The board reviewed and discussed an Issue Brief on Locally Administered Pension plans covering the years 2007-2011. The brief was published in January 2013 by the Center for State and Local Government Excellence

Announcements

None

Adjournment

The meeting was unanimously adjourned at 8:30 a.m.

APPROVED:



ROBERT VALENTINE,
SECRETARY



TODD CHOUINARD
BOARD CHAIRMAN