

**MINUTES
PUBLIC SAFETY RETIREMENT BOARD MEETING
SEPTEMBER 25, 2018**

Pursuant to public notice, a regular meeting of the Escanaba Public Safety Retirement Board was held on Tuesday, September 25, 2018 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, David Schaaf, Robert Valentine, Blake Cowen, Marc Zawacki

Board Members Absent: None

Approval/Adjustments to Agenda

None

Conflict of Interest Declaration

None

Approval and/or Corrections to Minutes

Subject to correcting the attendance record, the Board unanimously approved minutes from the August 28, 2018 meeting.

Unfinished Business

None

New Business

1. Board Member Introduction

Secretary Valentine introduced new board member, Marc Zawack, representing the Public Safety Department's Command Unit.

2. Review Investment Performance

Secretary Valentine presented the following summary of investment returns:

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City of Escanaba Public Safety Retirement Plan
Investment Performance Summary
08/31/2018

	07/31/2018	08/31/2018	
	\$ Value	\$ Value	% Total
BONDS			
Vanguard Total Bond Mkt Idx	2,854,908	2,819,883	9.0%
Vanguard Short Term Bond Idx	4,580,315	4,604,406	14.7%
Eaton Vance Bonds	2,890,868	2,904,782	9.3%
Total Bonds	10,326,089	10,329,071	33.1%
STOCKS			
Vanguard 500 Stock Index	6,932,796	7,168,375	22.9%
Vanguard Sm Cap Gro Idx	4,237,640	4,534,691	14.5%
JP Morgan Mid Val	5,848,109	5,968,411	19.1%
Vanguard REIT Index	1,568,337	1,607,343	5.1%
DFA Int'l Value	1,703,040	1,642,862	5.3%
Total Stocks	20,289,922	20,911,682	66.9%
CASH			
Money Market Accounts	0	0	0.0%
Total	30,616,011	31,240,753	100.00%

TOTAL RETURNS

BONDS	Aug-18	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year	Trailing 5 year
Vanguard Totl Bond Mkt Fnd VBTLX	0.6%	-1.0%	0.6%	-1.2%	0.9%	5.2%	12.8%
Vanguard S.T. Inv Grade Fnd VFSUX	0.5%	-0.4%	0.7%	0.2%	1.7%	n/a	n/a
Eaton Vance H.Y. Bond Fund EVIBX	0.5%	1.1%	-1.6%	2.1%	9.4%	16.5%	26.7%
Escanaba Bond Composite	0.5%	0.1%	0.8%	0.3%	2.9%	8.4%	15.6%
Merrill HY Master Index IOAO	0.7%	0.0%	2.2%	3.2%	12.6%	22.6%	34.2%
Merrill Bond Market Index BOA01	0.7%	-1.1%	0.8%	-1.8%	-1.0%	6.6%	13.8%
STOCKS							
Vanguard S&P 500 Index Fnd VFIAX	3.3%	10.1%	7.7%	19.8%	39.2%	50.6%	97.2%
Vanguard Sm Cap gro Idx VIGSX	7.0%	18.4%	9.4%	29.8%	46.8%	65.8%	83.9%
JP Morgan Mid Value Fnd MVX	2.1%	4.7%	6.2%	12.1%	23.8%	36.6%	74.1%
DFA Intl Value DFIVX	3.5%	5.0%	2.7%	-3.7%	27.3%	24.4%	29.1%
Vanguard Reit Fund VGSIX	2.5%	3.2%	17.8%	4.6%	5.2%	29.6%	n/a
Escanaba Equity Composite	3.1%	8.3%	6.7%	16.8%	31.8%	45.5%	78.3%
S&P 500 Index	6.8%	9.3%	7.8%	20.4%	39.1%	56.5%	97.0%
EAFE Int'l Index	2.2%	4.3%	-1.2%	-1.6%	16.4%	-13.0%	15.6%
MSCI REIT Index	3.1%	5.0%	8.4%	8.4%	8.0%	32.2%	n/a
Russell 1000 Mid Cap Index	3.2%	8.7%	7.2%	17.6%	33.9%	46.4%	77.1%
Russell 2000 Small Cap Index	4.2%	13.4%	6.6%	23.9%	40.4%	60.1%	72.2%
Russell 3000 Broad Mkt Index	3.3%	9.1%	7.2%	18.1%	34.4%	46.8%	76.7%
OVERALL							
Escanaba Portfolio CAGR	2.2%	5.5%	4.7%	10.9%	9.8%	9.4%	8.9%
Escanaba Portfolio Composite Gross	2.2%	5.5%	4.7%	10.9%	20.6%	31.0%	53.0%
Combined Passive Index Gross	2.0%	5.4%	5.0%	11.0%	22.1%	36.1%	59.8%
MERS Total Market Fund	0.9%	1.4%	0.8%	7.1%			0.9%

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.

