

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

**December 13, 2016**

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The Board convened in Training Room 2 in the Human Resources Department at 9:00 a.m. with President Fisher presiding. The Meeting was started at 9:05 a.m.

**PRESENT:** John Fisher, Shawn Wells, Duane Garth, Audrey Harvey, Irv Lowenberg

**ABSENT:**

**ALSO**

**PRESENT:** Michael VanOverbeke/Legal Counsel, George Vitta and Brian Green/Investment Consultants, Megan Battersby/Retirement Program Administrator, Lauri Siskind/Human Resources Director, Cathy Stodgill, Ping Ying Wang and Chris Faems/Invesco (via phone)

**R.B. 16-149** **MOTION** by Wells, supported by Harvey, to approve the November 8, 2016 meeting minutes. **MOTION CARRIED UNANIMOUSLY**

**R.B. 16-150** **MOTION** by Lowenberg, supported by Wells, to acknowledge receipt of the Cash & Asset Statement as of October 31, 2016 in the amount of \$188,432,927.31. **MOTION CARRIED UNANIMOUSLY**

**R.B. 16-151** **MOTION** by Wells, supported by Lowenberg, to approve payment of invoices as follows: Invoice from Chase for credit card purchases for the period 10/03/16 – 11/02/16 in the amount of \$1,323.24; Invoice from The Bogdahn Group for investment consulting services for the month of September, 2016 in the amount of \$8,626.17; Invoice from The Bogdahn Group for investment consulting services for the month of October, 2016 in the amount of \$8,804.38; Invoice from The Bogdahn Group for investment consulting services for the month of November, 2016 in the amount of \$8,804.38; Invoice from GRS for regular actuarial services performed for the period July 1, 2016 through June 30, 2017, including the June 30, 2016 annual valuation, in the amount of \$15,150.00. **MOTION CARRIED UNANIMOUSLY**

**R.B. 16-152** **MOTION** by Wells, supported by Lowenberg, to acknowledge receipt of the Informational Items including YTD 2016/2017 Budget and Correspondence received during the period November 8, 2016 through December 12, 2016. **MOTION CARRIED UNANIMOUSLY**

**R.B. 16-153** **MOTION** by Wells, supported by Fisher, to acknowledge receipt of Retirement Application from J. Fitzgerald. **MOTION CARRIED UNANIMOUSLY**

**R.B. 16-154** **MOTION** by Wells, supported by Fisher, to acknowledge receipt of DROP Distribution Election from J. Lelli. **MOTION CARRIED UNANIMOUSLY**

**R.B. 16-155** MOTION by Wells, supported by Fisher, to acknowledge receipt of Annuity Withdrawal Distribution Elections from T. Boal and J. Fitzgerald. MOTION CARRIED UNANIMOUSLY

The monthly Avignon letter from Livingston York was discussed. The Retirement Program Administrator was asked to contact Livingston York and request an update on Tower 101 and whether any proceeds will be coming to the Retirement System and also on the private buyer who was interested in the small parcel. Legal fees were discussed and legal counsel will contact the Florida attorney directly regarding pending and future charges.

**R.B. 16-156** MOTION by Wells, supported by Harvey, to approve payment of the invoice from Villages of Avignon CDD for District Management Fees for November, 2016 in the amount of \$2,994.64. MOTION CARRIED UNANIMOUSLY

Audrey Harvey presented a draft Request For Information (RFI) for investment consulting services which included several new sections as well as a scoring grid sheet which the Board discussed. George Vitta commented that the following items should be added; What is the assigned consultant's experience, particularly in Michigan? When was the firm's last audit and what was the outcome? What type of custodial, actuarial and audit support is offered? What customization of services is offered? The miscellaneous section contains some very important questions that shouldn't be bundled together. Legal counsel responded that a RFI is meant to gather as much information as possible and that the interview process will vet the individual. A RFI is not a Request for Proposal (RFP); if we expand and add more, this will become a RFP.

Legal counsel recommended that the document be sent out in January with a 45 day response period. He has a list of investment consultants that has been compiled by his office which he will email to Board members prior to the next meeting for any edits or additions. RFI responses can be discussed at the March meeting. He stressed that the scoring sheet should serve as a guide and tool but should not be the final determining factor.

A conference call with Invesco started at 9:50 a.m. Cathy Stodgill, Ping Ying Wang and Chris Faems were on the line from Invesco. The purpose of the call was to discuss the discontinuance of the RIET that the Retirement System is currently invested in as well as alternative funds to which the System could transfer. The International RIET is closing because of the small number of investors; a large client recently exited and the Retirement System is the lone remaining investor. The cost to keep the fund open would be too much for the Retirement System to bear. There are two possible alternate funds. Both are managed by the same team using the same process and global network of real estate professionals around the world and are leverages to produce optimal performance for clients. Investments and returns are similar but it was revealed that the current International RIET outperformed the suggested Global RIET by 2.7% over the last quarter. Invesco indicated that they would like to close the fund by year-end but would work with the Retirement System timeline if it is different. It was decided by the Board that proceeds from the liquidation of the International RIET would be split between 1607 and Brandes rather than invested in an alternative Invesco fund.

