

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

**NOVEMBER 14, 2023**

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

PRESENT: John Fisher; Duane Garth; Irv Lowenberg (late arrival); Brent Wilson

ABSENT: Audrey Harvey

ALSO

PRESENT: Michael VanOverbeke, Legal Counsel/VMT; Brian Green, Investment Consultant/AndCo; Megan Battersby, Retirement Program Director/SFPRS; Casey Ahlbrandt-Rains and Jason Taylor/GRS

**R.B. 23-096** MOTION by Wilson, supported by Garth, to approve Regular Meeting Minutes, Southfield Fire and Police Retirement System Board, October 10, 2023. MOTION CARRIED UNANIMOUSLY

**R.B. 23-097** MOTION by Wilson, supported by Garth, to acknowledge receipt of Portfolio Summary Report as of September 30, 2023, in the amount of \$187,712,775.66. MOTION CARRIED UNANIMOUSLY

**R.B. 23-098** MOTION by Wilson, supported by Garth, to approve payment of invoices as follows: Expense report from I. Lowenberg for October 10, 2023 meeting lunch; Invoice from Champlain for asset management services for the period July 01, 2023 to September 30, 2023 in the amount of \$24,128.91; Invoice from 1607 for asset management services for the period 7/1/23 through 9/30/23 in the amount of \$65,430.33; Invoice from Reinhart for asset management services for the period Quarter 3, 2023 in the amount of \$17,735.00; Invoice from MAPERS for 2024 membership renewal in the amount of \$200.00; Chase Cardmember Services statement for credit charges for the period 10/03/23 – 11/02/2023 in the amount of \$1,590.14; Invoice from GRS for regular actuarial services for the period July 1, 2023 through June 30, 2024 in the amount of \$17,600.00; Invoice from GRS for GASB Statements No. 67 and 68 Accounting Schedules as of June 30, 2023 in the amount of \$10,000.00 (City will pay \$2,500.00 fee for Michigan PA 202 disclosures); Expense report from J. Fisher for IFEBP 69<sup>th</sup> Annual Employee Benefits Conference. MOTION CARRIED UNANIMOUSLY

**R.B. 23-099** MOTION by Garth, supported by Wilson, to acknowledge receipt of Informational Items as follows: YTD 2023-2024 Budget; Loomis memo invoice. MOTION CARRIED UNANIMOUSLY

**R.B. 23-100** MOTION by Fisher, supported by Wilson, to acknowledge receipt and approval of Retirement Applications from P. Stempien (12/04/2023), K. Schneider (12/23/2023), J. Menifee (12/02/2023), T. McCoy (12/06/2023). MOTION CARRIED UNANIMOUSLY

**R.B. 23-101** MOTION by Fisher, supported by Wilson, to acknowledge receipt and approval of DROP Distribution Elections from D. Denham, K. Snook. MOTION CARRIED UNANIMOUSLY

**R.B. 23-102** MOTION by Fisher, supported by Garth, to acknowledge receipt and approval of Annuity Withdrawal Distribution Elections from K. Schneider, T. McCoy, K. Snook. MOTION CARRIED UNANIMOUSLY

GRS attended the meeting to present an overview of the June 30, 2023 valuation results. They explained that the purpose of the annual valuation is to measure the System's funding progress and to determine the employer contribution rate for the fiscal year beginning June 30, 2024. Determination of the computed employer contribution rate, actuarial experience, gain/loss experience, funding value of assets, and funded ratio history were discussed.

Irv Lowenberg entered the meeting during the valuation review.

**R.B. 23-103** MOTION by Wilson, supported by Garth, to accept and approve draft City of Southfield Fire and Police Retirement System 71st Actuarial Valuation Report as of June 30, 2023 with a computed employer contribution rate of 45.67% and a minimum dollar contribution of \$10,614,452 for the fiscal year beginning July 1, 2024, and direct that the actuary finalize the report and that the draft copy be sent to the City Fiscal Services Director. MOTION CARRIED UNANIMOUSLY

**R.B. 23-104** MOTION by Garth, supported by Wilson, to accept and approve draft City of Southfield Fire and Police Retirement System GASB Statement Nos. 67 and 68 Accounting and Financial Reporting for Pensions as of June 30, 2023 and direct that the actuary finalize the report and that the draft copy be sent to the City Fiscal Services Director. MOTION CARRIED UNANIMOUSLY

Proposed schedule of 2024 meeting dates was presented and discussed.

**R.B. 23-105** MOTION by Wilson, supported by Garth, to approve 2024 meeting dates as follows: January 16, February 13, March 12, April 9, May 14, June 11, July 9, August 13, September 10, October 8, November 12, December 10. MOTION CARRIED UNANIMOUSLY

**R.B. 23-106** MOTION by Wilson, supported by Garth, to approve changing the December 2023 meeting date from December 12 to December 5. MOTION CARRIED UNANIMOUSLY

John Fisher asked for Board approval to attend the TerraCap 2024 Annual Meeting from February 28, 2024 to March 1, 2024 in Naples Florida.

