

**CITY OF MADISON HEIGHTS  
POLICE & FIRE RETIREMENT SYSTEM  
REGULAR SCHEDULED TRUSTEE MEETING  
November 19, 2024**

The regular meeting of the City of Madison Heights Policemen & Firemen Retirement System Board of Trustees was held on Tuesday, November 19, 2024, at 8:30 p.m. at 31313 Brush Street, Madison Heights, Michigan.

Present: Chairperson, Jeff Gerald

Board Members: Linda Kunath, Brett Moore, Anthony Roberts, Gary Strongarone

Others Present: Retirement System Attorney Thomas Michaud

Morgan Stanley\Graystone investment advisors Brian Brice

Gabriel, Roeder, Smith & Company actuary services Kevin Noelke

John Heinrich, Police, present from 8:30 a.m. to 8:50 a.m.

Excused: Board Member Gary Strongarone at 8:41 a.m.

**17-25 Excuse Trustee Gary Strongarone**

Motion by Trustee Roberts and supported by Trustee Moore to excuse Trustee Gary Strongarone from the regular meeting of November 19, 2024 at 8:41 a.m.

Yeas: Gerald, Kunath, Moore, Roberts

Nays: None

Absent: Strongarone

Motion Carried.

**18-25 Approval of Minutes of the Regular meeting of October 15, 2024.**

Motion by Trustee Moore and supported by Trustee Roberts to approve minutes of the regular meeting of October 15, 2024.

Yeas: Gerald, Kunath, Moore, Roberts

Nays: None

Motion Carried.

**Meeting Open to the Public.**

No items were discussed.

**19-25 Disability Retirement Application – Spangler C.**

The Board has received and reviewed reports from Mr. Spangler’s physician, the Board’s Medical Director, and the physician mutually designated by the parties to serve on the Medical Committee (“Medical Committee”). Board Resolution included in minutes on page 2.

Motion by Trustee Roberts and supported by Trustee Strongarone to deny Carey Spangler’s request for Disability Retirement Benefits.

Yeas: Gerald, Kunath, Moore, Roberts, Strongarone

Nays: None

Motion Carried.

**MADISON HEIGHTS POLICE AND FIRE RETIREMENT SYSTEM**

**RESOLUTION**

**Adopted: November 19, 2024**

**Re: Carey Spangler – Application for Disability Retirement**

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The Board of Trustees (“Board”) is vested with the general administration, management, and operation of the City of Madison Heights Police and Fire Retirement System (“Retirement System”), and has fiduciary responsibilities relative to the proper administration of the pension trust fund.

The Board is in receipt of an application for disability retirement from Carey Spangler, dated April 16, 2024.

The Board has previously acknowledged receipt of said application and directed the processing of said application in accordance with Retirement System provisions.

Section 6(2)(d) of Public Act 345 of 1937, as amended (“Act 345”), provides that upon the application of a member or his/her department head, a member who becomes totally incapacitated for duty by reason of a personal injury or disease occurring as the natural and proximate result of causes arising out of and in the course of the member’s employment shall be retired by the Board; provided, that after a medical examination of the member by a medical committee, the medical committee certifies by a majority opinion that (1) the member is mentally or physically incapacitated for the further performance of duty as a police officer of the City, (2) that such incapacity is likely to be permanent, and (3) that the member should be retired.

The Board has received and reviewed reports from Mr. Spangler’s physician, the Board’s Medical Director, and the physician mutually designated by the parties to serve on the Medical Committee (“Medical Committee”).

The Medical Committee, in conducting their reviews, considered all the records provided and considered such factors including, but not limited to patient history, complaints and treatment.

The majority of the Medical Committee’s reports and certifications reflect that: (1) Spangler is not mentally or physically totally incapacitated for duty as a police officer in the employ of the City, (2) any incapacity will probably not be permanent, and (3) Carey Spangler should not be retired.

Carey Spangler was given an opportunity to present any testimony and/or documentation in support of his application for a disability retirement.

The Board has discussed this matter and has determined that Carey Spangler has not met the eligibility requirements for a disability retirement from the Retirement System.

**MOTION BY: Trustee Roberts SECOND BY: Trustee Strongarone**, that the Board hereby denies the disability retirement of Carey Spangler, and directs that Mr. Spangler be notified of the Board’s decisions, and that Carey Spangler is herein advised that an application for appeal of the Board’s decision must be filed in writing with the Board within 90 days.

