

**MINUTES
PUBLIC SAFETY RETIREMENT BOARD MEETING
JANUARY 22, 2019**

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, January 22, 2019 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: Gary Sovey, Marc Zawacki, Robert Valentine, Dave Schaaf, and Blake Cowen

Board Members Absent: None

Approval/Adjustments to Agenda

None

Conflict of Interest Declaration

None

Approval and/or Corrections to Minutes

The Board unanimously approved minutes from the December 18, 2018 meeting.

Unfinished Business

As a follow up to discussions at the December meeting, plan transition was again discussed. Secretary Valentine reiterated that he intends to leave the organization in 2019 and that his exit may require the plan to look outside the organization for investment management services. The board reviewed a Penbridge Advisors survey covering typical plan expenses for defined benefit plans. The survey included investment management, administration, actuarial and other common plan expenses.

New Business

1. Review December and 2018 YTD Investment Performance

Secretary Valentine presented the following summary of December and 2018 investment returns:

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City of Escanaba Public Safety Retirement Plan
Investment Performance Summary
 12/31/2018

	11/30/2018	12/31/2018	
	\$ Value	\$ Value	% Total
BONDS			
Vanguard Total Bond Mkt Idx	2,799,448	2,779,852	10.0%
Vanguard Short Term Bond Idx	4,798,580	4,834,130	17.4%
Eaton Vance Bonds	<u>2,852,059</u>	<u>2,791,777</u>	<u>10.0%</u>
Total Bonds	10,450,087	10,405,759	37.4%
STOCKS			
Vanguard 500 Stock Index	6,651,051	6,050,279	21.7%
Vanguard Sm Cap Gro Idx	4,041,378	3,609,068	13.0%
JP Morgan Mid Val	5,413,591	4,867,307	17.5%
Vanguard REIT Index	1,590,477	1,464,202	5.3%
DFA Int'l Value	<u>1,519,941</u>	<u>1,427,264</u>	<u>5.1%</u>
Total Stocks	19,216,438	17,418,120	62.6%
CASH			
Money Market Accounts	0	0	0.0%
Total	<u>29,666,525</u>	<u>27,823,879</u>	<u>100.00%</u>

TOTAL RETURNS

	Dec-18	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year	Trailing 5 year
BONDS							
Vanguard Totl Bond Mkt Fnd VBTIX	1.8%	-0.1%	1.6%	-0.1%	3.5%	6.2%	13.1%
Vanguard S.T. Inv Grade Fnd VFSUX	-0.7%	1.0%	-0.7%	1.0%	3.1%	6.0%	9.2%
Eaton Vance H.Y. Bond Fund EVIBX	-2.1%	-2.8%	-4.4%	-2.8%	3.0%	16.1%	16.6%
Escanaba Bond Composite	0.2%	-0.4%	-0.5%	-0.4%	3.2%	8.8%	12.6%
S&P 500 High Yield Index	-0.7%	-2.0%	-2.4%	-2.0%	4.8%	21.2%	26.0%
Barclays Agg	1.8%	0.0%	1.6%	0.0%	3.5%	6.3%	n/a
STOCKS							
Vanguard S&P 500 Index Fnd VFIAX	-9.0%	-4.3%	-13.8%	-4.3%	16.5%	30.4%	60.5%
Vanguard Sm Cap gro Idx VISGX	-10.7%	-5.8%	-19.3%	-8.3%	14.7%	26.8%	28.3%
JP Morgan Mid Value FLMVX	-10.1%	-11.6%	-14.8%	-11.6%	0.4%	15.0%	29.3%
DFA Intl Value DFIVX	-6.1%	-17.6%	-14.6%	-17.5%	4.0%	12.8%	-1.7%
Vanguard Reit Fund VGSLX	-7.9%	-5.9%	-6.4%	-5.9%	1.3%	7.1%	42.9%
Escanaba Equity Composite	-9.4%	-8.1%	-14.7%	-8.1%	8.7%	21.7%	34.1%
S&P 500 Index	-9.0%	-4.4%	-13.5%	-4.4%	16.5%	32.4%	60.3%
EAFE Intl Index	-9.0%	16.1%	-12.9%	-16.4%	2.1%	0.2%	10.2%
MSCI REIT Index	-8.2%	-4.5%	-6.7%	-4.5%	10.3%	8.9%	45.6%
Russell 1000 Mid Cap Index	-9.3%	-6.6%	-14.3%	-6.6%	14.5%	22.3%	34.3%
Russell 2000 Small Cap Index	-12.0%	-12.2%	-20.6%	-12.2%	-0.8%	18.7%	15.9%
Russell 3000 Broad Mkt Index	-9.5%	-7.0%	-14.7%	-7.0%	10.5%	22.1%	32.8%
OVERALL							
Escanaba Portfolio CAGR	-6.0%	-5.2%	-9.9%	-5.2%	3.4%	5.4%	4.8%
Escanaba Portfolio Composite Gross	-6.0%	-5.2%	-9.9%	-5.2%	6.9%	16.9%	26.2%
Combined Passive Index Gross	5.0%	3.0%	8.0%	3.0%	11.3%	22.5%	35.0%
MERS Total Market Fund	-2.3%	-4.2%	-5.6%	-4.2%	8.9%	15.9%	4.4%

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2. Election of Officers

Secretary Valentine advised that annual officer elections were needed. Board member Schaaf moved to reelect the same slate of officers as has served in the past, those being:

President/Chair: Gary Sovey

Vice President: Dave Schaaf

Secretary: Bob Valentine

The motion was supported by member Zawacki and carried unanimously.

3. Vandrese Benefit Calculation

Secretary Valentine presented the board with a proposed benefit calculation for Greg Vandrese, resulting in a proposed annual benefit of \$60,789.10 and a monthly benefit of \$5,065.76 based on service credit of 24.955 years. Secretary Valentine advised that Mr. Vandrese's last day was 12/31/2018 and his 25 year anniversary date is 1/18/2019, which is the commencement date for his benefits. Mr. Valentine advised that Mr. Vandrese wanted to leave before the end of the calendar year in order to be eligible to begin receiving COLA benefits in 1/1/2020. Mr. Valentine advised that the early departure, although only 18 days, makes him a deferred retiree and subject to the rules for deferred retirement. Board member Schaaf moved for approval of the benefit in the amounts presented. The motion was supported by member Sovey and carried unanimously.

4. Disbursements

The board reviewed the disbursement registers for November and December. Member Zawacki moved to approve the disbursements as presented. The motion was supported by member Schaaf and carried unanimously. Secretary Valentine advised that the January register was not prepared as of the time of the meeting.

5. Other Business from the Board

None

General Public Comment

None

Announcements

None

Adjournment

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

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APPROVED:



ROBERT VALENTINE,
SECRETARY



GARY SOVEY
CHAIRMAN