

**CITY OF MADISON HEIGHTS
POLICE & FIRE RETIREMENT SYSTEM
REGULAR SCHEDULED TRUSTEE MEETING
September 19, 2023**

The regular meeting of the City of Madison Heights Policemen & Firemen Retirement System Board of Trustees was held on Tuesday, September 19, 2023, at 8:40 a.m. at 31313 Brush Street, Madison Heights, Michigan.

Present: Chairperson, Jeff Gerald
Board Members: Linda Kunath, Anthony Roberts, Gary Strongarone

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

Excused Tardiness: Trustee Eric Bissinger, arrived at 9:40 a.m.

06-24 Excuse Tardiness Trustee Eric Bissinger

Motion by Trustee Roberts and supported by Trustee Strongarone to excuse tardiness of Trustee Eric Bissinger at the regular meeting of September 19, 2023.

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

07-24 Approval of Minutes of the Regular Meeting of July 18, 2023

Motion by Trustee Roberts and supported by Trustee Strongarone to approve minutes of the regular meeting of July 18, 2023.

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

Meeting Open to the Public

No items were discussed.

08-24 Morgan Stanley\Graystone Consulting Investment Report

Morgan Stanley Brian Brice discussed the Plan's asset allocation, percentage of portfolio and differences to policy target. Cash continues to provide strong returns and is 15.06% of portfolio, policy target is 0.00%. Investments in U.S. equities S&P 500 are 18.7% up year to date, strongly supported by 12.4% returns from the magnificent 7 (Apple, Microsoft, Amazon, NVIDIA, Google, Tesla, and Meta Platforms). The federal reserve target of 2% inflation has not yet been met. The risk of economic recession has increased modestly for 2023. The federal reserve is not expected to increase rates at the 9/20/23 meeting, but two more .25% interest rate hikes are still anticipated before 12/31/23. Europe equities are up year to date, with Eurozone STOXX 50 up 18.0% and France CAS 40 up 17.5%. US size-style is up year to date, with Russell 3000 and Russell 3000 Growth up 18.0% and 31.0%, respectively. In the Capital market indices, the US aggregate bond market was down -0.7% quarter to date and is up 1.4% year to date. Bonds still offer decent relative value and the potential for portfolio hedging.

Hedge fund investment with Brevin Howard has been reviewed and can move forward. Further discussion to occur at next meeting. The policy targets 3%, about \$1.3 million, to invest in hedge funds. Private Investments have not yet been funded.

August 31, 2023 assets held at Morgan Stanley were \$44,524,018.51, returns were up net of fees 7.73% calendar year to date, up 6.54% the last 12 months, and up 5.05% the last 5 years. Cash has been earning 5.55%. The total assets as of September 11, 2023 were \$48,982,140 and were \$45,886,027 at July 10, 2023. The September 11, 2023 balance includes the Protecting MI Pension grant that was deposited into cash.

Motion by Trustee Roberts and supported by Trustee Strongarone to receive and file the investment report.

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

09-24 Request for Service Retirement Benefits – Barrett K.

Motion by Trustee Roberts and supported by Trustee Strongarone to approve service retirement benefits for Kevin Barrett.

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

10-24 Request for Service Retirement Benefits – Dixon J.

Motion by Trustee Roberts and supported by Trustee Strongarone to approve service retirement benefits for Jeremy Dixon.

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

11-24 Request for Withdrawal of Accumulated Contributions – Sandoval L.

Motion by Trustee Roberts and supported by Trustee Strongarone to approve withdrawal of accumulated contributions for Luis Sandoval.

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

Trustee Bissinger arrived at 9:40 a.m. to the meeting.

12-24 Policy Discussion – Deferred Service Status.

The proposed policy for deferred service was discussed by Tom Michaud. Deferred former members are vested members when they have greater than 10 years of service, and are non-vested members when they have less than 10 years of service. If a member returns to work for Madison Heights Police or Fire services, they can start where they left off if employee contributions are still in the plan or they can put contributions back in the plan. Act 345 is vague with respect to deferred status, so having a policy helps to define how the process works.

If a former member is vested, then interest is credited to contribution balance, if a member is non-vested, then no interest is credited to contribution balance. Act 345 provides for eligible members to receive pension benefits upon application. This policy provides for eligible members to receive benefits upon application, with no retro payment of pension benefits if member applies at a later date.

Motion by Trustee Roberts and supported by Trustee Bissinger to approve the Policy Resolution for as presented in the agenda packet.

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

New Business.

The State of Michigan awarded \$3,631,364 in Protecting MI Pension grant funds to the Police and Fire Retirement System. Grant funds were received and deposited into the Retirement System in September. Eligible municipalities, under 60% funded as of December 31, 2021, were eligible. At that time the Retirement System was 56.1% funded.

A letter from Pension Benefit Information, LLC (pbi), a vendor of PNC bank, sent a letter to City retirees about a data breach and offered free credit monitoring. Affected retirees are encouraged to sign up for the free credit monitoring.

13-24 Adjournment

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

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

Meeting was adjourned at 9:56 a.m.

Respectfully submitted,

Linda A. Kunath, Secretary