

**MINUTES  
PUBLIC SAFETY RETIREMENT BOARD MEETING  
AUGUST 22, 2017**

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, August 22, 2017 at 8:00 a.m. in Room 102 of City Hall, 410 Ludington, Escanaba, MI.

**Call to Order**

Secretary Valentine called the meeting to order at 8:00 a.m.

**Roll Call**

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

**Board Members Absent:** David Mlostek, Tony LaPlant

**Others Present:** None

**Approval/Adjustments to Agenda**

None.

**Conflict of Interest Declaration**

None

**Approval and/or Corrections to June Minutes**

The Board unanimously approved minutes from the June 27, 2017 meeting.

**Unfinished Business**

None

**New Business**

1. The board reviewed the June and July 2017 performance reports. Secretary Valentine presented the following summary:

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**City of Escanaba Public Safety Retirement Plan**  
**Investment Performance Summary**  
07/31/2017

|                              | 06/30/2017               | 07/31/2017               |                       |
|------------------------------|--------------------------|--------------------------|-----------------------|
|                              | \$ Value                 | \$ Value                 | % Total               |
| <b>BONDS</b>                 |                          |                          |                       |
| Vanguard Total Bond Mkt Idx  | 2,783,164                | 2,794,206                | 9.6%                  |
| Vanguard Short Term Bond Idx | 4,563,636                | 4,580,505                | 15.8%                 |
| Eaton Vance Bonds            | <u>2,820,002</u>         | <u>2,847,338</u>         | <u>9.8%</u>           |
| <b>Total Bonds</b>           | <b>10,166,803</b>        | <b>10,222,049</b>        | <b>35.3%</b>          |
| <b>STOCKS</b>                |                          |                          |                       |
| Vanguard Stock Index         | 6,467,793                | 6,600,473                | 22.8%                 |
| Vanguard Sm Cap Gro Idx      | 3,551,845                | 3,596,860                | 12.4%                 |
| JP Morgan Mid Val            | 5,331,995                | 5,427,061                | 18.7%                 |
| Vanguard REIT Index          | 1,521,987                | 1,541,221                | 5.3%                  |
| DFA Int'l Value              | <u>1,515,047</u>         | <u>1,585,883</u>         | <u>5.5%</u>           |
| <b>Total Stocks</b>          | <b>18,388,667</b>        | <b>18,751,499</b>        | <b>64.7%</b>          |
| <b>CASH</b>                  |                          |                          |                       |
| Money Market Accounts        | 0                        | 0                        | 0.0%                  |
| <b>Total</b>                 | <b><u>28,555,470</u></b> | <b><u>28,973,548</u></b> | <b><u>100.00%</u></b> |

