

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

FEBRUARY 11, 2025

The Board convened in Council Study at 12:00 p.m. The Meeting was started at 12:07 p.m. by President Fisher.

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

ABSENT:

ALSO

PRESENT: Michael VanOverbeke, Legal Counsel/VMT; Brian Green, Investment Consultant/Mariner; Megan Battersby, Retirement Program Director/SFPRS; Chris McKay and Brian Fake/1607; Chris Carmody and Sean White/ABS

R.B. 25-010 **MOTION** by Harvey, supported by Wilson, to approve Regular Meeting Minutes, Southfield Fire and Police Retirement System Board, January 14, 2025. **MOTION CARRIED UNANIMOUSLY**

R.B. 25-011 **MOTION** by Harvey, supported by Wilson, to acknowledge receipt of Portfolio Summary Report as of January 31, 2025, in the amount of \$207,624,248.74. **CARRIED UNANIMOUSLY**

R.B. 25-012 **MOTION** by Harvey, supported by Wilson, to approve payment of invoices as follows: Expense report from I. Lowenberg for January 14, 2025 meeting lunch; Invoice from NIS for asset management services for the period October 1, 2024 through December 31, 2024 in the amount of \$12,269.00; Invoice from Reinhart for asset management services for the period Quarter 4, 2024 in the amount of \$21,601.00; Invoice from Champlain for asset management services for the period October 1, 2024 through December 31, 2024 in the amount of \$30,583.49; Invoice from 1607 for asset management services for the period 10/1/24 – 12/31/24 in the amount of \$67,426.31; Invoice from Boyd Watterson for asset management services for the period 10/1/2024 through 12/31/2024 in the amount of \$10,093.00; Credit card statement for the period 01/03/25 – 02/02/25 in the amount of \$90.83. **MOTION CARRIED UNANIMOUSLY**

R.B. 25-013 **MOTION** by Wilson, supported by Lowenberg, to acknowledge receipt of Informational Items as follows: YTD 2024-2025 Budget; GRS info re: actuarial audit; Federal Legislative Update from VMT. **MOTION CARRIED UNANIMOUSLY**

Duane Garth entered the meeting.

R.B. 25-014 MOTION by Wilson, supported by Fisher, to acknowledge receipt and approval of DROP Application from C. Harper. MOTION CARRIED UNANIMOUSLY

R.B. 25-015 MOTION by Wilson, supported by Fisher, to acknowledge receipt and approval of Retirement Applications from A. Freeman, C. Harper. MOTION CARRIED UNANIMOUSLY

R.B. 25-016 MOTION by Wilson, supported by Fisher, to acknowledge receipt and approval of DROP Distribution Elections from D. Denham, A. Rodgers, C. Clark, C. Harper, A. Freeman. MOTION CARRIED UNANIMOUSLY

R.B. 25-017 MOTION by Wilson, supported by Fisher, to acknowledge receipt and approval of Annuity Withdrawal Distribution Elections from C. Harper, A. Freeman. MOTION CARRIED UNANIMOUSLY

The Board discussed actuarial audit requirements and the information from GRS contained in the Informational Items section. They discussed budgeting for the audit, scope and players, and whether the RFP for audit should include actuarial services.

The Board discussed the annual review of the Retirement Program Director. She has a perpetual contract with built-in increases for five years. Trustees Fisher, Lowenberg and Wilson all commented that they have received positive feedback and glowing reviews from members.

R.B. 25-018 MOTION by Harvey, supported by Wilson, to acknowledge the fine performance of Retirement Program Director and retention of her services. MOTION CARRIED UNANIMOUSLY

ABS presented an annual update to the Board. They provided a firm overview and reviewed the firm organizational chart. They discussed concentration of performance and factor trends, key risks, and opportunities ahead.

1607 presented an annual review to the Board. They provided an overview of the firm and their proven team. They reviewed calendar year performance and discussed characteristics of 1607 such as singular focus, experience, client driven culture, disciplined capacity, and independence.