**R.B. 23-107** MOTION by Wilson, supported by Garth, to approve attendance at the TerraCap 2024 Annual Meeting from February 28, 2024 to March 1, 2024 in Naples Florida for any Board member. MOTION CARRIED UNANIMOUSLY

Legal Counsel recommended going into closed session to discuss attorney/client privileged communications regarding securities litigation.

**R.B. 23-108** MOTION by Wilson, supported by Garth, to move into closed session to discuss confidential securities litigation matters. Roll-call vote was taken. MOTION CARRIED UNANIMOUSLY

**R.B. 23-109** MOTION by Wilson, supported by Garth, to return to open session following discussion of confidential securities litigation matter. MOTION CARRIED UNANIMOUSLY

**R.B. 23-110** MOTION by Wilson, supported by Lowenberg, to acknowledge receipt of the Confidential Communications subject to the Attorney/Client Privilege dated October 20, 2023 and November 9, 2023 from the Board's General Counsel regarding New Relic, Inc.; the Board having discussed the communication and related attachments in closed session, the Board hereby resolves to authorize General Counsel in association with Robbins Geller Rudman & Dowd, LLP to pursue the action as provided therein and to authorize the Board President to authorize such action. MOTION CARRIED UNANIMOUSLY

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

Investment Consultant presented the performance review as of September 30, 2023. The Market Summary was as follows:

The Federal Reserve's persistent reframe of "high for longer" has caused investors to continually reassess their outlook for interest rates and the possibility of a recession. Eighteen months into the Fed's monetary tightening policies, the economy is showing meaningful shifts – moderating inflation and weakening consumers. Expectations became increasingly more pessimistic as the quarter came to an end with interest rates rising sharply and losses mounting across asset classes.

Strong performance for equities in July was erased by negative returns in August and September. The S&P 500 Index fell by 3.3% during the quarter (up 13.1% YTD). Small cap stocks struggled even more in the 3<sup>rd</sup> quarter (Russell 2000 Index: -5.1%), particularly small cap growth. Oil prices rose by close to \$20/barrel during the quarter, generating strong returns for Energy (up over 10% for the quarter); however, higher oil prices are generally not a positive for the markets or economy. The international markets also declined by low single digits with the emerging markets slightly outperforming the developed markets.

The sharp uptick in interest rates, especially along the back end of the yield curve, caused losses in July, August, and September (Bloomberg US Aggregate Index: -3.2%). The poor returns from investment grade bonds this quarter caused year-to-date returns to fall into negative territory. High yield outperformed and posted a positive return for the quarter (Bloomberg US Corporate High Yield: 0.5%). Investors have experienced volatile swings in expectations and market performance in 2023.

1. Total Fund return of -2.73% underperformed the Policy Index return of -2.49% and ranked in the 43<sup>rd</sup> percentile. The primary drivers of the outperformance were Champlain and Nantucket.
2. Within the Large Cap allocation, the S&P 500 Value and Dividend Aristocrats underperformed more growth-oriented indexes.
3. Within the small cap allocation, Champlain underperformed due to stock selection in Healthcare. Reinhart outperformed due to stock selection in Consumer Discretionary.
4. Within International Equity, 1607 nearly matched their index. ABS Emerging outperformed by 0.51%.
5. Within Fixed Income, Loomis Sayles beat their benchmark. Marathon sits at 78% called with an IRR of +8.7%. Distribution activity is expected to increase in Q4. Bloomfield Capital is 100% called.
6. Within the hedge fund allocation, Nantucket underperformed for the quarter, driven by their growth and technology bias.
7. Within Real Estate, All three PRISA funds underperformed for the quarter. JCR III and IV are both actively harvesting. Both funds are ahead of performance expectations. Ares (Landmark) Fund VII had continued activity during the quarter and is approximately 56% called. IRR since inception is 14.6%. TerraCap is 100% called. Artemis is 9.7% called and Centerbridge has called 35% of capital. Both have been actively investing capital using their line of credit.
8. Constitution Co-invest fund called 99% of the commitment. The Partnership fund has called 20% of capital.
9. As of quarter end the Total Fund was in compliance with Public Act 314.

**R.B. 23-111** MOTION by Lowenberg, supported by Garth, to approve the quarterly market rate of return of -2.7322% for the quarter ended September 30, 2023. MOTION CARRIED UNANIMOUSLY

Manager allocations and rebalancing was discussed. Investment Consultant may recommend a shift from comingled to a separately managed fund for the Loomis portfolio. He will recommend action in December after the Nantucket presentation that is scheduled. No action was advised at this time.

There being no further business to come before the Board, the meeting was adjourned at 2:33 p.m.

Prepared by Megan Battersby, Retirement Program Director

Approved by Board Motion on December 5, 2023