

**MINUTES
PUBLIC SAFETY RETIREMENT BOARD MEETING
OCTOBER 25, 2016**

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, October 25, 2016 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: Tony LaPlant, David Mlostek

Others Present: None

Approval/Adjustments to Agenda

None.

Conflict of Interest Declaration

None

Approval of Minutes

The Board unanimously approved minutes from the September 27, 2016 meeting. The board agreed that David Schaaf would sign the minutes given Chairman LaPlant's absence.

Unfinished Business

New Business

Investment Performance

The board reviewed historical investment performance for the period ending on 9/30/16. The board also reviewed historical market PE and Shiller PE valuation information from Secretary Valentine. Secretary Valentine further expressed reasons for his concerns over lofty equity valuations. After further discussion, Secretary Valentine advised that the equity portion of the portfolio had exceeded the policy allocation by 3 tenths of a percent and recommended rebalancing to bring equity exposure down to 60% of the aggregate. After further debate, board member Cowen moved to follow the rebalancing recommendation and board member Schaaf supported the motion. The motion carried unanimously.

RETIREMENT BOARD
OCTOBER 25, 2016
PAGE TWO

The board reviewed the following performance information from Secretary Valentine:

City of Escanaba Public Safety Retirement Plan
Investment Performance Summary
09/30/2016

	08/31/2016	09/30/2016	% Total
	\$ Value	\$ Value	
BONDS			
Vanguard Total Bond Mkt Idx	3,345,733	3,343,078	12.3%
Vanguard Short Term Bond Idx	3,375,324	3,379,526	12.5%
Eaton Vance Bonds	<u>2,654,516</u>	<u>2,672,009</u>	<u>9.9%</u>
Total Bonds	9,375,573	9,394,614	34.7%
STOCKS			
Vanguard Stock Index	6,207,173	6,208,244	22.9%
Vanguard Sm Cap Gro Idx	3,168,779	3,185,489	11.8%
JP Morgan Mid Val	5,486,368	5,465,831	20.2%
Vanguard REIT Index	1,557,592	1,529,062	5.6%
DFA Int'l Value	<u>1,290,427</u>	<u>1,305,473</u>	<u>4.8%</u>
Total Stocks	17,710,340	17,694,100	65.3%
CASH			
Money Market Accounts	0	0	0.0%
Total	<u>27,085,913</u>	<u>27,088,713</u>	<u>100.00%</u>

TOTAL RETURNS

	-----Gross Returns-----						
	Sep-16	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year	Trailing 5 year
BONDS							
Vanguard Totl Bond Mkt Fnd VBTLX	-0.1%	6.0%	0.4%	5.3%	8.4%	12.7%	16.1%
Vanguard S.T. Inv Grade Fnd VFSUX	0.1%	3.7%	0.6%	3.4%	5.1%	n/a	n/a
Eaton Vance H.Y. Bond Fund EVIBX	0.7%	11.1%	4.2%	9.8%	8.4%	15.4%	43.9%
Escanaba Bond Composite	0.2%	6.5%	1.5%	5.8%	7.2%	11.5%	21.6%
Merrill HY Master Index JOA0	0.7%	15.2%	5.5%	12.8%	8.8%	16.6%	48.2%
Merrill Bond Market Index BOA01	-0.2%	6.7%	0.4%	5.9%	9.0%	13.7%	17.8%
STOCKS							
Vanguard S&P 500 Index Fnd VIAXX	0.0%	7.8%	3.8%	15.4%	14.8%	37.4%	113.7%
Vanguard Sm Cap gro Idx VISGX	0.5%	9.1%	6.6%	12.9%	12.2%	18.6%	105.3%
JP Morgan Mid Value FLMVX	-0.4%	9.7%	3.0%	13.7%	16.0%	34.0%	124.1%
DFA Int'l Value DFIVX	1.2%	3.2%	8.5%	6.1%	-8.6%	-4.6%	33.1%
Vanguard Reit Fund VGSLX	-1.8%	11.8%	-1.5%	19.7%	30.9%	48.1%	n/a
Escanaba Equity Composite	-0.1%	8.6%	3.9%	14.0%	13.6%	29.6%	105.6%
S&P 500 Index	0.0%	9.5%	3.9%	15.4%	14.7%	37.4%	107.4%
EAFE Int'l Index	1.0%	-0.8%	5.8%	3.5%	-7.8%	-6.4%	23.9%
Russell 1000 : Mid Cap Index	-0.1%	6.2%	3.5%	12.5%	9.7%	28.0%	92.8%
Russell 2000: Small Cap Index	0.9%	10.2%	-88.8%	13.7%	13.6%	16.6%	94.3%
Russell 3000: Broad Mkt Index	0.0%	6.5%	3.9%	12.6%	9.9%	27.0%	92.9%
OVERALL							
Escanaba Portfolio CAGR	0.0%	7.9%	3.1%	11.0%	5.6%	7.1%	11.3%
Escanaba Portfolio Composite Gross	0.0%	7.9%	3.1%	11.0%	11.5%	23.0%	71.0%
MERS Total Market Fund	0.6%	8.7%	4.5%	10.2%			8.6%

**RETIREMENT BOARD
OCTOBER 25, 2016
PAGE THREE**

Jerry Plourde Retirement Application

The board reviewed a retirement application from Jerry Plourde. Mr. Plourde expressed his intent to retire on 11/13/2014, his 21st anniversary at the department. Mr. Plourde is combining 4 years of Act 88 time from Delta County in order to meet the plan's eligibility requirements. Having reviewed the verification letter from the County and having been satisfied that Mr. Plourde meets the other requirements for retirement, board member Cowen moved for approval of Mr. Plourde's application. Board member Schaaf supported the motion. The motion carried unanimously.

MAPERS Expenses

The board reviewed expenses incurred by board member Schaaf in conjunction with his attendance at the Fall MAPERS conference. Board member Cowen moved to authorize expenses in the amount of \$1,635.92 as presented. Board member Schaaf supported the motion. The motion carried unanimously.

MAPERS Plan Survey

Secretary Valentine reviewed with the board the results of the annual MAPERS plan survey. The review included comparisons of Escanaba's data with compiled survey data. Escanaba compared favorably with respect to investment performance, placing in the top quartile of respondents. Plan assumptions were also in line with those of other MAPERS plans with the exception of smoothing which was not used by Escanaba in the latest valuation.

Receipts and Disbursements

Agenda item tabled until November

Other Business

None

Public Comment

None

Adjournment

The meeting was adjourned at 8:50 a.m.

APPROVED:



ROBERT VALENTINE,
SECRETARY

DAVID SCHAAF
VICE CHAIRMAN