**ALL IN FAVOR**

**20-25 Invoice Approval.**

Motion by Trustee Roberts supported by Trustee Moore to approve invoice from MMRO in the amount of \$570.00.

Yeas: Geraldts, Kunath, Moore, Roberts

Nays: None

Absent: Strongarone

Motion Carried.

**21-25 GRS Retirement System Actuarial Valuation Report June 30, 2024.**

Gabriel, Roeder, Smith & Company (GRS) actuary Kevin Noelke presented the Police and Fire Retirement System Actuarial Valuation Report, dated June 30, 2024. The City's Normal Cost of Department Heads, Police, and Fire total is 14.82%, the Unfunded Actuarial Accrued Liabilities for Retiree and beneficiaries and Active members total is 38.86%, which brings the City's Total Contribution to 53.68% of payroll. This contribution amount equates to \$3,647,738 for fiscal year 2025-2026. The overall actuarial experience was more favorable than expected, with an additional employer contribution of \$3.0 million, which generated a gain; State Pension grant of \$3.6 million, which generated a gain; lower retiree mortality than expected, which generated a loss; higher benefits at retirement than expected for 6 new retirees, which generated a loss, favorable investment experience on the basis of the Funding Value of Assets, which generated a gain. The Plan funded ratio of 60% is 5.0% more than last year funding level of 55.0%, and is at the State P.A. 202 recommended ratio of 60%.

GRS noted the assets in the Plan are not sufficient to cover current retiree liabilities, which are 76.1% funded. The ratio of assets (Market Value) to retiree benefit payroll is approximately ten. This means that approximately ten years of retiree benefit payments can be paid from current assets; the ability to make such payments beyond that period is heavily dependent upon future contributions and future investment return. Investment income is phased-in over four (4) years, which results in more stable contributions, by smoothing out the peaks and valleys of market returns. GRS is to review proposed assumptions and provide an updated report for the period ending June 30, 2024.

The Board acknowledges that the Actuarial Valuation Report June 30, 2024 has been received.

**22-25 Morgan Stanley\Graystone Consulting Investment Report**

Morgan Stanley Brian Brice discussed the Plan's asset allocation, percentage of portfolio and differences to policy target. The S&P 500 had 10 sectors posted positive returns in the third quarter of 2024, including Utilities 19.4%, Real Estate 17.2%, Industrials 11.6%, Financials 10.7%. The 10-year yield on US Treasury note closed the third quarter at 3.78%, down from 4.40% at the end of the second quarter. The yield on 3-month Treasury bills was 4.62%, lower than the end of the second quarter. The Bloomberg US Aggregate Bond Index, a broad measure of the US bond market, increased 5.2% in third quarter of 2024.

During the third quarter of 2024, the Federal Reserve cut the Federal Funds rate by 50 bps after a hiking cycle that began in 2022. The rate cut happened after data showed decelerating inflation and signs of cracking in the labor market. September jobs market data showed a strong labor market, the unemployment rate stayed at 4.1%, and inflation is decelerating to 2.5%, which is below 9.1% peak in June, 2022.

September 30, 2024 final investment balance was \$57,327,597.76, returns net of fees were up 5.38% quarter to date less than 5.61% benchmark, up 11.00% fiscal year to date less than 13.85% benchmark, up 3.36% the last 3 years less than 5.07% benchmark, and up 7.46% the last 5 years less than 8.42% benchmark. The total assets were \$57,327,597.76 at September 30, 2024, compared to \$54,134,751.82 at August 12, 2024.

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

Yeas: Geraldts, Kunath, Moore, Roberts

Nays: None

Absent: Strongarone

Motion Carried.

**New Business.**

The annual retiree information letter was sent to all members in the retirement system. Board members will be advised of retirees who have not timely responded, prior to suspension of monthly pension benefit.

**23-25 Adjournment.**

Motion by Trustee Roberts to adjourn the meeting.

Yeas: Geraldts, Kunath, Moore, Roberts

Nays: None

Absent: Strongarone

Motion Carried.

Meeting was adjourned at 10:22 a.m.

Respectfully submitted,

Linda A. Kunath, Secretary