

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

NOVEMBER 12, 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; Duane Garth; Irv Lowenberg (late arrival); Brent Wilson (via phone)

ABSENT: Audrey Harvey

ALSO

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

R.B. 24-093 **MOTION** by Garth, supported by Wilson, to approve Regular Meeting Minutes, Southfield Fire and Police Retirement System Board, October 8, 2024. **MOTION CARRIED UNANIMOUSLY**

R.B. 24-094 **MOTION** by Wilson, supported by Garth, to acknowledge receipt of Portfolio Summary Report as of October 31, 2024, in the amount of \$210,053,043.22. **MOTION CARRIED UNANIMOUSLY**

R.B. 24-095 **MOTION** by Wilson, supported by Garth, to approve payment of invoice as follows: Expense report from I. Lowenberg for October 8, 2024 meeting lunch; Credit card statement for the period 09/03/24 – 10/02/24 in the amount of \$1,678.12; Invoice from Reinhart for asset management services for the period Quarter 3, 2024 in the amount of \$21,837.00; Invoice from NIS for asset management services for the period July 1, 2024 through September 30, 2024 in the amount of \$12,567.00; Invoice from 1607 for asset management services for the period 7/1/24 through 9/30/24 in the amount of \$72,077.91; Invoice from Champlain for asset management services for the period 01 July 2024 to 30 September 2024 in the amount of \$29,088.16; MAPERS annual membership renewal for 2025 in the amount of \$200.00. **MOTION CARRIED UNANIMOUSLY**

R.B. 24-096 **MOTION** by Garth, supported by Wilson, to acknowledge receipt of Informational Items as follows: YTD 2024-2025 Budget. **MOTION CARRIED UNANIMOUSLY**

R.B. 24-097 **MOTION** by Fisher, supported by Wilson, to acknowledge receipt and approval of Retirement Applications from D. Elmore, M. Meyer, K. Buckberry, K. Karpinsky. **MOTION CARRIED UNANIMOUSLY**

R.B. 24-098 MOTION by Fisher, supported by Wilson, to acknowledge receipt and approval of DROP Distribution Elections from K. Lech, P. Meyer. MOTION CARRIED UNANIMOUSLY

R.B. 24-099 MOTION by Fisher, supported by Wilson, to acknowledge receipt and approval of Annuity Withdrawal Distribution Elections from D. Elmore, M. Meyer, K. Buckberry, K. Karpinsky. MOTION CARRIED UNANIMOUSLY

GRS was in attendance to present the draft actuarial valuation as of June 30, 2024. They discussed the purpose of the actuarial valuation, key results, and experience gain/loss. Increases in unfunded liability were driven mainly by salary increases, retirement experience, and asset experience on a funding basis, offset slightly by gains due to active terminations. The increase in payroll since 2023 resulted in a decrease to the City's contribution rate, although the projected dollar amount is expected to be about 5% higher, or an increase of approximately \$500,000.

Irv Lowenberg entered the meeting during the valuation review.

R.B. 24-100 MOTION by Lowenberg, supported by Garth, to accept and approve draft City of Southfield Fire and Police Retirement System 72nd Actuarial Valuation Report as of June 30, 2024 with a computed employer contribution rate of 44.45% and a minimum dollar contribution of \$11,101,262 for the fiscal year beginning July 1, 2025, 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. 24-101 MOTION by Garth, supported by Lowenberg, to approve 2025 meeting dates as follows: January 14, February 11, March 11, April 8, May 13, June 10, July 8, August 12, September 9, October 21, November 18, December 9. MOTION CARRIED UNANIMOUSLY

ABS was in attendance to present an annual investment update. An overview of the firm and organizational chart was reviewed. Portfolio returns and risks were discussed. Emerging markets are up nearly 17% YTD in 2024. Key Asian markets have driven performance higher but Latin markets have lagged.

Investment Consultant presented the performance review as of September 30, 2024. The Market Summary was as follows:

Entering July, investors anticipated the Federal Reserve would reduce rates by 25 basis points after the election. However, early during the quarter the unemployment rate rose, the US consumer showed signs of weakening, and inflation continued to subside, leading investors to accelerate their expectations for rate cuts from the Fed. Interest rates fell sharply, particularly along the shorter end of the yield curve. Small caps soared in July as market leadership shifted from large growth to small cap and value stocks. As the quarter progressed stocks and bonds continued to rally but at a more modest pace. Small and mid-cap stocks led the markets, returning over 9% during the quarter and handily outperforming the S&P 500 (5.9%). International equity markets also enjoyed strong results. Core fixed income (Bloomberg US Aggregate) and high yield

(Bloomberg Corporate High Yield) posted impressive gains of 5.2%, and 5.3%, respectively. Real estate recorded a small gain for the quarter, reversing over a year of losses and intimating better results may be in the future.

1. Total Fund return of +5.64% outperformed the Policy Index return of 5.17% and ranked in the 39th percentile. The primary drivers of the outperformance were the focus on Value and Dividends in the Large Cap allocation.
2. Within the Large Cap allocation, the S&P Dividend Aristocrat led the way with a +11.7% return, with Value at +9.0% and Growth at +3.8%.
3. Within the small cap allocation, Champlain underperformed while Reinhart outperformed.
4. Within International Equity, 1607 outperformed their index. ABS Emerging lagged due to an underweight to Taiwan Semi Conductor.
5. Within Fixed Income, both Boyd Watterson and NIS matched for the quarter. Marathon sits at 78% called with an IRR of +9.7% Distribution activity is increasing. Bloomfield Capital is 100% called. During the quarter capital calls were made for Monroe Capital Fund V, Marathon Distressed Credit Fund II and EnTrust Blue Ocean Fund II.
6. Within the hedge fund allocation, Nantucket outperformed the index. A redemption request for \$5,000,000 has been entered for the 9/30/24 queue.
7. Within Real Estate, PRISA I, II and III all 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 32% called and Centerbridge has called 42% 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 45% of capital.
9. As of quarter end the Total Fund was in compliance with Public Act 314.

R.B. 24-102 MOTION by Lowenberg, supported by Garth, to approve the quarterly market rate of return of 5.6398% for the quarter ended September 30, 2024. MOTION CARRIED UNANIMOUSLY

Legal Counsel addressed the information request for name and pension amount that was received from HR. The same request was received in 2020, and only union and monthly pension amount were provided at that time. He doesn't see a reason to deny the request from the employer but wanted to discuss what information should be provided. He suggested that only union and monthly pension amount be provided again with a strong disclaimer consistent with what was provided in 2020 seeking to protect the confidentiality of retirees.

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

There being no further business to come before the Board, the meeting was adjourned at 2:55 p.m.

Prepared by Megan Battersby, Retirement Program Director

Approved by Board Motion on December 10, 2024