**TOTAL RETURNS**

|   | Jul-17      | YTD          | Trailing<br>3 mo | Trailing<br>1 year | Trailing<br>2 year | Trailing<br>3 year | Trailing<br>5 year |
|---|-------------|--------------|------------------|--------------------|--------------------|--------------------|--------------------|
| <b>BONDS</b>                              |             |              |                  |                    |                    |                    |                    |
| Vanguard Totl Bond Mkt Fnd VBTIX          | 0.4%        | 2.8%         | 1.1%             | -0.7%              | 5.2%               | 8.4%               | 10.2%              |
| Vanguard S.T. Inv Grade Fnd VFSUX         | 0.4%        | 1.9%         | 0.7%             | 1.2%               | 4.8%               | n/a                | n/a                |
| Eaton Vance H.Y. Bond Fund EVIBX          | 1.0%        | 5.1%         | 1.7%             | 9.0%               | 12.6%              | 15.3%              | 34.2%              |
| <b>Escanaba Bond Composite</b>            | <b>0.5%</b> | <b>3.0%</b>  | <b>1.1%</b>      | <b>2.6%</b>        | <b>7.1%</b>        | <b>9.4%</b>        | <b>15.3%</b>       |
| Merrill HY Master Index J0A0              | 1.2%        | 6.1%         | 2.2%             | 11.3%              | 16.7%              | 16.9%              | 38.4%              |
| Merrill Bond Market Index BOA01           | 0.4%        | 3.1%         | 1.3%             | -0.9%              | 5.8%               | 8.9%               | 10.9%              |
| <b>STOCKS</b>                             |             |              |                  |                    |                    |                    |                    |
| Vanguard S&P 500 Index Fnd VIAXX          | 2.1%        | 11.6%        | 4.1%             | 16.0%              | 22.4%              | 36.4%              | 99.2%              |
| Vanguard Sm Cap gro Idx VISGX             | 1.3%        | 11.4%        | 3.7%             | 14.1%              | 12.0%              | 26.2%              | 86.9%              |
| JP Morgan Mid Value FLMVX                 | 1.8%        | 8.2%         | 3.7%             | 13.5%              | 17.7%              | 33.3%              | 99.0%              |
| DFA Int'l Value DFIVX                     | 4.7%        | 15.6%        | 7.6%             | 26.1%              | 11.1%              | 6.2%               | 56.3%              |
| Vanguard Reit Fund VGSLX                  | 1.3%        | 3.9%         | 2.7%             | -4.7%              | 16.5%              | 27.7%              | n/a                |
| <b>Escanaba Equity Composite</b>          | <b>2.0%</b> | <b>10.2%</b> | <b>4.1%</b>      | <b>13.7%</b>       | <b>17.6%</b>       | <b>30.0%</b>       | <b>89.4%</b>       |
| S&P 500 Index                             | 2.1%        | 11.6%        | 4.1%             | 16.0%              | 22.6%              | 36.3%              | 97.1%              |
| EAFE Int'l Index                          | 2.9%        | 15.0%        | 5.6%             | 14.7%              | 3.0%               | 0.2%               | 34.6%              |
| MSCI REIT Index                           | 1.3%        | 4.0%         | 2.8%             | -4.6%              | 16.8%              | 28.1%              | n/a                |
| Russell 1000 : Mid Cap Index              | 1.9%        | 10.2%        | 3.5%             | 13.6%              | 16.6%              | 27.2%              | 80.4%              |
| Russell 2000: Small Cap Index             | 0.7%        | 5.0%         | 1.8%             | 16.8%              | 15.1%              | 27.2%              | 81.1%              |
| Russell 3000: Broad Mkt Index             | 1.8%        | 9.8%         | 3.4%             | 13.9%              | 16.5%              | 27.2%              | 80.4%              |
| <b>OVERALL</b>                            |             |              |                  |                    |                    |                    |                    |
| <b>Escanaba Portfolio CAGR</b>            | <b>1.5%</b> | <b>7.5%</b>  | <b>3.0%</b>      | <b>9.3%</b>        | <b>6.5%</b>        | <b>6.9%</b>        | <b>9.7%</b>        |
| <b>Escanaba Portfolio Composite Gross</b> | <b>1.5%</b> | <b>7.5%</b>  | <b>3.0%</b>      | <b>9.3%</b>        | <b>13.5%</b>       | <b>22.1%</b>       | <b>58.8%</b>       |
| <b>Combined Passive Index Gross</b>       | <b>1.5%</b> | <b>8.5%</b>  | <b>3.2%</b>      | <b>9.4%</b>        | <b>16.4%</b>       | <b>24.8%</b>       | <b>60.8%</b>       |
| <b>MERS Total Market Fund</b>             | <b>1.0%</b> | <b>6.7%</b>  | <b>2.4%</b>      | <b>10.7%</b>       |                    |                    | <b>7.9%</b>        |

Notes:

1.) Equity policy limitation is 65% of total portfolio

2.) 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.

**2. Return Comparisons**

The board reviewed the 6/30/17 returns for the Wilshire Universe, the Northern Trust Universe and the BNY Mellon Universe. Escanaba's 2<sup>nd</sup> quarter performance lagged behind the median returns of the three universes. Secretary Valentine advised that relative lack of international exposure was the catalyst for underperforming during the quarter. It was noted that Escanaba's trailing long term performance remains well above the median of all three universes.

**3. Fall MAPERS Conference**

The board reviewed the agenda for the Fall MAPERS Conference. None of the board members indicated an interest in attending.

**Adjournment**

Following a motion by board member Cowen, the meeting was adjourned at 8:35 a.m.

APPROVED:



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ROBERT VALENTINE,  
SECRETARY

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TONY LAPLANT  
CHAIRMAN