

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

AUGUST 22, 2023

The Board convened in Council Study at 12:00 p.m. The Meeting was started at 12:03 p.m. by President Fisher.

PRESENT: John Fisher; Duane Garth; Audrey Harvey; Irv Lowenberg (late arrival)

ABSENT: Brent Wilson

ALSO

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

R.B. 23-065 MOTION by Harvey, supported by Garth, to approve Regular Meeting Minutes, Southfield Fire and Police Retirement System Board, June 13, 2023. MOTION CARRIED UNANIMOUSLY

R.B. 23-066 MOTION by Harvey, supported by Garth, to acknowledge receipt of Portfolio Summary Report as of June 30, 2023, in the amount of \$193,840,522.63. MOTION CARRIED UNANIMOUSLY

R.B. 23-067 MOTION by Harvey, supported by Garth, to approve payment of invoices as follows: Expense report from I. Lowenberg for June 13, 2023 meeting lunch; Chase Cardmember Services statement for credit charges for the period 06/03/23 – 07/02/2023 in the amount of \$290.89; Invoice from AndCo for consulting services and performance evaluation for the period April 1, 2023 – June 30, 2023 in the amount of \$26,775.00; Invoice from Reinhart Partners for asset management services for the period Q2, 2023 in the amount of \$18,229.00; Invoice from YCM for asset management services for the period 4/1/2023 – 6/30/2023 in the amount of \$9,519.54; Expense report from B. Wilson for Opal Public Funds Summit East 2023; Invoice from 1607 for asset management services for the period 4/1/23 through 6/30/23 in the amount of \$68,365.53; Invoice from Champlain for asset management services for the period April 01, 2023 to June 30, 2023 in the amount of \$25,848.51; Chase Cardmember Services statement for credit charges for the period 07/03/23 – 08/02/2023 in the amount of \$1,034.82; Expense report from I. Lowenberg for Opal 23rd Annual Public Funds Summit East. MOTION CARRIED UNANIMOUSLY

R.B. 23-068 MOTION by Harvey, supported by Garth, to acknowledge receipt of Informational Item as follows: YTD 2022-2023 Budget; Loomis memo invoice. MOTION CARRIED UNANIMOUSLY

Irv Lowenberg entered the meeting.

R.B. 23-069 MOTION by Fisher, supported by Lowenberg, to acknowledge receipt and approval of Retirement Application from R. Maya (08/27/2023). MOTION CARRIED UNANIMOUSLY

R.B. 23-070 MOTION by Fisher, supported by Garth, to acknowledge receipt and approval of DROP Distribution Election from D. Denham. MOTION CARRIED UNANIMOUSLY

R.B. 23-071 MOTION by Fisher, supported by Garth, to acknowledge receipt and approval of Annuity Withdrawal Distribution Election from R. Maya. MOTION CARRIED UNANIMOUSLY

The Board reviewed and discussed the proposed budget for the 2023-2024 fiscal year.

R.B. 23-072 MOTION by Harvey, supported by Lowenberg, to approve the proposed annual budget for the period July 1, 2023 to June 30, 2024, as presented. MOTION CARRIED UNANIMOUSLY

The contribution summary and reconciliation for the 2022 – 2023 fiscal year was reviewed and discussed. The Board is satisfied that the City has made the required and recommended contribution as suggested by the actuary.

The Board reviewed and discussed the payroll reconciliation for the Retirement Program Director which was provided by the accounting department for the FYE June 30, 2023. They have determined that a one-time true-up payment in the amount of \$1,241.54 is due and recommend 10 monthly payments of \$13,500 for the months of September 2023 through June 2024.

R.B. 23-073 MOTION by Fisher, supported by Harvey, to acknowledge receipt of reconciliation from City of Retirement Program Director's pay and benefits as of June 30, 2023 and authorize a one-time payment of \$1,241.54 for the fiscal year ended June 30, 2023 and 10 monthly payments of \$13,500.00 beginning September 2023 through June 2024 for the fiscal year ending June 30, 2024. MOTION CARRIED UNANIMOUSLY

R.B. 23-074 MOTION by Fisher, supported by Garth, to designate Megan Battersby and Brent Wilson as official delegates for the MAPERS 2023 Fall Conference. MOTION CARRIED UNANIMOUSLY

Legal Counsel provided a revised IRC 402 rollover notice which has been updated based on the SECURE 2.0 Act of 2022. He recommended adoption of a resolution adopting and incorporating the necessary modifications as follows:

CITY OF SOUTHFIELD FIRE AND POLICE RETIREMENT SYSTEM

R E S O L U T I O N

Adopted: August 22, 2023

Re: Eligible Rollover Distributions

WHEREAS, the Board of Trustees is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, and

WHEREAS, the Board of Trustees acknowledges that Section 402(f) of the Internal Revenue Code (the “Code”) requires the Board to provide written notice and explanation to recipients of eligible rollover distributions from the Retirement System (hereinafter, the “Safe Harbor Notice”), and

WHEREAS, applicable tax law and regulations require said Safe Harbor Notice to be provided within a reasonable period of time in advance of such distributions, and

WHEREAS, the SECURE 2.0 Act of 2022 (“SECURE 2.0”) was enacted on December 29, 2022, resulting in the modification of applicable federal retirement laws and regulations, and

WHEREAS, several changes under SECURE 2.0 require modification of the safe harbor explanations that may be used to satisfy the requirements of Code Section 402(f), and

WHEREAS, legal counsel has prepared a revised Safe Harbor Notice consistent with the provisions and SECURE 2.0 and the requirements of Section 402(f), and

WHEREAS, the Board of Trustees has discussed this matter with legal counsel, therefore be it

RESOLVED, that the Retirement System’s Safe-Harbor Notice is hereby amended to comply with the requirements of SECURE 2.0 and Section 402(f) of the Code, and further

RESOLVED, that the Board of Trustees hereby adopts the revised Safe Harbor Notice consistent with the requirements of SECURE 2.0, and further

RESOLVED, that the Safe Harbor Notice be provided to recipients of eligible rollover distributions from the Retirement System consistent with Code Section 402(f), and further

RESOLVED, that a copy of this resolution shall be retained in accordance with the Retirement System’s record retention policy and provided to all appropriate parties.

R.B. 23-075 MOTION by Fisher, supported by Lowenberg, to adopt Resolution Re: Eligible Rollover Distributions, as presented. **MOTION CARRIED UNANIMOUSLY**

LEGAL Counsel presented Snarey EDRO resolution as follows and recommended that the Board adopt it:

**CITY OF SOUTHFIELD
FIRE AND POLICE RETIREMENT SYSTEM**

RESOLUTION

Adopted: August 22, 2023

**RE: In Re the Marriage of Andrew Michael Snarey and Joyce Lee Snarey
Dupage County (IL) Circuit Court Case No. 18-D-2345**

WHEREAS, the Board of Trustees is in receipt of an Eligible Domestic Relations Order dated June 28, 2023, wherein Joyce Lee Snarey, the Alternate Payee, is awarded certain rights to the benefits of Andrew Michael Snarey, the Participant, and

WHEREAS, the Alternate Payee is entitled to claim a portion of the Participant's retirement benefit only from the defined benefit plan, and

WHEREAS, the payments from the plan to the Alternate Payee shall begin when the Participant commences benefits or when the Alternate Payee elects to receive benefits at any time allowed by the Plan but not later than when the Participant commences benefits, and

WHEREAS, the Board's policy is to require that the costs for the actuary's calculations are to be borne by the parties to the domestic relations proceedings, and the order provides that the Participant and the Alternate Payee shall be equally responsible for any and all additional costs for actuarial services, and

WHEREAS, said matter had been discussed with legal counsel who has opined that the applicable terms of said court order are consistent with the provisions of the Retirement System and applicable law including Public Act 46 of 1991 (MCLA 38.1701) as amended, therefore be it

RESOLVED, that the Board acknowledges receipt of said court order, will pay pension benefits consistent with the provisions of the EDRO, and subject to an application by either the Participant or the Alternate Payee, and further

RESOLVED, that a copy of this resolution be immediately attached as the top sheet of the pension file and other appropriate records be kept for the Retirement System relative to this matter, and

RESOLVED, that copies of this resolution be sent to Andrew Michael Snarey, the Participant; Mark R. Farrow, Esq., attorney for the Participant; Joyce Lee Snarey, the Alternate Payee; Maria Gabriella Antonelli, Esq., attorney for the Alternate Payee; and the Board's actuary.

R.B. 23-076 MOTION by Fisher, supported by Harvey, to adopt Resolution Re: In Re Marriage of Andrew Michael Snarey and Joyce Lee Snarey, Dupage County (IL) Circuit Court Case No. 18-D-2345Eligible Rollover Distributions, as presented. MOTION CARRIED UNANIMOUSLY

Legal Counsel discussed securities litigation action regarding Hayward Holdings, AT&T, and Verizon Communications. Information was previously forwarded to Board President for his review and to authorize filing of plaintiff status.