Investment Consultant presented Investment Performance Review for the Period Ending December 31, 2024. The Executive Summary was as follows:

The fourth quarter of 2024 saw a mixed performance across global stock and bond markets. Rising global interest rates, driven by persistent inflationary pressures and concerns about the pace of economic growth, weighed heavily on bond markets (Bloomberg US Aggregate -3.06%). US equities continued their strong run, driven by robust corporate earnings and optimism surrounding the new administration's policies; however, international markets experienced greater volatility. Within the US equity market, large-cap stocks outperformed their smaller-cap counterparts. The S&P 500 Index experienced a modest but positive return (2.41%), driven by strong performances from technology and consumer discretionary sectors. In contrast, the Russell 2000 Index returned

-0.33%, which tracks small-cap US equities, exhibited more subdued growth, facing challenges from rising interest rates and concerns about slowing economic growth. International and emerging markets, particularly those heavily reliant on commodity exports, faced headwinds due to a slowdown in global demand (MSCI EAFE -8.11%; MSCI EM -8.01%).

1. Total Fund return of -1.25% underperformed the Policy Index return of -0.96% and ranked in the 65th percentile. The primary drivers of the underperformance were the focus on Value and Dividends in the Large Cap allocation.
2. Within the Large Cap allocation, the S&P Dividend Aristocrat returned -6.18%, with Value at -2.68% and Growth at +6.19%.
3. Within the small cap allocation, Champlain outperformed while Reinhart underperformed.
4. Within International Equity, 1607 and ABS outperformed their index.
5. Within Fixed Income, both Boyd Watterson and NIS outperformed for the quarter. Marathon I continues to distribute capital each quarter, Fund II is 38% deployed. 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. Churchill deployed 100% of the committed capital during the quarter.
6. Within the hedge fund allocation, Nantucket lagged the index.
7. Within Real Estate, PRISA I, II and III all outperformed for the quarter. JCR IV is actively harvesting. Ares (Landmark) Fund VII had continued activity during the quarter and is approximately 66% called. IRR since inception is 9.9%. TerraCap is 100% called. Artemis is 41% called and Centerbridge has called 42% of capital.
8. Constitution Co-invest fund called 99% of the commitment. The Partnership fund has called 56% of capital.
9. As of quarter end the Total Fund was in compliance with Public Act 314.

R.B. 25-019 MOTION by Lowenberg, supported by Harvey, to approve the quarterly market rate of return of -1.2482% for the quarter ended December 31, 2024. MOTION CARRIED UNANIMOUSLY

R.B. 25-020 MOTION by Wilson, supported by Harvey, to approve rebalancing of the portfolio by transferring \$500,000 from Reinhart Small Cap Fund, \$1,200,000 from Champlain Small Cap Fund, and \$2,200,000 from 1607 Capital Fund to Cash. MOTION CARRIED UNANIMOUSLY

The Investment Policy Statement is reviewed annually. Investment Consultant is recommending no changes.

R.B. 25-021 MOTION by Lowenberg, supported by Harvey, to approved reviewed Investment Policy Statement as of February 2025 noting no changes to the document.
MOTION CARRIED UNANIMOUSLY

Legal Counsel picked up the prior discussion regarding an actuarial audit and proceeded to ask the Board specific questions about the direction and depth of the RFP. It was decided that the RFP would request pricing for both an audit and full actuarial work. If agreeable to both the RHC and SERS Systems, the RFP will be issued jointly and will request pricing both individually and as a group.

Legal Counsel will have a final RFP for Board review at the March 11 meeting with the intent to issue on March 14, indication of intent to respond requested by April 14, and final proposals due by the end of April.

Retirement Program Director indicated that Spring MAPERS information is available and to let her know if anyone would like to be registered.

There being no further business to come before the Board, the meeting was adjourned at 2:50 p.m.

Prepared by Megan Battersby, Retirement Program Director

Approved by Board Motion on March 11, 2025