

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

February 13, 2024

The Board convened in Council Study at 12:00 p.m. The Meeting was started at 12:10 p.m. by President Fisher.

PRESENT: John Fisher; Brent Wilson; Irv Lowenberg; Audrey Harvey (late arrival)

ABSENT: Duane Garth

ALSO

PRESENT: Michael VanOverbeke, Legal Counsel/VMT; Brian Green, Investment Consultant/AndCo; Megan Battersby, Retirement Program Director/SFPRS; Kevin Smith and Tony Ahn/PRISA; Jason Jarjosa and Mike Lucci/Bloomfield Capital

R.B. 24-012 **MOTION** by Wilson, supported by Lowenberg, to approve Regular Meeting Minutes, Southfield Fire and Police Retirement System Board, January 16, 2024. **MOTION CARRIED UNANIMOUSLY**

R.B. 24-013 **MOTION** by Wilson, supported by Lowenberg, to acknowledge receipt of Portfolio Summary Report as of December 31, 2023, in the amount of \$198,665,412.79. **MOTION CARRIED UNANIMOUSLY**

R.B. 24-014 **MOTION** by Wilson, supported by Lowenberg, to approve payment of invoice as follows: Expense report from I. Lowenberg for January 16, 2024 meeting lunch; Credit card statement for charges for the period 01/03/24 – 02/02/24 in the amount of \$271.22; Invoice from Champlain for asset management services for the period October 1, 2023 to December 31, 2023 in the amount of \$26,855.48; Invoice from 1607 for asset management services for the period 10/1/23 through 12/31/23 in the amount of \$71,725.69; Invoice from Loomis Sayles for asset management services for the period October 1, 2023 through December 31, 2023 in the amount of \$15,297.38; Final invoice from Loomis Sayles for asset management services for the period January 1, 2024 through January 26, 2024 in the amount of \$4,438.10. **MOTION CARRIED UNANIMOUSLY**

R.B. 24-015 **MOTION** by Lowenberg, supported by Wilson, to acknowledge receipt of Informational Items as follows: YTD 2023-2024 Budget. **MOTION CARRIED UNANIMOUSLY**

R.B. 24-016 **MOTION** by Lowenberg, supported by Wilson, to acknowledge receipt and approval of DROP Applications from T. Dionne, I. Montgomery. **MOTION CARRIED UNANIMOUSLY**

R.B. 24-017 MOTION by Wilson, supported by Lowenberg, to acknowledge receipt and approval of Retirement Applications from J. Rakestraw, J. Smith. MOTION CARRIED UNANIMOUSLY

R.B. 24-018 MOTION by Fisher, supported by Wilson, to acknowledge receipt and approval of DROP Distribution Elections from K. Rochon, M. Douville, W. MacDonald, J. Rakestraw, D. Crysler. MOTION CARRIED UNANIMOUSLY

R.B. 24-019 MOTION by Wilson, supported by Fisher, to acknowledge receipt and approval of Annuity Withdrawal Distribution Election from J. Rakestraw. MOTION CARRIED UNANIMOUSLY

Investment Consultant presented a Private Debt Search with four candidates that are distinctly different. Board members were asked to review the search and be prepared to discuss in detail at the next meeting. No action was taken.

Investment Consultant presented the fourth quarter performance review as of December 31, 2023. The Market Summary was as follows:

A dramatic shift occurred across the capital markets during the fourth quarter. The quarter started with investors maintaining their pessimistic view of rates and economic activity. However, after the 10-year Treasury temporarily peaked above 5% in late October, everything changed. Falling Inflation rates and weakening labor markets suggested the Federal Reserve would abandon their “higher for longer” position (which they later announced). Interest rates declined quickly, and the equity and fixed income markets surged. The S&P 500 gained 11.69% during the quarter and finished the year up over 26%. Unlike prior quarters in 2023, the rally for stocks was broad based and small cap (Russell 2000) rose 14.03% in the fourth quarter. The international equity markets also produced strong results with the MSCI EAFE rising 10.42% and the MSCI Emerging Markets adding 7.86%. Fixed income benefited from the shift in expectations as well. The Bloomberg US Aggregate gained 6.82% for the quarter, lifting the index back into positive territory and generating a return of 5.53% for 2023. It was a wild ride in fixed income as interest rates finished the year nearly unchanged; however, rates rose and fell by over 1% across the yield curve during the past twelve months. High yield bonds (Bloomberg High Yield Index) flashed some impressive results, up 7.16% for the quarter and 13.45% for the year. Real estate continued to struggle, posting losses for the fifth consecutive quarter. 2024 is greeting investors with a slowing economy and a more accommodative Federal Reserve; hopefully, the markets will continue to deliver solid results.

1. Total Fund return of +7.47% outperformed the Policy Index return of 6.79% and ranked in the 74th percentile. The primary drivers of the outperformance were Reinhart and Nantucket.
2. Within the Large Cap allocation, the S&P 500 Value led the way with a +13.5% return, with Growth at +10.04% and Dividends at +8.3%.
3. Within the small cap allocation, Champlain under performed 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 underperformed by 1.5%.