R.B. 23-077 MOTION by Harvey, supported by Lowenberg, to acknowledge receipt of communication from Legal Counsel Re: Hayward Holdings, Inc. – Securities Action and filing of plaintiff status, and acknowledge President’s action of signing agreement and authorization to proceed. MOTION CARRIED UNANIMOUSLY

R.B. 23-078 MOTION by Harvey, supported by Lowenberg, to acknowledge receipt of communication from Legal Counsel Re: AT&T, Inc. – Securities Action and filing of plaintiff status, and acknowledge President’s action of signing agreement and authorization to proceed. MOTION CARRIED UNANIMOUSLY

R.B. 23-079 MOTION by Harvey, supported by Lowenberg, to acknowledge receipt of communication from Legal Counsel Re: Verizon Communications, Inc. – Securities Action and filing of plaintiff status, and acknowledge President’s action of signing agreement and authorization to proceed. MOTION CARRIED UNANIMOUSLY

Retirement Program Director did not have anything to report to the Board.

Investment Consultant informed the Board that Loomis Sayles was not available to present because of the change in meeting date.

Investment Consultant discussed the cumulative performance of “the magnificent 7” stocks and how they affect S&P 500 returns. He presented the investment performance review for the period ending June 30, 2023. The quarterly performance overall and by fund was discussed. Discussion ensued regarding why fixed income is in the portfolio when the returns are so slight. The Executive Summary from the quarterly report was as follows:

Central banks remained vigilant in their fight against inflation with the Fed, the Bank of England, and the European Central Bank foreshadowing the potential for further tightening with additional rate hikes in the coming months. The US Federal Reserve Bank (the Fed) increased interest rates again by 0.25% in May and paused in June, prioritizing their fight against inflation. Both US and international equity markets continued to recover from last year’s declines on expectations that inflation will moderate and central banks are approaching the end of their current monetary tightening cycles. The S&P 500 Index rose 8.7% for the quarter, its best performing quarter since Q4 2021. In the US, large cap growth was the best performing category and small cap value was the weakest (although positive). International stocks experienced modest returns during the quarter. Short-term interest rates rose in the second quarter in many of the developed markets in

response to the central banks' actions; fixed income investors suffered losses due to the shift in yields (Bloomberg US Aggregate Index -1.4%). Despite previous concerns about the potential for slowing economic growth credit spreads narrowed; corporate and mortgage-backed bonds outperformed government bonds. Echoing the equity market's positive sentiment during the quarter, high yield was the best performer in the domestic bond market and posted the only positive return among major fixed income indexes.

1. Total Fund return of +3.27% outperformed the Policy Index return of 3.16% and ranked in the 56th percentile. The primary drivers of the outperformance were ABS and Nantucket.
2. For the trailing 1 year, the fund earned +9.60%, beating the policy index return of 7.98% and ranking in the 39th 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 outperformed due to strong stock selection. Reinhart lagged due to stock selection in Financials.
5. Within International Equity, 1607 matched their index. ABS Emerging outperformed by 1.99%.
6. Within Fixed Income, Loomis Sayles matched their benchmark. Marathon sits at 78% called with an IRR of +7.6%. 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 outperformed for the quarter, driven by their growth and technology bias.
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 55% called. IRR since inception is 16.3%. TerraCap is 100% called and issued their first distributions in December. Artemis made a small call (3% of commitment) and Centerbridge has called 29% 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 has called 20% of capital.
10. As of quarter end the Total Fund was in compliance with Public Act 314.

R.B. 23-080 MOTION by Lowenberg, supported by Garth, to approve the quarterly market rate of return of 3.2736% for the quarter ended June 30, 2023. MOTION CARRIED UNANIMOUSLY

Manager allocations and liquidity needs were reviewed. No action was recommended.

Landmark proposed amendment was discussed. They are asking for an extension to invest in deals that closed in 2022. Investment Consultant recommends signing consent to amendment.

R.B. 23-081 MOTION by Lowenberg, supported by Harvey, to acknowledge receipt of communication from Ares Re: Proposed Amendment No. 1 to the Second Amended and Restated Agreement of Limited Partnership of Landmark Real Estate Partners VIII, L.P., approve amendment, and direct that the Board President sign Consent to Amendment No. 1. MOTION CARRIED UNANIMOUSLY

Artemis communication regarding the Artemis Real Estate Partners Fund IV, L.P. and the most favored nations clause was discussed. No action was recommended.

There being no further business to come before the Board, the meeting was adjourned at 1:35 p.m.

Prepared by Megan Battersby, Retirement Program Director

Approved by Board Motion on September 19, 2023