

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

August 13, 2024

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

PRESENT: Duane Garth; Audrey Harvey; Irv Lowenberg; Brent Wilson

ABSENT: John Fisher

ALSO

PRESENT: Michael VanOverbeke, Legal Counsel/VMT; Brian Green, Investment Consultant/AndCo; Megan Battersby, Retirement Program Director/SFPRS; Alex Gilbert and Richard Debo and Rachel Salemo and Alec Cornell/Artemis (virtually); Keith Merrill and Matt Dabrowski and Delany Kennedy and Taylor Hardison/Centerbridge (virtually)

R.B. 24-060 MOTION by Harvey, supported by Wilson, to approve Special Meeting Minutes, Southfield Fire and Police Retirement System Board, July 2, 2024. MOTION CARRIED UNANIMOUSLY

R.B. 24-061 MOTION by Harvey, supported by Lowenberg, to acknowledge receipt of Portfolio Summary Report as of June 30, 2024, in the amount of \$200,322,786.24 and Portfolio Summary Report as of July 31, 2024, in the amount of \$204,206,937.18. MOTION CARRIED UNANIMOUSLY

R.B. 24-062 MOTION by Harvey, supported by Wilson, to approve payment of invoices as follow: Credit card statement for period 06/03/24 – 07/02/24 in the amount of \$508.62; Credit card statement for the period 07/03/24 – 08/02/24 in the amount of (\$915.80); Fiduciary Liability Insurance Premium reimbursement to City of Southfield for policy term 7/1/2023 – 7/1/2024 in the amount of \$24,585.96; Invoice from Reinhart for asset management services for the period Quarter 2, 2024 in the amount of \$21,717.00; Invoice from YCM for asset management services for the period 4/1/2024 – 6/30/2024 in the amount of \$9,033.15; Invoice from NIS for asset management services for the period April 01, 2024 through June 30, 2024 in the amount of \$12,109.00; Invoice from 1607 for asset management services for the period 4/1/24 through 6/30/24 in the amount of \$66,708.47; Invoice from Champlain for asset management services for the period April 01, 2024 to June 30, 2024 in the amount of \$26,999.98; Invoice from Boyd Watterson for asset management services for the period 4/1/2024 through 6/30/2024 in the amount of \$10,077.00. MOTION CARRIED UNANIMOUSLY

R.B. 24-063 MOTION by Harvey, supported by Wilson, to acknowledge receipt of Informational Items as follows: YTD 2023-2024 Budget, Northern Trust invoice for period ended June 30, 2024, GRS fee letter. MOTION CARRIED UNANIMOUSLY

R.B. 24-064 MOTION by Wilson, supported by Lowenberg, to acknowledge receipt and approval of DROP Application from A. Freeman. MOTION CARRIED UNANIMOUSLY

R.B. 24-065 MOTION by Wilson, supported by Lowenberg, to acknowledge receipt and approval of Retirement Application from K. Butler. MOTION CARRIED UNANIMOUSLY

R.B. 24-066 MOTION by Wilson, supported by Lowenberg, to acknowledge receipt and approval of DROP Distribution Elections from T. Barr, D. Crysler, P. Bourlier, T. Literacki, H. Martin, D. Denham. MOTION CARRIED UNANIMOUSLY

R.B. 24-067 MOTION by Wilson, supported by Lowenberg, to acknowledge receipt and approval of Annuity Withdrawal Distribution Election from E. Nelson. MOTION CARRIED UNANIMOUSLY

Legal Counsel discussed the two opinion letters that were presented to the Board that analyze where the investments qualify under Act 314. Discussion ensued regarding 314 limits.

R.B. 24-068 MOTION by Lowenberg, supported by Wilson, to receive and file letter from Legal Counsel dated June 4, 2024 Re: Blue Ocean Onshore Fund II LP. MOTION CARRIED UNANIMOUSLY

R.B. 24-069 MOTION by Garth, supported by Wilson, to receive and file letter from Legal Counsel dated June 24, 2024 Re: MDCF II, L.P. Compliance with Public Act 314 of 1965, as amended. MOTION CARRIED UNANIMOUSLY

Artemis provided an annual update to the Board. 24% of the portfolio has been called. While investment is slower than anticipated, they are confident that they are on track to produce target returns. They provided an update of the firm and Fund IV composition.

Centerbridge provided an annual update to the Board. They gave an overview of the firm. They indicated that the private equity landscape is becoming crowded, but they are becoming specialized in real estate themes. They talked about their real estate strategy and investing principles and reviewed performance.