**City of Escanaba Public Safety Retirement Plan
Investment Performance Summary**

09/30/2018

	08/31/2018	09/30/2018	% Total
	\$ Value	\$ Value	
BONDS			
Vanguard Total Bond Mkt Idx	2,819,883	2,804,823	9.1%
Vanguard Short Term Bond Idx	4,604,406	4,802,179	15.5%
Eaton Vance Bonds	<u>2,904,782</u>	<u>2,918,767</u>	<u>9.4%</u>
Total Bonds	10,329,071	10,525,769	34.0%
STOCKS			
Vanguard 500 Stock Index	7,158,375	6,997,151	22.6%
Vanguard Sm Cap Gro Idx	4,534,691	4,473,898	14.5%
JP Morgan Mid Val	5,968,411	5,710,394	18.5%
Vanguard REIT Index	1,607,343	1,564,991	5.1%
DFA Int'l Value	<u>1,642,862</u>	<u>1,671,849</u>	<u>5.4%</u>
Total Stocks	20,911,682	20,418,283	66.0%
CASH			
Money Market Accounts	0	0	0.0%
Total	<u>31,240,753</u>	<u>30,944,052</u>	100.00%

TOTAL RETURNS

	Sep-18	YTD	Trailing 3 mo	Trailing 1 year	Trailing 2 year	Trailing 3 year	Trailing 5 year
BONDS							
Vanguard Totl Bond Mkt Fnd VBTLX	-0.5%	-1.8%	0.0%	-1.2%	-1.4%	3.8%	11.2%
Vanguard S.T. Inv-Grade Fnd VPSUX	0.0%	0.5%	0.6%	0.5%	1.0%	n/a	n/a
Eaton Vance H.Y. Bond Fund EVIBX	-0.5%	1.6%	2.0%	-1.7%	0.2%	20.0%	26.0%
Escanaba Bond Composite	-0.0%	0.1%	0.8%	0.2%	2.6%	8.6%	14.4%
S&P 500 High Yield Index	0.3%	0.4%	2.3%	1.2%	7.4%	23.6%	32.9%
STOCKS							
Vanguard S&P 500 Index Fnd VFIAX	0.5%	10.7%	7.7%	18.0%	39.9%	61.4%	82.3%
Vanguard Sm Cap gro Idx VISGX	-1.3%	16.8%	6.6%	23.4%	44.1%	62.7%	70.9%
JP Morgan Mid-Value FLMVX	-1.0%	3.7%	-3.8%	-6.5%	23.0%	39.8%	64.8%
DFA Int'l Value DFIVX	1.6%	-3.3%	1.3%	1.9%	28.1%	35.9%	22.1%
Vanguard REIT Fund VGSIX	-2.8%	0.5%	0.5%	1.9%	2.3%	22.5%	n/a
Escanaba Equity Composite	-0.5%	7.8%	5.3%	13.6%	31.3%	49.7%	70.1%
S&P 500 Index	-0.6%	10.6%	7.7%	17.8%	39.9%	61.4%	82.1%
EAFE Int'l Index	0.6%	-3.8%	0.8%	0.0%	16.0%	20.0%	8.5%
MSCI REIT Index	-2.0%	2.3%	1.1%	3.7%	4.3%	25.0%	n/a
Russell 1000: Mid Cap Index	0.2%	9.0%	6.8%	15.6%	34.3%	61.1%	71.9%
Russell 2000: Small Cap Index	-2.3%	10.5%	8.3%	13.8%	35.5%	64.1%	68.0%
Russell 3000: Broad Mkt Index	0.0%	9.1%	6.5%	15.5%	34.4%	61.3%	70.7%
OVERALL							
Escanaba Portfolio CAGR	-0.3%	5.1%	3.7%	8.9%	9.7%	10.1%	8.1%
Escanaba Portfolio Composite Gross	-0.3%	5.1%	3.7%	8.9%	20.2%	33.5%	47.9%
Combined Passive Index Gross	-0.3%	5.1%	3.7%	8.9%	20.2%	33.5%	47.9%
MERS Total Market Fund	-0.3%	1.5%	-0.9%	4.7%			6.6%

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.

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3. Portfolio Rebalancing

Secretary Valentine advised that the investment report does not reflect a \$400,000 rebalancing transaction in which \$200,000 was moved from the JP Morgan Mid Cap Val Fund and \$200,000 from the S&P 500 Index into the Vanguard short term bond fund.

4. Disbursements

The Board reviewed the proposed disbursement register for the month of September totaling \$142,686.04. Board member Schaaf moved for approval of the disbursements as presented. The motion was supported by member Sovey. There being no further discussion the motion carried unanimously.

5. Adjournment

The meeting was adjourned at 8:16 a.m.

APPROVED:



ROBERT VALENTINE,
SECRETARY



GARY SOVEY
CHAIRMAN