

**CITY OF MADISON HEIGHTS
POLICE & FIRE RETIREMENT SYSTEM
SPECIAL SCHEDULED TRUSTEE MEETING
August 30, 2022**

The Meeting of the City of Madison Heights Policemen & Firemen Retirement System Board of Trustees was held on Tuesday, August 30, 2022, at 8:30 a.m. at 31313 Brush Street, Madison Heights, Michigan.

Present: Chairperson, Jeff Gerald
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 Tim Brice

06-23 Approval of Minutes of the Regular Meeting of July 19, 2022

Motion by Trustee Powers and supported by Trustee Roberts to approve minutes of the regular meeting of July 19, 2022.

Yeas: Barrett, Gerald, Powers, Roberts, Kunath.

Nays: None

Motion Carried.

Meeting Open to the Public

No items were discussed.

07-23 Morgan Stanley\Graystone Consulting Investment Report

Investment Consultants Brian Brice and Tim Brice discussed the current condition of the markets. The first half of 2022 has been the worst 6 months in the bond market in 40 years. This is due to higher inflation and the Fed policy tightening by raising interest rates, the war in Ukraine, labor market behavior and still-present COVID threats. A downturn is expected for the next 12 to 18 months.

Private Equity investments were discussed, which are not currently part of the portfolio. There are three types of private investments; Private Equity – equity investments in privately held companies, Private Credit – privately held loans to both public and private companies, and Private Real Estate – equity investments and loans to privately held real estate. Private Equity investment advantage is to reduce risk, have consistency of return, and fees have come down 1 ½% to 2%. Private equity has offered attractive long-term returns versus public equity markets. Investors have been rewarded for taking on less liquidity. During years of market decline, private equity outperformed the S&P 500 total return. At a future meeting, the Board will review the option of adding private equity investments into the portfolio, which entails approving a policy change and selling stocks to fund this investment.

The pension fund is up 5.84% since 6/30/22, but down 11.35 % year-to-date. The total assets as of August 19, 2022 were \$47,082,730 and were \$42,657,913 at June 30, 2022.

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

Yeas: Barrett, Gerald, Powers, Roberts, Kunath.

Nays: None

Motion Carried.

08-23 Request for Service Retirement Benefits – Backlund R.

Motion by Trustee Barrett and supported by Trustee Powers to approve request for Service Retirement Benefits – Backlund R.

Yeas: Barrett, Gerald, Powers, Roberts, Kunath.

Nays: None

Motion Carried.

09-23 Request for Withdrawal of Accumulated Contributions – Seitz J.

Motion by Trustee Powers and supported by Trustee Roberts to approve request for withdrawal of accumulated contributions – Seitz J.

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

10-23 Request to Terminate Duty-Disability Retirement Benefits effective 08/31/2022 – Lock C.

Board terminates the duty disability retirement benefits of Chris Lock, effective 8/31/2022, based upon the facts presented in Chris Lock's request to cease disability benefits. Chris Lock will be on deferred pension status, until he reaches age 55, in October 2024, at which point he will be eligible for his pension at a 2% multiplier, and eligible for retiree health care in place at that time.

Motion by Trustee Barrett and supported by Trustee Roberts to terminates the duty disability retirement benefits of Chris Lock, effective 8/31/2022.

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

New Business.

Pension Attorney Tom Michaud provided a summary of the State of Michigan 2022 budget provision for a one-time appropriation of up to \$750 million to the Department of Treasury to establish and operate a grant program for deposit into a local unit's defined benefit retirement system(s). Many factors will need to be reviewed prior to the City electing to apply for this grant. Additional guidance and clarification regarding the grant program will be coming from the Department of Treasury.

Act 345 pension plans are permitted to levy millages that are not subject to limitations. There are complaints under review that municipalities are using this tax for things not in-line with State statute. Tom will advise the Board as this State review progresses.

11 -23 Adjournment

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

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

Meeting was adjourned at 10:17 a.m.

Respectfully submitted,

Linda A. Kunath, Secretary