

**MINUTES OF THE REGULAR MEETING OF
SOUTHFIELD FIRE & POLICE RETIREMENT SYSTEM BOARD**

October 14, 2014

The Board convened in Council Study at 9:00 a.m. with President Fisher presiding.

PRESENT: John Fisher, Shawn Wells, Duane Garth

ABSENT: Audrey Harvey, Irv Lowenberg

ALSO

PRESENT: Michael VanOverbeke/Legal Counsel, George Vitta/Asset Consultant, Megan Battersby/Retirement Program Administrator, Lauri Siskind/Human Resources Director, David Sowerby/Loomis Sayles

R.B. 14-128 MOTION by Wells, supported by Garth, to approve the September 8, 2014 regular meeting minutes. MOTION CARRIED UNANIMOUSLY

R.B. 14-129 MOTION by Wells, supported by Garth, to acknowledge receipt of the Cash & Asset Statement as of August 31, 2014 in the amount of \$202,456,621.33. MOTION CARRIED UNANIMOUSLY

R.B. 14-130 MOTION by Wells, supported by Garth, to acknowledge payment of invoices as follows: Invoice from Asset Strategies for asset consulting services for the month of September, 2014 in the amount of \$9,316.68; Invoice from Chase Card Services for VISA charges for the period 8/4/14 – 9/3/14 in the amount of \$1,100.00; Invoice from NCPERS for annual membership renewal for 2015 in the amount of \$250.00; Invoice from IFEBP for annual membership renewal for 2015 in the amount of \$945.00 (with \$110 reimbursement from SERS); Invoice from VanOverbeke, Michaud & Timmony for legal services rendered for the period January 1, 2014 through March 31, 2014 in the amount of \$8,269.00; Invoice from The Northern Trust Company for all services rendered for the quarter ending 9/30/14 in the total amount of \$24,692.92 (direct debit); Expense report from M. Battersby for Fall MAPERS Conference in the amount of \$1,022.94; Expense report from E. Wells for Fall MAPERS Conference in the amount of \$1,173.20; Expense report from J. Fisher for Fall MAPERS Conference in the amount of \$1,211.14; Expense report from A. Harvey for Fall MAPERS Conference in the amount of \$1,230.94; Invoice from Johnson Legal of Florida, P.L. for work in conjunction with the reinstatement of agricultural use classification for Avignon dated 10/1/14 in the amount of \$818.15; Invoice from Chase for VISA charges for the period 9/4/14 – 10/3/14 in the amount of \$2,737.35; Invoice from Morgan Dempsey for asset management services for the 3rd quarter 2014 in the amount of \$25,783.00; Invoice from Livingston York Advisors for asset consulting regarding Avignon for the period July 1, 2014 – September 30, 2014 in the amount of \$3,262.50. MOTION CARRIED UNANIMOUSLY

R.B. 14-131 MOTION by Wells, supported by Garth, to approve the Consent Agenda including letter from Nantucket regarding personnel changes, YTD 2014/2015 Budget and

Correspondence received during the period September 8, 2014 through October 10, 2014.
MOTION CARRIED UNANIMOUSLY

R.B. 14-132 MOTION by Wells, supported by Garth, to acknowledge receipt of Retirement Applications from D. LaFollette, Fire, 10/2/14; R. Petranovic, Fire, 10/9/14; M. Hilla, Fire, 11/1/14; T. Cary, Fire, 12/1/14; J. Fisher, Command, 12/1/14; K. Mukomel, Command, 12/1/14. MOTION CARRIED UNANIMOUSLY

R.B. 14-133 MOTION by Wells, supported by Garth, to acknowledge receipt of DROP Distribution Elections from T. Cary, M. Hilla, K. Birberick and R. Petranovic. MOTION CARRIED UNANIMOUSLY

R.B. 14-134 MOTION by Wells, supported by Garth, to acknowledge receipt of Annuity Withdrawal Distribution Elections from T. Cary, J. Ferrera, J. Fisher, M. Hilla, Kelly Mukomel and R. Petranovic. MOTION CARRIED UNANIMOUSLY

Mr. VanOverbeke indicated that there was no legislative update to report for the month. The monthly Avignon update letter from Livingston York Advisors was accepted. A beneficiary designation form for members with greater than 10 years of service was discussed. The only in-service non-duty death benefit is per Act 345 and requires 20 years of service for Police and Police Command but Fire did negotiate for the benefit to apply after 10 years of service. Mr. VanOverbeke with finalize a form and cover letter for approval in November. The amendment of PA 54 by bill 5097 was mentioned as it applies to Fire and Police and the un-freezing of step raises with expired contracts.

R.B. 14-135 MOTION by Wells, supported by Garth, to acknowledge Memo of Understanding retaining John Fisher as a Board Trustee upon retirement and allowing him to be re-elected as a retiree. MOTION CARRIED UNANIMOUSLY

2015 meeting dates were discussed. A change to Tuesday was requested by Ms. Harvey to better accommodate her schedule.

R.B. 14-136 MOTION by Wells, supported by Garth, to adopt the meeting date change to the second Tuesday of each month (except for September) as follows: January 13, February 10, March 10, April 14, May 12, June 9, July 14, August 11, September 15, October 13, November 10 and December 8. MOTION CARRIED UNANIMOUSLY

The expiring guest fee extended to Mr. Wells for the NCPERS Public Safety Conference was discussed. Mr. Wells wishes to reimburse the Retirement System and will do so immediately.

Mr. Sowerby was present to address the Board. He had three topics to discuss: an update on the large cap value fund, an update on the existing core plus bond portfolio and a discussion of a different fixed income strategy called strategic alpha or non-traditional. He also addressed current personnel changes including additions and deletions.

The large cap and core plus full discretion bond portfolios are doing what they are supposed to be doing for us. Strategic alpha has elements similar to core plus full discretion with aspects that focus on adding value such as credit, curve position and views on currency. The main difference is that there is a greater heed to risk control and risk control in dampening volatility or standard deviation. It has an added feature

of stronger adherence to less volatility, a tighter standard deviation in the spirit of greater risk control in an environment where you are more likely to see headwinds in the bond market given the likely path of interest rates over the longer term time period. Basically, they have the ability to shorten the duration.

Mr. Vitta updated the Board on Nantucket and the departure of Andrew Hopper for personal reasons.

R.B. 14-137 MOTION by Wells, supported by Garth, to place Nantucket on probation for the period of October 1, 2014 through March 31, 2015 because of personnel changes. MOTION CARRIED UNANIMOUSLY

The capital markets and U.S. economic updates were discussed by Mr. Vitta. The month of September was a loser for stocks, international equities and global fixed income. The bulk of economic indicators are still favorable, however. Northern Trust has asked the Retirement System to pick a new cash collateral investment fund for securities lending. Mr. Vitta recommends the NIALP fund.

R.B. 14-138 MOTION by Garth, supported by Wells, to select the Northern Institutional Liquid Assets Portfolio (NILAP) for investment of securities lending cash collateral. MOTION CARRIED UNANIMOUSLY

Finally, Mr. Vitta presented a liquidity schedule plan through June, 2015.

R.B. 14-139 MOTION by Wells, supported by Garth, to accept the updated liquidity plan through June, 2015 as presented. MOTION CARRIED UNANIMOUSLY

Meeting adjourned at 11:25 a.m.

Prepared by Megan Battersby
Retirement Program Administrator

Audrey Harvey
Secretary