CITY OF MADISON HEIGHTS
POLICE & FIRE RETIREMENT SYSTEM
REGULAR SCHEDULED TRUSTEE MEETING
July 19, 2022

The Meeting of the City of Madison Heights Policemen & Firemen Retirement System Board of Trustees was held on Tuesday, July 19, 2022, at 8:30 a.m. at 300 West Thirteen Mile Road, Madison Heights, Michigan.

Present: Chairperson, Jeff Geralds
Board Members: Kevin Barrett, Linda Kunath, Kevin Powers, Anthony Roberts

Others Present: Retirement System Attorney Thomas Michaud
Morgan Stanley\Graystone investment advisors Brian Brice and Rebecca Wolfe

01-23 Approval of Minutes of the Special Meeting of May 26, 2022

Motion by Trustee Powers and supported by Trustee Roberts to approve minutes of the special meeting of May 26, 2022.

Yeas: Barrett, Geralds, Powers, Roberts, Kunath.
Nays: None
Motion Carried.

Meeting Open to the Public

No items were discussed.

02-23 Morgan Stanley\Graystone Consulting Investment Report – 2Q, 2022 Police & Fire System

Investment Consultants Brian Brice and Rebecca Wolfe discussed the current condition of the markets. The first half of 2022, both equities and fixed income have declined sharply, marking the 60/40 portfolio's most challenging start in decades amid the US's strongest inflationary pressures in mor than a generation. Both equities and fixed income, valuations move inversely to real yields. Federal reserve board intervention lowered real yields and likely diminished market and macroeconomic volatility, leading to the favorable conditions.

Continued volatility is expected, as much as 5%-10% decline, the bond market is down 9.5% at June 30, 2022. A .75 to 1.0 bps increase in interest rates is expected from the federal reserve board. The prediction is for a likely short recession and the recommended plan is for cautious international investment.

Hedge funds were discussed, which are not currently part of the portfolio. Hedge funds can be incorporated into the portfolio to further diversify the investments, in place of bonds to achieve greater return. In times of strong equity markets, hedge funds do not have as great of returns. At a future meeting, the Board will review the option of adding hedge funds into the portfolio, which entails approving a policy change and selling stocks to fund the investment.

The total assets as of July 19, 2022 were $44,187,471 and were $41,798,517 at quarter ending June 30, 2022. The quarter end return was -10.90% (net of fees) compared to -11.42% benchmark. Returns fiscal year 6/2021 to 6/2022 were -13.54% (net of fees) compared to -12.25% benchmark and the last 5 years was 14.90% compared to 13.35% benchmark.

Motion by Trustee Barrett and supported by Trustee Powers to receive the investment report – 2Q, 2022.

Yeas: Barrett, Geralds, Powers, Roberts, Kunath.
Nays: None
Motion Carried.

03-23 Request for Withdrawal of Accumulated Contributions – Larson N.

Motion by Trustee Powers and supported by Trustee Barrett to approve request for withdrawal of accumulated contributions – Larson N.

Yeas: Barrett, Geralds, Powers, Roberts, Kunath.
Nays: None
Motion Carried.

04-23 Gabriel, Roeder, Smith & Company (GRS) Contract extension through June 30, 2023.

The previous actuarial services contract expired June 30, 2022, this extension will cover annual valuation reports for fiscal year end June 30, 2022, and expire June 30, 2023. The intention by the Board is to solicit bids for actuarial services this fall.

Motion by Trustee Powers and supported by Trustee Barrett to GRS contract extension through June 30, 2023.

Yeas: Barrett, Geralds, Powers, Roberts, Kunath.
Nays: None
Motion Carried

05 -23 Adjournment

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

Yeas: Geralds, Barrett, Roberts, Kunath
Nays: None
Motion Carried.

Meeting was adjourned at 9:32 a.m.

Respectfully submitted,

Linda A. Kunath, Secretary