5. Within Fixed Income, Loomis Sayles beat their benchmark. Marathon sits at 78% called with an IRR of +8.3% Distribution activity is increasing. Bloomfield Capital is 100% called.
6. Within the hedge fund allocation, Nantucket outperformed for the quarter, driven by their growth and technology bias.
7. Within Real Estate, all but PRISA II outperformed 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 60% called. IRR since inception is 13.8%. TerraCap is 100% called. Artemis is 13% 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 32% of capital.
9. As of quarter end the Total Fund was in compliance with Public Act 314.

Audrey Harvey entered meeting.

R.B. 24-020 MOTION by Lowenberg, supported by Wilson, to approve the quarterly market rate of return of 7.4701% for the quarter ended December 31, 2023. MOTION CARRIED UNANIMOUSLY

Investment Consultant discussed the pending acquisition of AndCo by Mariner, a private wealth management firm. AndCo will be rebranded as Mariner Institutional, and he stressed that no changes will be made to the service team who will continue to work with the Board as they have done in the past. Because there is a change in ownership/control, he asked that the Board execute the consent for assignment, as presented.

R.B. 24-021 MOTION by Fisher, supported by Wilson, to acknowledge correspondence from Investment Consultant regarding the acquisition of AndCo Consulting, LLC by Mariner, LLC with an anticipated close date of April 2, 2024, and direct that the President sign the Consent for Assignment of Investment Consulting Services Agreement. MOTION CARRIED UNANIMOUSLY

PRISA presented an annual update to the Board. They provided a firm and real estate overview. They discussed the performance and composition of each individual fund and indicated that they believe they are well positioned in the market.

Bloomfield Capital provided a fund update to the Board. They presented an overview that included a breakdown of sector, duration, cash flow, and investor status in each fund. They reviewed the investment profile of various properties and the opportunities to call capital.

The term for Police Representative to the Board is expiring March 31, 2024 so an election for the position is required and was discussed.

R.B. 24-022 **MOTION** by Wilson, supported by Lowenberg, to approve the election process for Police Representative to the Board as outlined in the Notice of Nomination & Election of Police Representative to the Southfield Fire & Police Retirement System Board for the Term of Office Commencing April 1, 2024 and Expiring March 31, 2028, as presented. **MOTION CARRIED UNANIMOUSLY**

A draft contract for the Retirement Program Director was sent to Board members for review from Legal Counsel but not all Board members had sufficient time to review it. The item was tabled until the March meeting.

Legal Counsel presented Martin EDRO resolution as follows and recommended that the Board adopt it:

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

RESOLUTION

Adopted: February 13, 2024

RE: **John B. Martin v. Heather L. Martin**
Oakland County Circuit Court Case No. 22-515047-DM

WHEREAS, the Board of Trustees is in receipt of an Eligible Domestic Relations Order dated January 8, 2024, wherein Heather L. Martin, the Alternate Payee, is awarded certain rights to the benefits of John B. Martin, the Participant, and

WHEREAS, the Alternate Payee is only entitled to claim a portion of the Participant's DROP Account balance in the amount of \$44,784.72, including any interest accrued from August 15, 2023 until distribution to the Alternate Payee, and is otherwise not entitled to a portion of the Participant's retirement benefit from both the defined benefit plan or the defined contribution plan, and

WHEREAS, the Participant is required to designate the Alternate Payee as the automatic 60% surviving spouse for his retirement benefits payable from the Retirement System, and

WHEREAS, the payment from the DROP Account to the Alternate Payee shall begin as soon as it allowable under the provisions of the Retirement System and the DROP, 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 shall be 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 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 John B. Martin, the Participant; Ronald W. Tolbert, II, Esq., attorney for the Participant; Heather L. Martin, the Alternate Payee; and Gaylen Curtis, Esq., attorney for the Alternate Payee.

R.B. 24-023 **MOTION** by Wilson, supported by Lowenberg, to adopt John Martin v. Heather Martin EDRO Resolution as presented. **MOTION CARRIED UNANIMOUSLY**

Legal Counsel discussed PA 214 amendments to the Open Meetings Act and what specific requirements the Board wants to include in a policy. He presented a draft Retirement Systems Rules and Procedures which incorporates specific OMA procedures for the trustees to review and discuss at the March meeting.

Retirement Program Director provided a brief synopsis of the (virtual) capabilities of the WebEx board in Council Study. To have a fully virtual meeting, access using a (laptop) computer is necessary.

R.B. 24-024 **MOTION** by Fisher, supported by Wilson, to approve that the Retirement Program Director pursue purchasing a laptop from the City Technology Services Department. **MOTION CARRIED UNANIMOUSLY**

There being no further business to come before the Board, the meeting was adjourned at 2:49 p.m.

Prepared by Megan Battersby, Retirement Program Director

Approved by Board Motion on March 12, 2024