

**CITY OF MADISON HEIGHTS
POLICE & FIRE RETIREE HEALTH CARE BOARD
SPECIAL SCHEDULED TRUSTEE MEETING
May 12, 2023**

The special meeting of the City of Madison Heights Policemen & Fire Retiree Health Care Board of Trustees was held on Friday, May 12, 2023, at 10:00 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

25-23 Excuse Board Member Anthony Roberts

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

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

26-23 Approval of Minutes of the Regular Meeting of April 18, 2023

Motion by Trustee Barrett and supported by Trustee Bissinger 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.

27-23 Morgan Stanley\Graystone Consulting Investment Report

Morgan Stanley 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.

This fund meets the qualifications to invest in Brevan Howard Hedge fund. Morgan Stanley will send investment agreement to Tom Michaud for review. The policy targets 3%, about \$800,000, to invest in hedge funds. Morgan Stanley is looking at a single hedge fund manager, for exposure to asset class, but has diversification, a number of portfolio strategies under one ownership. This investment consideration is not to take on undo risk. The manager will typically receive 1.5% management fee plus 15% of the return, and there is up to 3 months to liquidity.

Quarter to date returns were up 4.85%, less than benchmark of 5.12%, last 3 years up 12.51% net of fees, over benchmark of 9.02, and last 5 years up 6.89%, over benchmark of 5.95%. The total assets as of May 2, 2023 were \$25,612,601 and as of March 31, 2023 were \$25,236,150.

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

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

28-23 Graystone Consulting Asset Allocation Study

Motion by Trustee Barrett and supported by Trustee Bissinger 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.

29-23 Adjournment

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

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

The meeting was adjourned at 10:14 a.m.

Respectfully submitted,

Linda Kunath, Secretary