

**CITY OF MADISON HEIGHTS
POLICE & FIRE RETIREMENT SYSTEM
SPECIAL SCHEDULED TRUSTEE MEETING
May 12, 2023**

The special meeting of the City of Madison Heights Policemen & Firemen Retirement System Board of Trustees was held on Friday, May 12, 2023, at 8:40 a.m. at 31313 Brush Street, Madison Heights, Michigan.

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

Others Present: Retirement System Attorney Thomas Michaud
Morgan Stanley\Graystone investment advisors Brian Brice
Gary Strongarone

Excused: Board Member: Anthony Roberts

46-23 Excuse Trustee Anthony Roberts

Motion by Trustee Barrett and supported by Trustee Bissinger to excuse Trustee Anthony Roberts from the regular meeting of May 12, 2023.

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

47-23 Approval of Minutes of the Special Meeting of April 13, 2023

Motion by Trustee Barrett and supported by Trustee Bissinger to approve minutes of the special meeting of April 13, 2023.

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

48-23 Approval of Minutes of the Regular Meeting of April 18, 2023

Motion by Trustee Bissinger and supported by Trustee Barrett to approve minutes of the regular meeting of April 18, 2023.

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

Meeting Open to the Public

No items were discussed.

49-23 Morgan Stanley\Graystone Consulting Investment Report

Morgan Stanley Brian Brice discussed the Plan's asset allocation, percentage of portfolio and differences to policy target. The bear market rally that began in mid-October 2022 continued with the S&P 500 as of 3/31/23 up 7% year-to-date. The Federal Funds rate was 5% at the end of March, as concerns about financial stability emanating from the regional bank turmoil and SVB failure mute Federal Reserve aggressiveness. Morgan Stanley forecast one or two rate cuts by end of December. The forecast for 10-year Treasury yields over the next 12 months is 3.15-3.25%. Morgan Stanley advice is to overweight cash and ultra-short fixed income, collecting positive real yields with an eye toward patience regarding the start of a new bull market.

Hedge fund investment with Brevin Howard is being reviewed by Tom Michaud. The policy targets 3%, about \$1.3 million, to invest in hedge funds.

Quarter to date returns were 4.34%, meeting policy benchmark, last 3 years up 10.56%, under benchmark of 11.21%, and last 5 years up 5.56%, under bench mark of 5.94%. The total assets as of May 4, 2023 were \$43,704,359 and were \$43,049,097 at March 31, 2023.

Motion by Trustee Bissinger and supported by Trustee Barrett to receive and file the investment report.

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

50-23 Graystone Consulting Asset Allocation Study

Motion by Trustee Bissinger and supported by Trustee Barrett to receive and file the Graystone Consulting Asset Allocation Study, dated May 8, 2023.

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

51-23 Discuss RFI – Actuarial Consulting Services

The Board discussed the RFI – actuary consultant services proposals that were received and interviews that occurred on April 13, 2023, and vendor references.

Motion by Trustee Bissinger and supported by Trustee Barrett to direct City Administration to pursue an agreement with Gabriel, Roeder, Smith & Company subject to review with the Pension Attorney.

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

New Business.

A legislative update was provided by Tom Michaud about the Protecting MI Pension grant program. The State of Michigan released application information for eligible municipalities, under 60% funded, to reference, which is based on financial data as of December 31, 2021. At that time the Police and Fire Retirement System was 56.1% funded . The City timely applied for this grant, which Linda Kunath noted the grant will potentially provide \$3.6 million to the System.

52 -23 Adjournment

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

Yeas: Barrett, Bissinger, Gerald, Kunath

Nays: None

Absent: Roberts

Motion Carried.

Meeting was adjourned at 9:59 a.m.

Respectfully submitted,

Linda A. Kunath, Secretary