

**MINUTES
PUBLIC SAFETY RETIREMENT BOARD MEETING
AUGUST 27, 2013**

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, August 27, 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, Tony LaPlant, Todd Chouinard

Board Members Absent: None

Others Present: None

Approval of Minutes – July 30, 2013

Board member LaPlant moved for approval of the July 27, 2013 minutes. Board member Cowen 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 7/31/13:

	<u>06/30/2013</u>	<u>07/31/2013</u>	
	\$ Value	\$ Value	% Total
BONDS			
Vanguard Bond Index	5,331,008	5,342,045	23.3%
Eaton Vance Bonds	<u>2,261,411</u>	<u>2,307,567</u>	<u>10.1%</u>
Total Bonds	7,592,419	7,649,612	33.3%
STOCKS			
Vanguard Stock Index	5,038,681	5,294,962	23.1%
Vanguard Sm Cap Gro Idx	2,419,266	2,580,606	11.2%
JP Morgan Mid Val	4,805,077	5,062,758	22.1%
Vanguard REIT Index	1,063,723	1,072,720	4.7%
DFA Int'l Value	<u>1,200,403</u>	<u>1,282,365</u>	<u>5.6%</u>
Total Stocks	14,527,150	15,293,410	66.7%
CASH			
Money Market Accounts	0	0	0.0%
Total	<u>22,119,569</u>	<u>22,943,022</u>	<u>100.00%</u>

**RETIREMENT BOARD
AUGUST 27, 2013
PAGE TWO**

	Jul-13	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year	Trailing 5 year
BONDS							
Vanguard Bonds VBTSX	0.2%	-2.3%	-3.1%	-2.1%	5.1%	9.7%	28.7%
Eaton Vance Bond Fund EVIBX	2.0%	3.4%	-1.1%	8.7%	16.1%	30.8%	56.2%
Escanaba Bond Composite	0.8%	-0.6%	-2.5%	1.1%	8.4%	15.8%	37.3%
Merrill HY Master Index J0A0	1.9%	3.4%	-1.4%	9.4%	17.5%	32.5%	70.5%
Merrill BOA01 Index	0.2%	-2.7%	-3.8%	-2.1%	6.2%	11.1%	29.4%
STOCKS							
Vanguard S&P 500 Index Fnd VIFSX	5.1%	19.6%	6.1%	25.0%	36.5%	63.2%	48.5%
Vanguard Sm Cap gro ldx VISGX	6.7%	23.3%	10.3%	34.1%	34.8%	77.1%	70.0%
JP Morgan Mid Value FLMVX	5.4%	21.4%	7.0%	30.6%	44.8%	74.8%	74.9%
DFA Int'l Value DFIVX	6.8%	8.7%	1.8%	26.4%	3.9%	19.2%	3.9%
Vanguard Reit Fund VGRSX	0.8%	7.2%	-7.0%	n/a	n/a	n/a	n/a
Escanaba Equity Composite	5.3%	18.9%	5.7%	27.2%	34.3%	62.9%	62.9%
S&P 500 Index	5.1%	19.6%	6.1%	23.7%	32.0%	54.9%	54.9%
EFA Int'l Index	5.3%	7.6%	-1.6%	20.0%	2.7%	17.0%	17.0%
MSCI REIT Index	0.8%	7.2%	-7.0%	7.8%	n/a	n/a	n/a
Russell 1000 : Mid Cap Index	5.2%	18.6%	5.7%	23.5%	30.6%	54.6%	35.0%
Russell 2000: Small Cap Index	6.9%	23.1%	10.3%	32.8%	31.1%	60.6%	46.3%
Russell 3000: Broad Mkt Index	5.4%	19.0%	6.0%	24.2%	30.6%	55.1%	35.9%
OVERALL							
Escanaba Portfolio Composite	3.7%	11.8%	2.8%	17.5%	25.0%	45.3%	49.5%
Combined Passive Index	3.4%	11.2%	1.9%	14.8%	22.8%	40.1%	41.6%
MERS TOTAL MARKET FUND	2.5%	7.6%	1.9%	12.8%	n/a	n/a	24.7%

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).

In addition to reviewing the above performance numbers, the Board discussed how the portfolio will react to a likely scenario of rising interest rates as a result of the Federal Reserve ending its practices rate manipulation. The Board also discussed rebalancing the portfolio to conform with policy limitations. A discussion was also held regarding whether or not the board should amend policy rather than rebalance. After discussing a variety of scenarios, Board member Schaaf suggested that we rebalance the portfolio, but rather than allocating equity sale proceeds to the intermediate term Vanguard fund, the proceeds would be directed to a short term index fund. The reason for the move is to reduce the portfolio's overall exposure to a rising rate scenario in the near term. Without a formal motion and vote, all members were in agreement with Board member Schaaf's suggestion.

Announcements

None

Adjournment

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

PPROVED:



ROBERT VALENTINE,
SECRETARY



TODD CHOUINARD
BOARD CHAIRMAN