

**MINUTES
PUBLIC SAFETY RETIREMENT BOARD MEETING
JUNE 25, 2013**

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, June 25, 2013 at 8:00 a.m. in Room 102 of City Hall, 410 Ludington, Escanaba, MI.

Board Members Present: Robert Valentine, Blake Cowen, David Schaaf

Board Members Absent: Tony LaPlant, Todd Chouinard

Others Present: None

Approval of Minutes – May 28, 2013

Board member Cowen moved for approval of the May 28, 2013 minutes. Board member Schaaf 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 through 8/31/2013:

	<u>04/30/2013</u>	<u>05/31/2013</u>	
	\$ Value	\$ Value	% Total
BONDS			
Vanguard Bond Index	5,565,732	5,471,208	24.3%
Eaton Vance Bonds	<u>2,333,875</u>	<u>2,318,569</u>	<u>10.3%</u>
Total Bonds	7,899,607	7,789,777	34.6%
STOCKS			
Vanguard Stock Index	4,990,735	5,107,571	22.7%
Vanguard Sm Cap Gro Idx	2,339,013	2,438,493	10.8%
JP Morgan Mid Val	4,732,092	4,828,909	21.5%
Vanguard REIT Index	1,153,095	1,085,235	4.8%
DFA Int'l Value	<u>1,259,945</u>	<u>1,244,284</u>	<u>5.5%</u>
Total Stocks	14,474,880	14,704,492	65.4%
CASH			
Money Market Accounts	0	0	0.0%
Total	<u>22,374,487</u>	<u>22,494,269</u>	<u>100.00%</u>

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TOTAL RETURNS

	May-13	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year
BONDS						
Vanguard Bonds VBTSX	-1.7%	-0.9%	-0.7%	0.8%	8.0%	14.2%
Eaton Vance Bond Fund EVIBX	-0.7%	3.9%	2.1%	12.6%	16.9%	37.3%
Escanaba Bond Composite	-1.4%	0.5%	0.1%	4.2%	10.7%	20.8%
Merrill HY Master Index J0AO	-0.5%	4.2%	2.3%	14.7%	18.7%	40.1%
Merrill BOA01 Index	-2.1%	-1.0%	-0.8%	1.2%	9.6%	16.4%
STOCKS						
Vanguard S&P 500 Index Fnd VIFSX	2.3%	15.4%	8.3%	27.3%	26.8%	59.6%
Vanguard Sm Cap gro Idx VISGX	4.3%	16.5%	8.7%	31.0%	20.0%	66.1%
JP Morgan Mid Value FLMVX	2.0%	15.8%	7.7%	29.6%	30.5%	67.3%
DFA Int'l Value DFIVX	-1.2%	5.5%	3.9%	30.8%	-3.8%	27.8%
Vanguard Reit Fund VGRSX	-5.9%	8.5%	3.3%	n/a	n/a	n/a
Escanaba Equity Composite	1.6%	14.3%	7.4%	28.0%	23.0%	59.0%
S&P 500 Index	2.3%	15.4%	8.2%	25.6%	22.3%	51.0%
EAFA Int'l Index	-2.9%	6.1%	2.1%	27.7%	-1.8%	24.8%
MSCI REIT Index	-5.9%	8.5%	3.3%	n/a	n/a	n/a
Russell 1000 : Mid Cap Index	2.0%	14.5%	7.5%	24.9%	20.8%	50.3%
Russell 2000: Small Cap Index	3.9%	15.9%	8.0%	29.2%	16.0%	48.8%
Russell 3000: Broad Mkt Index	2.1%	14.6%	7.6%	25.2%	20.4%	50.1%
OVERALL						
Escanaba Portfolio Composite	0.5%	9.4%	4.9%	19.1%	18.8%	45.1%
Combined Passive Index	0.3%	9.4%	4.9%	17.9%	18.3%	41.5%
MERS TOTAL MARKET FUND	1.1%	6.7%	3.6%	15.4%		

Note: Equity policy limitation is 65% of total portfolio

4 - 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).

Funding Progress Review

Secretary Valentine reviewed a "funding progress analysis" report which he reviewed with the Board. Secretary Valentine advised that his estimates show the Plan to be approximately 77.4% funded on a market value basis as of 5/31/2013.

Status of IRS Penalties

The Board reviewed an IRS communication denying the Plan's request for forgiveness of penalties for late remittance of withholding, which means that the Plan is subject to penalties totaling \$627.49.

Fixed Income Sensitivity

Secretary Valentine reviewed with the Board a summary of historical yield curve rates. In addition, the board discussed recent upward movements in interest rates and reviewed the impact that future increases will have on the value of the Plan's fixed income holdings. Secretary Valentine advised that a one half percent move in market rates will result in 5.5% change in the market value of the Vanguard Bond Fund. The board considered the possibility of moving to a shorter maturity bond fund, but

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determined that the reduction in yield did not offset the uncertainty associated with the current structure.

Announcements

None

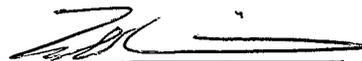
Adjournment

The meeting was unanimously adjourned at 8:45 a.m.

APPROVED:



ROBERT VALENTINE,
SECRETARY



TODD CHOUINARD
BOARD CHAIRMAN