Investment Consultant presented Investment Performance Review for the Period Ending June 30, 2024. Market Summary was as follows:

The US economy continued to expand during the 2nd quarter despite approaching two years with an inverted yield curve. However, signs of a weakening consumer are emerging – rising levels of

debt, increasing delinquencies, and declining consumer sentiment. The Federal Reserve appears to be slowly winning their battle against inflation with the higher for longer approach. Expectations for interest rate cuts were reduced and delayed for a second time this year in April, driving interest rates higher and leading to a selloff in stocks and bonds. Rates drifted lower in the final two months of the quarter and the markets recovered some of the losses. The S&P 500 rose +4.3% in the 2nd quarter, led by large cap growth equities. Small and mid-cap stocks declined in April and June, ending the quarter in negative territory (Russell Mid Cap -3.4%; Russell 2000 -3.3%). International stocks struggled during the quarter, due in part to political uncertainty (MSCI EAFE = -0.4%); the emerging markets fared much better (MSCI EM +5.0%). Fixed income was flat for the quarter as late gains offset early losses (Bloomberg US Aggregate +0.1%). High yield was again a top performer in fixed income (Bloomberg US High Yield +1.1%). Real estate appears to be improving – lower rates should generate more transactions and better visibility to values.

1. Total Fund return of +0.83% underperformed the Policy Index return of 1.43% and ranked in the 63rd percentile. The primary drivers of the underperformance were the overweight to Small Cap and focus on Value and Dividends in the Large Cap allocation.
2. Within the Large Cap allocation, the S&P 500 Growth led the way with a +9.6% return, with Value at +2.1% and Dividends at -4.6%.
3. Within the small cap allocation, Champlain and Reinhart both outperformed.
4. Within International Equity, 1607 outperformed their index. ABS Emerging nearly matched their index.
5. Within Fixed Income, both Boyd Watterson and NIS outperformed for the quarter. Marathon sits at 78% called with an IRR of +8.9% Distribution activity is increasing. Bloomfield Capital is 100% called.
6. Within the hedge fund allocation, Nantucket lagged the index. A redemption request for \$5,000,000 has been entered for the 9/30/24 queue.
7. Within Real Estate, only PRISA III 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 64% called. IRR since inception is 11.6%. TerraCap is 100% called. Artemis is 25% called and Centerbridge has called 37% 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 39% of capital.
9. As of quarter end the Total Fund was in compliance with Public Act 314.

The Board discussed Champlain's underperformance over the last year and would like them put on watch.

R.B. 24-070 MOTION by Lowenberg, supported by Harvey, to approve the quarterly market rate of return of .8343% as of June 30, 2024. MOTION CARRIED UNANIMOUSLY

R.B. 24-071 MOTION by Lowenberg, supported by Wilson, to receive and file Investment Performance Review for the Period ending June 30, 2024. MOTION CARRIED UNANIMOUSLY

Investment Consultant presented updated market values and review of manager allocations. He recommended raising \$1,000,000 in cash for liquidity needs.

R.B. 24-072 MOTION by Wilson, supported by Lowenberg, to rebalance the portfolio per Investment Consultant's recommendation as follows: transfer \$1,000,000 from Reinhart Small Cap Fund to Cash Fund. MOTION CARRIED UNANIMOUSLY

Investment Consultant asked to table PRISA III Fund – Consent to Proposed Amendment until next month as he wanted more time to review the proposed amendment.

The proposed budget for the fiscal year July 1, 2024 to June 30, 2025 was discussed.

R.B. 24-073 MOTION by Harvey, supported by Wilson, to approve proposed annual budget for the period July 1, 2024 to June 30, 2025, as presented. MOTION CARRIED UNANIMOUSLY

R.B. 24-074 MOTION by Lowenberg, supported by Garth, to designate Brent Wilson and John Fisher as official delegates for the MAPERS 2024 Fall Conference. MOTION CARRIED UNANIMOUSLY

Legal Counsel discussed the final draft of Rules of Procedure that were sent to Board members following the June meeting. There were no additional questions or edits.

R.B. 24-075 MOTION by Harvey, supported by Wilson, to approve Rules of Procedure, as presented. MOTION CARRIED UNANIMOUSLY

Retirement Program Director brought information on a benefit payment participant web passport that Northern Trust is offering to the Board. It will allow participants to perform various changes themselves, download tax forms, and review payment history. Retirement Administrator was instructed to become familiar with specific features and report back to the Board.

There being no further business to come before the Board, the meeting was adjourned at 2:37 p.m.

Prepared by Megan Battersby, Retirement Program Director

Approved by Board Motion on September 10, 2024