

CENTER LINE POLICE & FIRE RETIREMENT COMMISSION
MINUTES
REGULAR MEETING
February 21, 2023

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The regular meeting of the Center Line Police and Fire Retirement Commission was called to order at 3:09 p.m. by Chairperson Stys.

Members Present: Richard Stys, Gregory Suma, and Jorge Bermudez.

Members Absent: Bernadette Helkowski

Also, Present: Tim Brice from Morgan Stanley.

AGENDA ITEM 2A. – Approval of the Agenda:

A. Motion by Trustee Suma to approve the February 21, 2023 agenda was supported by Trustee Bermudez

AYES: 3
NAYS: None Motion carried 3 - 0.
ABSENT: Helkowski and Pearl.

AGENDA ITEM 3 – Public Comment

Seeing there was no one in the audience this item was closed.

AGENDA ITEM 4 – Approval of the minutes

A. Approval of the Regular Meeting minutes held on January 17, 2023.

Trustee Suma made the motion to approve the minutes with a modification to reflect that Trustee Pearl was not present at roll call but arrived a little later in the meeting and was supported by Trustee Bermudez.

AYES: 3
NAYS: None Motion carried 3 - 0.
ABSENT: Helkowski and Pearl.

AGENDA ITEM 5 – Remembrances of deceased Members and Beneficiaries:

A. Basil Bourgeois former Lieutenant of the Public Safety department. Deceased on January 22, 2023.

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Chairman Stys asked for a moment of silence of the passing of Basil Bourgeois.

Trustee Pearl arrived at 3:20 p.m.

AGENDA ITEM 6 – Presentations:

A. Timothy Brice, Morgan Stanley Graystone Group discussion on:

- i. On the Markets for February, 2023 – Focus on the Horizon, Not the Potholes.**
- ii. Market value as of February 13, 2023 \$ 12,911,520.27.**
- iii. Fourth Quarter 2022 Money Manager performances with asset allocations through December 31, 2022.**

Mr. Brice addressed the On the Markets document. Morgan Stanley's CIO believes there is one more bout of volatility in the equities market by the possibility of poor fourth quarter earnings report here in the first quarter of 2023. The pothole is this quarter but 2024 on the horizon looks good. The last three quarters of 2022 were all negative. It was the worse bond market ever it was the seventh worse equity market ever. Stocks were down 18.00% and bonds were down 13.00%. That has not occurred since 1870. Good quality stocks are the ones you want to hold in your portfolio today.

The only two sectors in 2022 that made gains were energy up 65.40% and utilities up 1.60%. All other sectors were negative.

In the fourth quarter of 2022 the portfolio gained 8.14% but for the year we were down over 18.00%. This has hurt our long-term performance numbers even though for the 10 year period we have gained over 7.00%. Our portfolio is up 6.44% in 2023 through January 14, 2023. Western for the 4th quarter was up 3.2% while the bond market was up 1.70%. For 2023, Western is up 2.20% and the benchmark is up 1.00%. John Hancock is up 9.74% in 2023 while the benchmark is up 6.50%. Confluence is up 6.30% in 2023 while their benchmark is up 4.3%. Aristotle is up nearly 7.00% year to date with the benchmark up 4.30%. Clearbridge year to date is up 11.43% and their benchmark is up 9.80%. Kayne Anderson is up 12.50% in 2023 and their benchmark is up 10.50%. Most of our managers have started off to a good year with 2022 being a real bad year. In the fourth quarter of 2022 all our managers gained over 15.00% as the dollar slid making global and international equities attractive. Harding Loevner, our emerging market manager was up 10.55% in the fourth quarter of 2022 with the benchmark up 9.65%. In 2023 Harding is up 6.00% versus the benchmark up 4.5%. Energy In come partners our hybrid manager in the energy sector was up 9.06% in 2022 versus the benchmark up 19.15%. Cohen & Steers is up 9.00% in 2023 with the Benchmark up 7.50%.

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Mr. Brice moved on to asset allocation. Our large cap stocks are at the high end of our Target. Mr. Brice said for cash flow needs we should trim back in this area. The small to mid-cap area has also reached the high end of the target. International is also at the high end of the target. Our overall equity allocation is at 73.00% and our max is 75.00%. Some of the sub-categories have recovered pushing the overall percentage higher. We have trimmed back on MLP's while REITS are at the higher end of the target while private equity has some room for further positions. Bonds are at the lower end of the target and may be an area to add to the portfolio. We will watch what the FED does with interest rates moving forward.

