



PUBLIC SAFETY RETIREMENT BOARD
Regular Meeting Agenda
May 23, 2023 – 8:00 a.m.
Room 102

Board members: Blake Cowen, David Schaaf, Josh Meyette, Gary Sovey, and Kim Gustafson
Council Liaison: Tyler DuBord

1. Call to Order
2. Roll Call
3. Adjustments to the Agenda
4. Approval April 25, 2023, Minutes
5. Conflict of Interest Declaration
6. Old Business
7. New Business
 - A. April Investment Information
 - B. Review and Approval of Reimbursement to Marc Zawacki
 - C. Review and Approval of VanOverbeke Invoice
 - D. Review and Approval of May Check Register
8. Other Business
9. General Public Comment
10. Adjournment

The City of Escanaba will provide all necessary, reasonable aids and services, such as signers for the hearing impaired and audiotapes of printed materials being considered at the meeting to individuals with disabilities at the meeting/hearing upon five days' notice to the City of Escanaba. Individuals with disabilities requiring auxiliary aids or services should contact the City of Escanaba by writing or calling at (906) 786-9402.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Kim Gustafson", written in a cursive style.

Kim Gustafson
Treasurer, Board Secretary



Mission Statement:

Enhancing the enjoyment and livability of our community by providing quality municipal services.

The City of Escanaba is an equal opportunity employer and provider.

**Public Safety Retirement Board
Regular Meeting Minutes
April 25, 2023**

Pursuant to public notice, the Escanaba Public Safety Retirement Board Regular meeting was held on Tuesday, April 25, 2023, at 8:00 a.m., in Room 101.

Call to Order

Secretary Gustafson called the meeting to order at 8:01 a.m.

Roll Call

Board Members Present: Blake Cowen, Kim Gustafson, Josh Meyette, Gary Sovey, and David Schaaf

Board Members Absent:

Others Present: Bob Valentine – First Bank and Tyler DuBord – Council Liaison

Approval/Adjustments to Agenda

Secretary Gustafson presented an updated agenda with an additional item. David Schaaf moved, with a second from Blake Cowen, to approve the amended agenda. Motion carried unanimously.

Approval and/or Corrections to Minutes

Blake Cowen moved, with a second from David Schaaf, to approve the minutes from March 28, 2023, meeting. Motion carried unanimously.

Conflict of Interest Declaration

No conflicts of interest were declared.

Unfinished Business

No unfinished business.

New Business

- A. Financial Review – 1st Quarter -Bob Valentine, First Bank
Bob Valentine presented and discussed the following:
- B. Review and Approval Retirement Paperwork – Rob LaMarche
The Board reviewed the retirement paperwork completed by Rob LaMarche. Gary Sovey moved, with a second from Josh Meyette, to approve the retirement of Rob LaMarche. Motion carried unanimously.
- C. Review and Approval of Final Pension Check – William Beveridge
Secretary Gustafson informed the Board of the passing of pensioner William Beveridge. Gary Sovey moved, with a second from Blake Cowen, to approve the final pension in the amount of \$2,878.34. Motion carried unanimously.
- D. Review and Approval of April Check Register

The Board discussed the disbursement register for the month of April. David Schaaf moved, with a second from Gary Sovey, to approve the disbursement register for April. Motion carried unanimously.

Other Business

None

Public Comment

None

Announcements

None

Adjournment

The meeting was adjourned at 8:35 a.m.

APPROVED:

Kim Gustafson
Secretary

Gary Sovey
Chairman

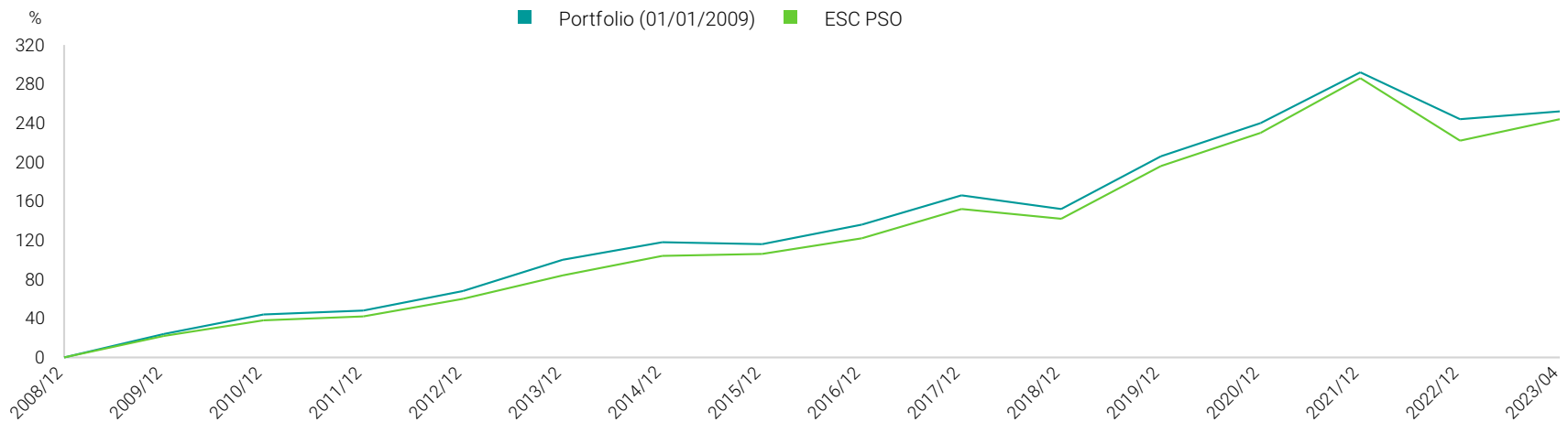
April 30, 2023 Review

Investment activity through 04/30/2023

Investment Summary

	1 Month	3 Months	1 Year	3 Years
Beginning Portfolio Value	32,304,116.47	33,616,429.13	34,476,401.68	29,139,701.06
Net Contributions/Withdrawals	-158,067.03	-449,611.64	-1,773,199.41	-4,908,977.30
Income Earned	25,419.21	145,140.70	1,160,468.20	3,912,989.92
Dividends	16,508.61	91,251.83	501,127.29	1,135,885.16
Short Term	.00	.00	518.46	12,796.56
Other Income	10,312.61	50,095.77	652,140.34	2,747,109.30
Market Appreciation	187,356.66	-953,132.88	-1,504,845.16	4,215,111.63
Ending Portfolio Value	32,358,825.31	32,358,825.31	32,358,825.31	32,358,825.31

Cumulative Returns Graph - Target Policy



Selected Period Performance

	Market Value	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Total Fund	32,358,825	.66	-2.40	5.33	-.89	8.61	5.95	6.82
Total Net of Fees	32,358,825	.63	-2.47	5.17	-1.19	8.29	5.83	6.76
ESC PSO		1.28	1.06	9.11	.61	7.57	6.84	7.18
Total Fixed	12,460,896	.69	.88	4.26	.44	.24	2.08	2.04
Bloomberg US Agg Bond TR USD		.61	.49	6.91	-.43	-3.15	1.18	1.32
International Equity	4,016,356	2.50	.95	21.04	6.63	12.08		
MSCI Eafe (Net Div)		2.82	3.17	24.19	8.42	11.68	3.63	4.76
Emerging Markets Equities	704,451	-.31	-3.49	16.80	-3.56			
MSCI Emerging Markets		-1.11	-4.68	16.53	-6.09	4.71	-.67	2.18
Large Cap Equities	4,544,235	1.50	-2.54	4.45	.89	12.80		
S&P 500 Index		1.56	2.72	8.63	2.66	14.52	11.45	12.20
Mid Cap Equities	4,938,246	.33	-6.57	1.60	-3.02	15.74		
Russell Midcap Index		-.53	-4.43	3.80	-1.69	13.78	7.97	9.85
Small Cap Equities	3,769,057	-1.84	-7.84	-.07	-.58	17.12		
Russell 2000 Index		-1.80	-8.07	-3.45	-3.65	11.90	4.15	7.88
Total Real Assets	1,905,733	.99	-6.36	4.66	-17.02	6.26		
MSCI US REIT GR USD		.82	-6.35	3.92	-14.70	9.37	5.89	5.34
Total Cash & Equivalent	19,851	.28	.71	1.39	2.00	.74		
ICE BofA US 3-Month Treasury Bill Index GROSS US		.31	1.08	2.09	2.81	.99	1.44	.90

Battle of the Budget

It's hard to open up a newspaper these days and not see a scary story about the debt ceiling debate. The Biden Administration is saying that a "default" is approaching if an agreement isn't reached soon.

The US has enough revenue to pay all bondholders, but a roughly \$1.5 trillion deficit this year means that if the debt ceiling isn't lifted, it won't be able to pay all its obligations, maybe even entitlement payments under Medicare, Medicaid, or Social Security.

We've been here before, and as we have seen in the past, we think an agreement will be reached and that all bond payments will be made on time. We also think it's very unlikely that any payments on entitlements will get delayed. Much more likely is that the Congress and White House will agree on some sort of framework to hold the line on increases in discretionary (non-entitlement) spending. Maybe they'll also agree to form some sort of bipartisan commission to review proposals to reform entitlements.

In other words, lots of smoke and very little fire. If an agreement is reached to limit discretionary spending, those limits are not likely to last. History is clear. In the past 90 years, non-defense government spending has grown ten times faster than GDP, and that trend is unlikely to change anytime soon. We're also guessing that if an entitlement commission is formed, that the recommendations would not come up for a vote until after the next presidential election and would likely fall short of the necessary votes.

