

**CITY OF MADISON HEIGHTS
POLICE & FIRE RETIREE HEALTH CARE BOARD
REGULAR SCHEDULED TRUSTEE MEETING
March 21, 2023**

The Meeting of the City of Madison Heights Policemen & Fire Retiree Health Care Board of Trustees was held on Tuesday, March 21, 2023, at 8:30 a.m. at 31313 Brush Street, Madison Heights, Michigan.

Present: Chairperson, Jeff Gerald
Board Members: Kevin Barrett, Eric Bissinger, Linda Kunath, Anthony Roberts

Others Present: Retirement System Attorney Thomas Michaud
Morgan Stanley\Graystone investment advisors Brian Brice and Tim Brice
Gabriel, Roeder, Smith & Company actuary consultant Brad Armstrong

16-23 Approval of Minutes of the Special Meeting of December 7, 2022

Motion by Trustee Roberts and supported by Trustee Barrett to approve minutes of the special meeting of December 7, 2022.

Yeas: Barrett, Bissinger, Gerald, Kunath, Roberts
Nays: None
Motion Carried.

Meeting Open to the Public

No items were discussed.

17-23 GRS-Review OPEB Actuarial Valuation as of June 30, 2022

Gabriel, Roeder, Smith & Company (GRS) actuary Brad Armstrong presented the Police and Fire Retiree Health Care Plan Actuarial Valuation Report, dated June 30, 2022. The Plan has a funded ratio of 102.5%, which is greater than the 57.4% funded ratio in 2022, and exceeds the State P.A. 202 recommended ratio of at least 40%. The City's actuarial determined contribution (ADC) rate is 0% of payroll, and GRS anticipates use of the Retiree Health Care Trust to annually pay for retiree health costs in the amount of \$1,741,921 during fiscal year 2023-2024, and in the amount of \$1,886,956 during fiscal year 2024-2025. The Plan is fully funded due to closing the Plan to new hires and changing the benefits level for those members already in the Plan. The Plan net position is \$24,316,793 as of June 30, 2022.

GRS believes the 6.5% assumed long-term rate of investment return is still reasonable but recommends the Board review with investment advisors, and that the Board consider the use of an asset smoothing method, such as the retirement system uses.

Motion by Trustee Barrett and supported by Trustee Roberts to receive, file, and forward to the City the OPEB Actuarial Valuation dated June 30, 2022.

Yeas: Barrett, Bissinger, Gerald, Kunath, Roberts
Nays: None
Motion Carried.

18-23 Morgan Stanley\Graystone Consulting Investment Report

Morgan Stanley discussed the Plan's asset allocation, percentage of portfolio and differences to policy target. The total assets as of March 13, 2023 were \$24,934,498. Interest rates have increased 4% in the past 9 months, inflation has not decreased, and the investment market is not responding as well as predicted. The bond market experienced the worst year in the history of the bond market this past year. The bond market is up 7.9% through March 20, 2023 and the S&P 500 quarter to date is up 3.7%. Morgan Stanley's annual asset allocation study will occur in the coming months and be presented to the Board.

Motion by Trustee Barrett and supported by Trustee Roberts to receive and file the investment reports.

Yeas: Barrett, Bissinger, Geraldts, Kunath, Roberts

Nays: None

Motion Carried.

19-23 Adjournment

Motion by Trustee Bissinger and supported by Trustee Roberts to adjourn the meeting.

Yeas: Barrett, Bissinger, Geraldts, Kunath, Roberts

Nays: None

Motion Carried.

The meeting was adjourned at 9:18 a.m.

Respectfully submitted,

Linda Kunath, Secretary