

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

February 17, 2015

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

PRESENT: John Fisher, Shawn Wells, Duane Garth, Irv Lowenberg (late arrival)

ABSENT: Audrey Harvey

ALSO

PRESENT: Aaron Castle/Legal Counsel, Katherine Ghannam/Asset Consultant, Megan Battersby/Retirement Program Administrator, Lauri Siskind/Human Resources Director

R.B. 15-22 MOTION by Wells, supported by Garth, to approve the January 13, 2015 regular meeting minutes. MOTION CARRIED UNANIMOUSLY

R.B. 15-23 MOTION by Wells, supported by Garth, to acknowledge receipt of the Cash & Asset Statement as of December 31, 2014 in the amount of \$197,403,083.25. MOTION CARRIED UNANIMOUSLY

R.B. 15-24 MOTION by Wells, supported by Garth, to acknowledge payment of invoices as follows: Invoice from Chase Card Services for VISA charges for the period 1/4/15 – 2/3/15 in the amount of \$0; Invoice from 1607 Capital Partners for asset management services for the period 10/1/14 through 12/31/14 in the amount of \$25,186.94; Invoice from Loomis Sayles for asset management services for the period October 1, 2014 through December 31, 2014 in the amount of \$14,525.13; Invoice from Loomis Sayles for asset management services for the period October 1, 2014 through December 31, 2014 in the amount of \$23,962.52 (direct debit); Invoice from Morgan Dempsey for asset management services for the period 4th Quarter 2014 in the amount of \$26,349.00; Invoice from The Northern Trust Company for total services for the period ended 12/31/14 in the amount of \$19,084.86 (direct debit); Invoice from LS Investment Advisors for asset management services for the period October 1, 2014 through December 31, 2014 in the amount of \$4,573.92; Invoice from WHV Investments for asset management services for the period 10/1/2014 through 12/31/2014 in the amount of \$21,749.00; Invoice from Keen Battle Mead & Company for annual liability insurance premium for Avignon parcels in the amount of \$2,152.00; Invoice from Energy Opportunities for asset management services for the period 10/1/14 to 12/31/14 in the amount of \$8,937.49; Invoice from Asset Strategies for investment consulting services for the period of January, 2015 in the amount of \$8,996.75. MOTION CARRIED UNANIMOUSLY

R.B. 15-25 MOTION by Wells, supported by Garth, to acknowledge receipt of the Informational Items including YTD 2014/2015 Budget and Correspondence received during the period January 13, 2015 through February 16, 2015. MOTION CARRIED UNANIMOUSLY

R.B. 15-26 MOTION by Wells, supported by Garth, to acknowledge receipt of Annuity Withdrawal Election from A. Rossman. MOTION CARRIED UNANIMOUSLY

Aaron Castle presented the legislative update for the month. House Bill No. 4301, which would allow a surviving spouse to stay in the lower tax bracket if not remarried, is pending. Public Act 322 of 2014, which exempts public employees who are eligible to participate in compulsory bargaining of labor disputes under P.A. 312 of 1969 from provisions in the statute that restrict compensation and benefits after the expiration of one collective bargaining contract and before a new contract begins and that prohibit wage or benefit levels in a new contract from being retroactive, has been enacted. Public Act 563 of 2014 was approved and will amend P.A. 442 of 1976, FOIA. It is not friendly to Boards and limits fees, increases penalties, and has a 7/1/15 implementation date. Policies and procedures will need to be amended, adopted and published. Legal counsel will bring all necessary updates to the Board prior to the implementation date.

Irv Lowenberg entered the meeting at 9:15.

The Avignon monthly update letter to the Board was accepted and filed. Expanded rollover requirements under Section 402(f) of the IRC were discussed and a revised notice and resolution which incorporated the necessary changes were presented.