**R.B. 16-157** MOTION by Harvey, supported by Wells, to split the liquidation proceeds of the Invesco International RIET fund equally between 1607 Capital Partners and Brandes. MOTION CARRIED UNANIMOUSLY

**R.B. 16-158** MOTION by Wells, supported by Fisher, to approve the final City of Southfield Fire and Police Retirement System 63<sup>rd</sup> Actuarial Valuation Report as of June 30, 2016 with a Computed Employer Rate of 35.40% and suggested minimum contribution of \$7,072,713 for the fiscal year beginning July 1, 2017 and direct that a copy be forwarded to the City. MOTION CARRIED UNANIMOUSLY

**R.B. 16-159** MOTION by Wells, supported by Fisher, to approve the final City of Southfield Fire and Police Retirement System GASB Statement Nos. 67 and 68 Accounting and Financial Reporting for Pensions as of June 30, 2016 and direct that a copy be forwarded to the City. MOTION CARRIED UNANIMOUSLY

**R.B. 16-160** MOTION by Garth, supported by Lowenberg, to continue the existing slate of Retirement System officers for 2017. MOTION CARRIED UNANIMOUSLY

In the legislative update, legal counsel indicated that municipal retiree health care had dodged a bullet. Thanks to Police and Fire and many retirees, the second largest demonstration occurred at the Capital to protest the pending legislation. While the bill has died, it will clearly be on the agenda in the coming year but Lansing has vowed to solicit input when it is taken up again. What is moving forward is H.B. 6075. Legal counsel provided testimony in Lansing and indicated that it is transparency legislation that amends P.A. 314. It is not a bad piece of legislation, it is just poorly worded. The bottom line outcome of the bill will be that the Summary Annual Report will need to be forwarded to the State Treasure in the future.

A memorandum from legal counsel regarding IRC Section 401(a)(9) Compliance was presented. It is an administrative compliance reminder regarding minimum distribution rules. He also touched upon a request that was submitted to Human Resources from a retiring Deputy Chief (DC) DROP participant that asked that Average Final Compensation (AFC) be recalculated to include 900 hours of unused sick/vacation/comp time for retirement benefits only (not DROP accumulation). There is no provision in DROP that provides for any DC to have his AFC recalculated.

**R.B. 16-161** MOTION by Harvey, supported by Garth, to approve the legal update as presented. MOTION CARRIED UNANIMOUSLY

The Board acknowledged a letter from Fintan Partners that extends the liquidation timing into 2019. The PRISA III Management Fee Modification information was tabled again; the investment consultants will provide a recommendation in February and no action is necessary today. Jay Rollins intended to be present to address the Board regarding JCR but was not able to attend due to weather conditions. A summary was provided that reviewed specifics of funds II and III and the current state of investments.

A liquidity schedule for the period January 1 – June 1, 2017 was reviewed. Amounts ranging from \$1.25 mill to \$500,000 will be liquidated monthly to meet benefit payment needs.

**R.B. 16-162** MOTION by Lowenberg, supported by Wells, to approve the liquidity schedule outlining manager withdrawals for the period January 1, 2017 – June 30, 2017 to meet benefit payment needs as presented. MOTION CARRIED UNANIMOUSLY

The monthly economic and market update was presented. The bond market has suffered while equities fared well during the last month. A proposed Manager Roundtable meetings schedule was presented which contained five dates. It was decided that the meetings would be held from 12:00 p.m. to 3:00 p.m. The Retirement Program Administrator was instructed to contact the City Clerk and check if Council Study is available for the meetings.

**R.B. 16-163** **MOTION** by Lowenberg, supported by Harvey, to approve the 2017 Proposed Manager Roundtables schedule as follows: March 7, Domestic Equity, LSIA/Loomis Sayles/Morgan Dempsey; June 13, International Equity, 1607/Brandes; July 11, Real Estate, PRISA/JCR; September 12, Fixed Income, Loomis Sayles/Tortoise; December 12, Other, Nantucket. MOTION CARRIED, WELLS DISSENTED

**R.B. 16-164** **MOTION** by Lowenberg, supported by Wells, to approve payment of the invoice from GRS for GASB Statement No. 67 plan reporting and accounting schedules as of June 30, 2016 in the amount of \$10,000.00. MOTION CARRIED UNANIMOUSLY

Review of the Retirement Program Administrator was tabled until January.

Meeting adjourned at 12:00 p.m.

Prepared by Megan Battersby  
Retirement Program Administrator

Approved by Board Motion on January 17, 2017