AGENDA ITEM 7 - For Your Information:

A. Review of Monthly performances for Western - fixed income manager, Harding Loevner - International equity/ADR and Clearbridge - large-cap growth as of January 31, 2023.

A motion by Trustee Suma to receive and file this statement was seconded by Trustee Pearl.

AYES: 4
NAYS: None Motion carried 4 - 0.
ABSENT: Helkowski.

B. Correspondence from President and Chief Executive Officer, Allan Swaringen, from Jones, Lang and Lasalle Income Property Trust – 2022 Year in Review.

Trustee Suma said the letter said the portfolio was slightly negative in 2022. Mr. Brice said the report was negative but he has seen Mr. Swaringen speak at some meetings and said some positive cash flows were not accounted for the year end and would be slightly positive by around 1.00%. Trustee Suma read excerpts from the letter and it said the fourth quarter would be negative 2.00%. Mr. Brice will research this further.

A motion by Trustee Suma to receive and file this statement was seconded by Trustee Bermudez.

AYES: 4
NAYS: None Motion carried 4 - 0.
ABSENT: Helkowski.

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AGENDA ITEM 8 – Old Business:

A. None.

AGENDA ITEM 9 – New Business:

A. MAPERS One Day Seminar Friday March 3, 2023 at the Detroit-Troy Marriott Hotel, 200 W. Big Beaver Rd., Troy, MI 48084.

Trustee Suma said the early registration is in the next few days so anyone who wants to attend to go ahead and register yourself and we will make the reimbursement once the travel request report is completed.

Trustee Suma mad a motion to let any board member attend the seminar was seconded by Trustee Pearl.

AYES: 4
NAYS: None Motion carried 4 - 0.
ABSENT: Helkowski.

AGENDA ITEM 10 – Retirements:

A. None.

AGENDA ITEM 11 – Annuity Withdrawals:

A. None.

AGENDA ITEM 12 – Approval of Pension Figures:

A. None.

AGENDA ITEM 13 – Vouchers:

A. January 25, 2023 pensions paid: Pay Report 490 ~ \$ 126,716.67.

A motion by Trustee Pearl to pay the January 25, 2023 pensions was seconded by Trustee Bermudez.

AYES: 4
NAYS: None Motion carried 4 - 0.

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ABSENT: Helkowski

B. Morgan Stanley – Graystone Consulting Fourth Quarter 2022 consulting fees – Invoice # 10062023009, dated: January 9, 2023 ~ \$ 15,144.10.

A motion by Trustee Pearl to pay the Morgan Stanley invoice was seconded by Trustee Bermudez.

AYES: 4
NAYS: None Motion carried 4 - 0.
ABSENT: Helkowski.

Mr. Brice said he will present the fee structure at the next meeting and to put in some break points to lower the fees as the portfolio hits different asset values. It was determined if Bernadette cannot attend March's meeting this item will be added to the April agenda.

C. Fourth quarter 2022 Money Manager fees: October 2022 - \$ 2,412.35, November 2022 - \$ 2,511.60, December 2022 - \$ 2,502.32 – Total: \$ 7,426.27.

A motion by Trustee Pearl to pay the Money manager fees was seconded by Trustee Bermudez.

AYES: 4
NAYS: None Motion carried 4 - 0.
ABSENT: Helkowski.

D. VanOverbeke, Michaud & Timmony, P.C. for legal services July 1, 2022 through December 31, 2022. Invoice # 111658, dated: January 20, 2023 for \$ 1,560.00.

A motion by Trustee Pearl to pay the VanOverbeke, Michaud & Timmony invoice was seconded by Trustee Bermudez.

AYES: 4
NAYS: None Motion carried 4 - 0.
ABSENT: Helkowski.

14. Commission Members Comments:

Trustee Suma said he has been in contact with Bernadette Helkowski and said she is getting better slowly. She hopes to make the March 21, 2023 meeting.

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AGENDA ITEM 15 – Adjournment:

As there was no further business to discuss, a motion by Trustee Suma and supported by Trustee Pearl that the meeting be adjourned at 4:02 p.m.

AYES: 4

NAYS: None Motion carried 4 - 0.

ABSENT: Helkowski.