R.B. 15-27 MOTION by Lowenberg, supported by Wells, to adopt the Resolution Re: Notice to recipients of lump sum distributions for the Retirement System. MOTION CARRIED UNANIMOUSLY

The Designation of Option I Beneficiary Form was discussed. It was determined that the form would be changed in the future to specify that proof of at least 50% dependency must be provided at time of benefit commencement, if invoked, and not at time of designation. It was also clarified that a member may designate more than one qualified beneficiary.

RIE distributions as of July 1, 2014 were presented to the Board. The distributions will be made on April 3, 2015.

R.B. 15-28 MOTION by Wells, supported by Fisher, to approve payment of RIE distributions as of July 1, 2014 on April 3, 2015. MOTION CARRIED UNANIMOUSLY

R.B. 15-29 MOTION by Garth, supported by Wells, to approve the 2015 Summary Annual Report (as of June 30, 2014) and direct that it be posted to the SFPRS website. MOTION CARRIED UNANIMOUSLY

The capital markets and U.S. economic updates were discussed by Ms. Ghannam. The market has been volatile and January is a flip of December. Non-U.S. markets struggled and there has been a flight to quality in the U.S. market.

The Q4, 2014 Investment Performance Analysis was presented. Recommendations were as follows:

1. Total Fund return of +1.47% trailed the Policy Index primarily due to the decline in oil prices and in international equities.
2. Long-term results (10 years) remain ahead of objectives, and continue to rank favorably among U.S. public employee retirement plans.
3. After the fourth quarter of extended probation (1/01/2014 - 12/31/2014), Orleans Capital does not meet expectations. The manager is invited to the March meeting, after which discussion of their tenure should resume.
4. Loomis Sayles (LCV equity), Bradford & Marzec (fixed income), and Nantucket (hedge fund) are on administrative probation due to loss of key personnel. Bradford & Marzec completed the terms of probation satisfactorily, while the other two managers remain on probation through 3/31/2015.
5. Both Brandes (emerging market equities) and Morgan Dempsey (U.S. micro-cap equities) are behind their benchmarks after less than one year.
6. Both the commercial real estate and alternatives investment strategies contributed significantly to the Plan's risk diversification in the past quarter and year.
7. No violations of investment policy or guidelines were detected.
8. As of 2/12/2015, asset allocations are close to policy targets.

R.B. 15-30 MOTION by Lowenberg, supported by Wells, to approve the interest rate of return of 1.4680% for the quarter ended December 31, 2014. MOTION CARRIED UNANIMOUSLY

Review of investment policy is tabled until March.

R.B. 15-31 MOTION by Wells, supported by Garth, to pay the invoices from Villages of Avignon CDD for additional November (2014) expenses in the amount of \$2,713.92 and for reimbursable expenses as of January 16, 2015 in the amount of \$1,628.55. MOTION CARRIED UNANIMOUSLY

Replacement of the current credit card arrangement was discussed. It was decided that Ink Capital MasterCard offered by Chase Bank which has no annual fee was the best option.

R.B. 15-32 MOTION by Lowenberg, supported by Wells, to obtain the Chase Bank Ink Capital MasterCard with no annual fee. MOTION CARRIED UNANIMOUSLY

Mr. Wells broached the idea of having a pension open house that would cover various topics such as pension, health benefits and social security and include the actuary, legal counsel, consultants and investment managers. Different ideas and formats as well as the target audience were discussed. The key is education but there was skepticism as to whether the targeted population would participate. Updating the current benefit booklet was discussed. Ms. Siskind stated that Human Resources invited employees

within five years of retirement to a seminar that offers an educational overview of the components of retirement.

Irv Lowenberg exited the meeting at 10:45.

After further discussion it was decided that Mr. Wells would partner with Ms. Siskind, the Human Resources Director, to determine what could be provided because it seems that most questions are not specifically pension related.

Meeting adjourned at 11:00 a.m.

Prepared by Megan Battersby
Retirement Program Administrator

Audrey Harvey, Secretary