All of this is important because the path of federal spending, largely dominated by entitlements, is unsustainable. According to the Congressional Budget Office, this year Social Security, Medicare, Medicaid, and other health-related entitlement programs will cost the federal government 10.8%

of GDP. Thirty years from now these same programs will cost 14.9% of GDP.

Tax revenue is scheduled to be higher, too, due to the expiration of some of the tax cuts enacted in 2017 as well as "bracket creep" (incomes tend to rise faster than inflation, resulting in a larger share of income getting taxed at higher marginal tax rates). But the gain in revenue relative to GDP is less than one percentage point, which is well below the expected increase in spending.

You don't have to be a rocket scientist to figure out where this is heading. Simple budget accounting trends forecast a huge increase in federal debt, which means a huge increase in net interest payments by the government. In other words, the real problem isn't whether the US raises the debt ceiling right now, it is how the US will pay for all this spending over time.

At some point the US will either reform entitlement programs or raise future taxes to pay for them. Reducing entitlements would help keep more workers in the labor force and more dollars in the private-sector, which would help boost future GDP growth.

By contrast, higher future taxes would put us on the same path as many countries in Europe, with a huge size of government. This creeping Europeanization of the US would suppress future work, saving, and investment. Worse, the process would be gradual, and much harder to notice than a tidal wave of interest payments. The frog gets boiled, slowly.

While most investors are focusing on the straightforward issue of whether debt payments due this summer get fully paid, wise investors need to keep their eye on the key long-term issue. That's what we are watching. Will politicians make progress on limiting future spending? If not, the long-term growth path of the US will continue to slow.

Date/Time (CST)	U.S. Economic Data	Consensus	First Trust	Actual	Previous
5-15 / 7:30 am	Empire State Mfg Survey – May	-3.9	0.5	-31.8	10.8
5-16 / 7:30 am	Retail Sales – Apr	+0.8%	+1.1%		-0.6%
7:30 am	Retail Sales Ex-Auto – Apr	+0.5%	+0.6%		-0.4%
8:15 am	Industrial Production – Apr	0.0%	0.0%		+0.4%
8:15 am	Capacity Utilization – Apr	79.7%	79.8%		79.8%
9:00 am	Business Inventories – Mar	0.0%	0.0%		+0.2%
5-17 / 7:30 am	Housing Starts – Apr	1.400 Mil	1.397 Mil		1.420 Mil
5-18 / 7:30 am	Initial Claims – May 13	252K	255K		264K
7:30 am	Philly Fed Survey – May	-19.8	-19.5		-31.3
9:00 am	Existing Home Sales – Apr	4.300 Mil	4.230 Mil		4.440 Mil

MICHAEL J. VANOVERBEKE
THOMAS C. MICHAUD
JACK TIMMONY
FRANCIS E. JUDD
AARON L. CASTLE
ROBERT J. ABB

VANOVERBEKE
MICHAUD &
TIMMONY, P.C.
ATTORNEYS AND COUNSELORS

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May 1, 2023

Invoice 111735

Client #262-00

Board of Trustees of the City of Escanaba, Public
Safety Ret. Sys., c/o Kim Gustafson, HR Dir/Treasu
410 Ludington Street, PO Box 948
Escanaba, MI 49829
**Escanaba Public Safety Retirement System

**Summary Statement for the period
01/01/2023 thru 03/31/2023**

Dear Members of the Board:

The following invoice is for legal services rendered to the Board of Trustees for the above period, and are summarized as follows:

Description

Legal Services: 0.60 hours @ \$193.00/hr non-litigation.....\$115.80

Please see attached itemization.

TOTAL DUE VANOVERBEKE, MICHAUD & TIMMONY, P.C. = \$115.80

Thank you for allowing this office to provide the foregoing legal services.

Very truly yours,

VANOVERBEKE, MICHAUD & TIMMONY, P.C.

Aaron L. Castle

Aaron L. Castle

MICHAEL J. VANOVERBEKE
THOMAS C. MICHAUD
JACK TIMMONY
FRANCIS E. JUDD
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May 1, 2023

Invoice: 111735

Account # 262-00

Board of Trustees of the City of Escanaba,
Public Safety Ret. Sys., c/o Kim Gustafson
410 Ludington Street PO Box 948
Escanaba, MI 49829

Escanaba Public Safety Retirement System

Statement for Legal Services
01/01/2023 through 03/31/2023

Members of the Board:

The following invoice is for legal services rendered and is itemized as follows:

		<u>Fees</u>	<u>Hours</u>	
03/14/2023	Legislative update, Re: MI pension tax changes		0.20	
03/17/2023	Legislative update, Re: state retirement/pension tax changes		0.10	
03/20/2023	MI Pension Grant Program Memo		<u>0.30</u>	
			0.60	
	For Current Services Rendered		<u>0.60</u>	<u>115.80</u>
	Total Current Work			115.80
	Balance Due			<u>\$115.80</u>
	Please Remit			<u>\$115.80</u>