

**MINUTES  
PUBLIC SAFETY RETIREMENT BOARD MEETING  
APRIL 16, 2013**

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, April 16, 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, Tony LaPlant

**Board Members Absent:** None

**Invited Guests Present:** Council Liaison Brady Nelson, Michael Gano of Gabriel Roeder Smith and Company

**Approval of Minutes – March 26, 2013**

Board member Cowen moved for approval of the March 26, 2013 minutes. Board member LaPlant supported the motion. There being no further discussion, the motion carried unanimously.

**Approval/Adjustments to the Agenda**

None

**Conflict of Interest Declaration**

None

**Unfinished Business**

None.

**New Business**

**Investment Performance**

Secretary Valentine presented the following investment performance calculations for the month and quarter ending on 3/31/2013:

	02/28/2013	03/31/2013	
	\$ Value	\$ Value	% Total
<b>BONDS</b>			
Vanguard Bond Index	4,957,658	4,919,179	22.2%
Eaton Vance Bonds	<u>2,269,974</u>	<u>2,291,820</u>	<u>10.4%</u>
Total Bonds	7,227,632	7,210,999	32.6%
<b>STOCKS</b>			
Vanguard Stock Index	5,100,352	5,291,602	23.9%
Vanguard Sm Cap Gro Idx	2,433,443	2,551,531	11.5%
JP Morgan Mid Val	4,578,481	4,794,476	21.7%
Vanguard REIT Index	1,050,747	1,081,184	4.9%
DFA Int'l Value	<u>1,197,341</u>	<u>1,200,863</u>	<u>5.4%</u>
Total Stocks	14,360,364	14,919,655	67.4%
<b>CASH</b>			
Money Market Accounts	0	0	0.0%
Total	<u>21,587,996</u>	<u>22,130,654</u>	<u>100.00%</u>

#### TOTAL RETURNS

	Mar-13	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year
<b>BONDS</b>						
Vanguard Bonds VBTSX	0.1%	-0.1%	-0.1%	3.8%	11.8%	17.4%
Eaton Vance Bond Fund EVIBX	1.0%	2.7%	2.7%	11.5%	17.8%	34.5%
Escanaba Bond Composite	0.4%	0.8%	0.8%	6.1%	13.7%	22.4%
Merrill HY Master Index JOA0	1.0%	2.8%	2.8%	13.0%	19.5%	36.3%
Merrill BOA01 Index	0.1%	-0.2%	-0.2%	4.7%	13.6%	19.7%
<b>STOCKS</b>						
Vanguard S&P 500 Index Fnd VIFSX	3.7%	10.6%	10.6%	14.0%	23.7%	42.5%
Vanguard Sm Cap gro Idx VISGX	4.9%	12.3%	12.3%	16.0%	17.4%	55.4%
JP Morgan Mid Value FLMVX	4.7%	12.6%	12.6%	22.0%	30.8%	58.2%
DFA Int'l Value DFIVX	0.3%	1.8%	1.8%	6.6%	-5.7%	7.0%
Vanguard Reit Fund VGRSX	2.9%	8.1%	8.1%	n/a	n/a	n/a
Escanaba Equity Composite	3.9%	10.6%	10.6%	15.9%	21.5%	45.3%
S&P 500 Index	3.8%	10.6%	10.6%	12.0%	19.0%	34.9%
EAFA Int'l Index	0.4%	4.4%	4.4%	7.8%	-1.6%	5.7%
MSCI REIT Index	2.9%	8.1%	8.1%	n/a	n/a	n/a
Russell 1000: Mid Cap Index	3.7%	10.4%	10.4%	12.0%	18.3%	35.5%
Russell 2000: Small Cap Index	4.4%	12.0%	12.0%	14.6%	12.8%	40.2%
Russell 3000: Broad Mkt Index	3.8%	10.5%	10.5%	12.2%	17.8%	35.8%
<b>OVERALL</b>						
Escanaba Portfolio Composite	2.7%	7.1%	7.1%	12.5%	19.0%	37.5%
Combined Passive Index	2.4%	6.8%	6.8%	10.3%	17.6%	32.0%
MERS TOTAL MARKET FUND	2.2%	5.1%	5.1%	8.5%	N/A	29.9%

Note: Equity policy limitation is 65% of total portfolio

### Presentation of 6/30/2012 Actuarial Report

Secretary Valentine introduced Michael Gano of Gabriel Roeder, the plan's actuary. Mr. Gano reviewed in depth the recently completed valuation for the fiscal year ending on 6/30/2012. Mr. Gano began his remarks by explaining the objective of the actuarial

process as outlined on page c-3 of the valuation. Mr. Gano advised that Escanaba's plan is a mature plan as evidenced by the fact that annual benefits exceed annual plan contributions, which is consistent with the concept of pre-funding as required under Michigan law. Mr. Gano advised that the plan is currently 66% funded and that the small decline in the funding level is primarily attributable to the change in the life expectancy tables, which are used to calculate the accrued pension liability. Under the new life tables, males are expected to live an additional 3.5 years on average, and this additional life expectancy reduced the funding level by 4.4%. Had the change not been implemented, the plan's funding level would be approximately 69%.

Mr. Gano further advised that the next two years should bring with them an improvement in plan funding levels as the impact of spread losses from 4 and 5 years ago are removed from the calculations, assuming those losses are not replaced with larger losses in the current year or the upcoming fiscal year. Mr. Gano advised that he does not expect to recommend any additional changes to assumptions in the near future. Mr. Gano reviewed for the board certain changes he expects to accompany the new GASB regulations. Mr. Gano advised that he believes most plans will continue to perform the same valuation under the same assumptions for purposes of determining plan funding. He felt that most municipalities will then perform a second valuation using the GASB assumptions and will use the second valuation for accounting and reporting purposes. Mr. Gano estimated that the cost of a second valuation will be approximately 50% of the cost of the current valuation or approximately \$3,500 in our case. The new GASB accounting requirements take effect for fiscal years starting after 6/15/2013 according to Mr. Gano.

### **Announcements**

None

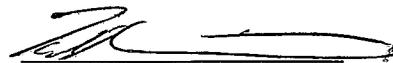
### **Adjournment**

The meeting was unanimously adjourned at 9:10 a.m.

APPROVED:



ROBERT VALENTINE,  
SECRETARY



TODD CHOUINARD  
BOARD CHAIRMAN