

**REGULAR MEETING MINUTES
SOUTHFIELD FIRE AND POLICE RETIREMENT SYSTEM BOARD**

MAY 16, 2023

The Board convened in Council Study at 12:00 p.m. The Meeting was started at 12:05 p.m. by President Fisher.

PRESENT: John Fisher; Duane Garth; Irv Lowenberg, Brent Wilson

ABSENT: Audrey Harvey

ALSO

PRESENT: Michael VanOverbeke, Legal Counsel/VMT; Brian Green, Investment Consultant/AndCo; Megan Battersby, Retirement Program Director/SFPRS

R.B. 23-045 MOTION by Lowenberg, supported by Wilson, to approve Regular Meeting Minutes, Southfield Fire and Police Retirement System Board, April 18, 2023. MOTION CARRIED UNANIMOUSLY

R.B. 23-046 MOTION by Lowenberg, supported by Wilson, to acknowledge receipt of Portfolio Summary Report as of March 31, 2023, in the amount of \$192,593,232.18. MOTION CARRIED UNANIMOUSLY

R.B. 23-047 MOTION by Wilson, supported by Lowenberg, to approve payment of invoices as follows: Expense report from I. Lowenberg for April 18, 2023 meeting lunch; Chase Cardmember Services statement for credit charges for the period 04/03/23 – 05/02/2023 in the amount of \$105.88; Invoice from 1607 for asset management services for the period 1/1/23 through 3/31/23 in the amount of \$66,763.77; Invoice from Champlain for asset management services for the period January 01, 2023 to March 31, 2023 in the amount of \$24,570.56; Invoice from GRS for Clark DRO calculation in the amount of \$1,200.00. MOTION CARRIED UNANIMOUSLY

R.B. 23-048 MOTION by Wilson, supported by Lowenberg, to acknowledge receipt of Informational Item as follows: YTD 2022-2023 Budget; Loomis Sayles Memo Invoice. MOTION CARRIED UNANIMOUSLY

R.B. 23-049 MOTION by Wilson, supported by Lowenberg, to acknowledge receipt and approval of Retirement Application from B. Sleeva (06/05/2023). MOTION CARRIED UNANIMOUSLY

R.B. 23-050 MOTION by Wilson, supported by Lowenberg, to acknowledge receipt and approval of DROP Distribution Elections from S. Rata, M. Wojciechowski, B. Sleeva, J. Mitchell, M. Douville. MOTION CARRIED UNANIMOUSLY

R.B. 23-051 MOTION by Wilson, supported by Lowenberg, to acknowledge receipt and approval of Annuity Withdrawal Distribution Elections from B. Sleeva, J. Mitchell.
MOTION CARRIED UNANIMOUSLY

Investment Consultant presented the Investment Performance Review for the Period Ending March 31, 2023. The Executive Summary was as follows:

Markets were impressively resilient during the first quarter as investors' expectations changed several times with new economic data and market conditions contradicting prior forecasts. Strong returns in January for stocks and bonds were based on the belief that the Federal Reserve was nearing the end of their tightening cycle. However, in February inflation proved to be problematic, leading to higher interest rates and market losses. Bank failures in early March caused another shift in expected moves by the central bank and the markets rose again. Fixed income experienced volatile performance during the quarter, gaining over 2% in January and March and losing over 2% in February; the Bloomberg US Aggregate finished with a 3.0% return for the quarter. The S&P 500 gained 7.5% in the 1st quarter, easily exceeding small and mid-cap stocks. The decline in interest rates provided a strong tailwind for growth stocks, growth indexes handily outperformed their value counterparts. The international markets also posted strong results; the developed markets provided better results (MSCI EAFE Index 8.5%) than the emerging markets (MSCI EM 4.0%). Real estate suffered a second consecutive quarter with drawdowns.

