

**SOUTHFIELD RETIREE HEALTH CARE BENEFITS PLAN AND TRUST
REGULAR MEETING – TUESDAY – DECEMBER 13, 2022
COUNCIL STUDY – 3:30 p.m.**

MINUTES

Board Members Present: John Fisher, Chair; Duane Garth; Irv Lowenberg; Julius Maisano; L. Susan Mannisto; Ron Miller; Brent Wilson; Audrey Harvey (via phone, non-voting); Donna Sanders (late arrival)

Board Members Absent: Karen Elly; Fred Zorn, Ari Gelberman/Alternate

Others Present: Megan Battersby, Administrator/RHC; Michael VanOverbeke, Legal Counsel/VMT; Erik Burger and Amy Cole, Investment Consultants/Graystone Consulting; Austen Michaels and Jeff Kusch/City of Southfield Fiscal Services Department

The meeting was called to order by John Fisher at 3:33 p.m.

APPROVAL OF AGENDA

MOTION #RHC-22-021

Motion by Mannisto, supported by Lowenberg, to approve Agenda, Southfield Retiree Health Care Benefits Plan and Trust, Regular Meeting, Tuesday, December 13, 2022, as presented. Motion Carried Unanimously

APPROVAL OF MINUTES

1. September 13, 2022 Regular Meeting Minutes

MOTION #RHC-22-022

Motion by Mannisto, supported by Miller, to approve Meeting Minutes, Southfield Retiree Health Care Benefits Plan and Trust, Regular Meeting, Tuesday, September 13, 2022. Motion Carried Unanimously

CONSENT AGENDA

1. Informational Items
 - a. K. Elly Expense Report
 - b. Comerica Invoices
 - c. Clarkston Capital Invoice
 - d. Ancora Invoice
 - e. Hamlin Invoice
 - f. Credit Card Statements
 - g. Morgan Stanley Q3 2022 invoice
 - h. Memo from Legal Counsel
 - i. Ancora donation

MOTION #RHC-22-023

Motion by Wilson, supported by Maisano, to acknowledge and receive informational items as presented. Motion Carried Unanimously

2. Refund of Contributions
 - a. S. Cuevas

MOTION #RHC-22-024

Motion by Mannisto, supported by Wilson, to approve refund of contributions to S. Cuevas. Motion Carried Unanimously

3. Approval of Bills and Expenses
 - a. Invoice from MAPERS for 2023 Membership in the amount of \$200.00
 - b. Invoice from GRS for GASB Statement Nos. 74 and 75 and calculation of Michigan PA disclosures in the total amount of \$16,200.00 (City will pay \$4,200.00)

MOTION #RHC-22-025

Motion by Mannisto, supported by Wilson, to approve payment of invoices as presented. Motion Carried Unanimously

NEW BUSINESS

1. Draft GASB Statement Nos. 74 and 75 Financial Reporting
2. Invoices from City of Southfield for retiree health insurance costs for FY20, FY21, FY22
3. 2023 Meeting Schedule
4. Election of Board Officers
5. Morgan Stanley Fee Amendment

MOTION #RHC-22-026

Motion by Lowenberg, supported by Wilson, to acknowledge receipt of and approve the draft City of Southfield Retiree Health Care Benefits Plan and Trust GASB Statement Nos. 74 and 75 Financial Reporting as of June 30, 2022 and direct GRS to finalize the report. Motion Carried Unanimously

Members of the City Fiscal Services Department were present to discuss and answer questions regarding the three invoices for past health care costs. The City has not provided health care costs reconciliations for the last three years, therefor the invoices for past due amounts. City would like repayment by end of fiscal year 2023. Board discussed time frame of repayment, specifically six months vs. 18 months, fund liquidity, and investment opportunities. Board will commit to paying off debt by June 30, 2024. They requested breakdown of the amounts due between SERS and F&P. A decision was postponed until after the Investment Consultant presentation and their input regarding what repayment timeframe was best for the plan and trust.

2023 meeting schedule was discussed and whether the Board needed to meet more frequently than four times a year. It was suggested that meeting time be changed to 3:00 p.m.

Donna Sanders joined the meeting.

MOTION #RHC-22-027

Motion by Maisano, supported by Mannisto, to approve 2023 meeting time of 3:00 p.m. and meeting dates as follows: March 14, May 16, September 19, November 14. Motion Carried Unanimously

MOTION #RHC-22-028

Motion by Wilson, supported by Miller, to continue the existing slate of Retirement System Officers for 2023. Motion Carried Unanimously

MOTION #RHC-22-029

Motion by Wilson, supported by Sanders, to approve amendment to Morgan Stanley Smith Barney Institutional Consulting Agreement reducing annual MSSB fee to client to 0.05% on all assets. Motion Carried Unanimously

OLD BUSINESS

1. None

LEGAL COUNSEL REPORT

1. KKR Next Gen Tech Growth Fund III Compliance Letter
2. Other matters deemed pertinent

MOTION #RHC-22-030

Motion by Mannisto, supported by Miller, to receive and file letter from Legal Counsel dated October 31, 2022 Re: KKR Next Gen Tech Growth Fund III Private Investors (offshore B) L.P. Compliance with Public Employees Retirement System Investment Act, as amended. Motion Carried Unanimously

Legal Counsel did not have a formal report for the Board but mentioned that he is hopeful that legislation amending the Open Meetings Act and meeting requirements will occur in 2023.

INVESTMENT CONSULTANT REPORT

1. Quarterly Review
2. Other matters deemed pertinent

Investment Consultant indicated that repayment of the health care costs debt would be better for the fund over a longer period.

MOTION #RHC-22-031

Motion by Lowenberg, supported by Mannisto, to repay the City of Southfield health care costs debt as invoiced by the City in the total amount of \$23,730,573 through fiscal year 2023 and \$7,500,000 for fiscal year 2024 over 18 months and no later than June 30, 2024, consolidated to monthly payments of \$1,750,000/month from January 1, 2023 to June 1,

2024 and direct that Treasurer verify accuracy of claims experience figures and source documentation. Motion Carried Unanimously

The Board would like the Fiscal Services Department to present a breakdown of costs between SERS and F&P at the March, 2023 meeting.

MOTION #RHC-22-032

Motion by Lowenberg, supported by Mannisto, to add a special meeting to the 2023 calendar on February 7, 2023 at 3:00 p.m. to address Investment Consultant recommendation on private credit. Motion Carried Unanimously

Investment Consultants presented market commentary for the quarter as well as the quarterly review as of September 30, 2022 to the Board. Total fund performance for the quarter of -2.66% and individual fund performances were reviewed. They provided a review of October gains which was encouraging. They addressed a section of the report that provided an education of an alternate investment allocation in private credit and will bring managers for review at the February meeting as well as an asset allocation study.

Statement of Investment Policy, Objectives & Guidelines was discussed. Private credit was added, and asset allocation guidelines were updated and discussed.

MOTION #RHC-22-033

Motion by Mannisto, supported by Lowenberg, to approve Statement of Investment Policy, Objectives & Guidelines as of December 2022 as presented with Fixed Income Maximum as shown in Exhibit A reduced to 75%. Motion Carried Unanimously

PUBLIC/TRUSTEE COMMENTS

No comments were made.

There being no further business to come before the Board, the meeting was adjourned at 5:46 p.m.

Prepared by Megan Battersby, Administrator

Approved by Board Motion on February 7, 2023