

**CITY OF MADISON HEIGHTS
POLICE & FIRE RETIREMENT SYSTEM
REGULAR SCHEDULED TRUSTEE MEETING
April 18, 2023**

The Meeting of the City of Madison Heights Policemen & Firemen Retirement System Board of Trustees was held on Tuesday, April 18, 2023, at 8:37 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

Excused: Board Member: Anthony Roberts

41-23 Excuse Trustee Anthony Roberts

Motion by Trustee Barrett and supported by Trustee Bissinger to excuse Trustee Anthony Roberts from the regular meeting of April 18, 2023.

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

42-23 Approval of Minutes of the Regular Meeting of March 21, 2023

Motion by Trustee Barrett and supported by Trustee Bissinger to approve minutes of the regular meeting of March 21, 2023.

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

Meeting Open to the Public

No items were discussed.

43-23 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 Federal Reserve has continued to tighten, inflation is above policy targets and the post-COVID boom's economic resolution is still not finalized. Morgan Stanley models project the next bull market phase as one of normalized inflation and higher neutral rates. The 2023 seven-year annual return forecast for global stocks remains essentially unchanged, at 5.2%, with projected US equity returns improving modestly to 4.4%, which is below historical average.

Hedge fund education material was distributed and discussed. The policy targets 3%, about \$1.3 million, 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 4.16% net of fees, for the fiscal year to date up 5.37% net of fees, and last 3 years up 10.31% net of fees. The total assets as of April 10, 2023 were \$45,856,321 and were \$43,049,097 at March 31, 2023.

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

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

44-23 Graystone Consulting Investment Changes Memorandum

Motion by Trustee Barrett and supported by Trustee Bissinger to receive and file the Graystone Consulting Custom Investment Outsourcing Discretionary – Quarter Ending March 31st, 2023 – Investment Changes Memorandum.

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

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. The Board directed City Administration to contact vendor references and peer municipalities. Actuary proposal will be discussed at an upcoming Board meeting.

Legal Report

A legislative updates were provided by pension firm VanOverbeke, Michaud & Timmony, P.C., including legal reports pertaining to State of Michigan law change to taxability of retirement benefits, eligible rollover distributions, and the protecting MI grant program.

New Business.

A legislative update was provided by Tom Michaud about the protecting 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 due date for the City to apply is June 17, 2023. Linda Kunath noted the grant will potentially provide \$3.6 million to the System.

45 -23 Adjournment

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

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

Meeting was adjourned at 9:42 a.m.

Respectfully submitted,

Linda A. Kunath, Secretary