1. Total Fund return of +3.47% underperformed the Policy Index return of 3.93% and ranked in the 85th percentile. The primary drivers of the outperformance were the value bias in the Large Cap Portfolio and 1607.
2. For the trailing 1 year, the fund earned -4.27%, beating the policy index return of -4.60% and ranking in the 19th percentile vs. peers.
3. Within the Large Cap allocation, the S&P 500 Value and Dividend Aristocrats significantly underperformed more growth-oriented indexes.
4. Within the small cap allocation, Champlain and Reinhart outperformed due to strong stock selection.
5. Within International Equity, 1607 lagged their index by 1.99%. ABS Emerging underperformed by 0.17%.
6. Within Fixed Income, Loomis Sayles matched their benchmark. Marathon sits at 72% called with an IRR of +7.19%. Bloomfield capital is 100% called and has generated a 9.5% IRR, the majority of that being paid in income back to F&P.
7. Within the hedge fund allocation, Nantucket underperformed for the quarter, driven by underperformance from their multi strategy allocation.
8. Within Real Estate, All three PRISA funds outperformed for the quarter. JCR III and IV are fully deployed, with both actively harvesting. Both funds are ahead of performance expectations. Ares (Landmark) Fund VII had continued activity during the quarter and is approximately 51% called. IRR since inception is 17.4%. TerraCap is 100% called and issued their first distributions in December. Artemis made a small call (2% of commitment) and Centerbridge has called 27% of capital. Both have been actively investing capital using their line of credit.

9. Both Constitution Funds began deploying capital in Q4. The Co-invest fund called 99% of the commitment. The Partnership fund called 5% of capital. There has been no capital call activity in Q1 2023.
10. As of quarter end the Total Fund was in compliance with Public Act 314.

R.B. 23-052 MOTION by Lowenberg, supported by Wilson, to approve the quarterly market rate of return of 3.4687% for the quarter ended March 31, 2023. MOTION CARRIED UNANIMOUSLY

Investment Consultant reviewed investment and manager allocations. He discussed May preliminary fund values and liquidity needs. He recommended no action.

R.B. 23-053 MOTION by Lowenberg, supported by Wilson, to receive and file Investment Report as presented. MOTION CARRIED UNANIMOUSLY

Legal Counsel discussed a resolution prepared by his office regarding an income withholding order for retiree D. Denham and recommended the Board approve.

R.B. 23-054 MOTION by Wilson, supported by Garth, to acknowledge adoption of Income Withholding Order Resolution for Desmond Denham as follows:

CITY OF SOUTHFIELD FIRE AND POLICE RETIREMENT SYSTEM

R E S O L U T I O N

Adopted: May 16, 2023

Re: Income Withholding Order
Desmond Denham
Oakland County Circuit Court Order No. 2018867849

WHEREAS, the Board of Trustees is vested with the general administration, management and operation of the Retirement System and for making effective the provisions thereof, and

WHEREAS, the Board is in receipt of an Income Withholding Order (“IWO”) directed to the Retirement System and applicable to the retirement benefits of Desmond Denham, and

WHEREAS, the Board acknowledges that its receipt of the IWO serves as notice of its terms and conditions, and

WHEREAS, an individual’s source of income is required by law to comply with the terms of an order of income withholding, and

WHEREAS, the Board acknowledges that the Retirement System is Mr. Denham’s current source of income, and

WHEREAS, said matter having been reviewed and discussed with the Board's legal counsel, therefore be it

RESOLVED, that a copy of the IWO be forwarded to the Retirement System's custodial bank with instruction to adjust Mr. Denham's monthly retirement benefit in accordance with the terms of the IWO, and be it further

RESOLVED, that the Retirement System's custodial bank be further instructed to make the required payments to the Oakland County Friend of the Court, referencing the proper remittance identifier with each payment thereto, and be it further

RESOLVED, that Mr. Denham's monthly retirement benefits continue to be adjusted in accordance with the IWO until further notice to the Board, and be it further

RESOLVED, that copies of this Resolution be sent to Desmond Denham, the Participant.
MOTION CARRIES UNANIMOUSLY

Legal Counsel indicated that Open Meeting Act amendments will be reviewed in Lansing this week.

R.B. 23-055 MOTION by Wilson, supported by Lowenberg, to receive and file Legal Report as presented. MOTION CARRIED UNANIMOUSLY

There being no further business to come before the Board, the meeting was adjourned at 12:55 p.m.

Prepared by Megan Battersby, Retirement Program Director

Approved by Board Motion on June 13, 2023