

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

March 10, 2014

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

PRESENT: John Fisher, Shawn Wells, Duane Garth, Irv Lowenberg and Audrey Harvey (via phone)

ABSENT:

ALSO

PRESENT: Frank Judd/Legal Counsel, George Vitta/Asset Consultant, Megan Battersby/Retirement Program Administrator, Lauri Siskind/Human Resources Director, Richard Hirayama and Meredith Mertens/WHV Investment Management

R.B. 14-34 **MOTION** by Lowenberg, supported by Garth, to approve the February 10, 2014 regular meeting minutes. **MOTION CARRIED UNANIMOUSLY**

R.B. 14-35 **MOTION** by Lowenberg, supported by Garth, to acknowledge receipt of the Cash & Asset Statement as of January 31, 2014 in the amount of \$192,314,500.19. **MOTION CARRIED UNANIMOUSLY**

R.B. 14-36 **MOTION** by Lowenberg, supported by Garth, to table payment of GRS invoice for revised valuation report due to changes to financial information provided in the amount of \$1,700 pending Lowenberg contacting the actuary to discuss and negotiate the additional fees. **MOTION CARRIED UNANIMOUSLY**

R.B. 14-37 **MOTION** by Lowenberg, supported by Garth, to approve Payment of Invoices as follows: Invoices from GRS for EDRO calculations for G. Wakefield in the amount of \$2,000.00; Invoice from WHV for asset management services for the period 10/1/13 through 12/31/13 in the amount of \$31,720.00; Invoice from Chase Card Services for VISA charges for the period 01/04/14 – 02/03/14 in the amount of \$214.50. **MOTION CARRIED UNANIMOUSLY**

R.B. 14-38 **MOTION** by Lowenberg, supported by Garth, to acknowledge receipt of the Informational Items as follows: YTD 2013/2014 Budget and Correspondence received during the period February 10, 2014 through March 7, 2014. **MOTION CARRIED UNANIMOUSLY**

R.B. 14-39 **MOTION** by Fisher, supported by Lowenberg, to acknowledge receipt of Retirement Application from J. Rogatski (Police, 04/18/14). **MOTION CARRIED UNANIMOUSLY**

R.B. 14-40 **MOTION** by Fisher, supported by Lowenberg, to acknowledge receipt of DROP Distribution request from M. Shada. **MOTION CARRIED UNANIMOUSLY**

R.B. 14-41 MOTION by Lowenberg, supported by Wells, to acknowledge receipt of Annuity Withdrawal requests from A. Simon and J. Rogatski. MOTION CARRIED UNANIMOUSLY

Legal counsel stated that there was nothing new to report regarding legislative updates. Mr. Judd presented and reviewed a FOIA Policy Resolution and discussion ensued regarding FOIA requirements.

R.B. 14-42 MOTION by Wells, supported by Garth, to adopt the FOIA Policy Resolution as presented and instruct the Retirement Program Administrator to forward copies to Human Resources and union Presidents. MOTION CARRIED UNANIMOUSLY

A sale offer summary and recommendation from Livingston York Advisors to the Board of Trustees dated March 7, 2014 was discussed. Metro Development II, LLC has accepted the terms of a presented counteroffer regarding the Avignon properties.

R.B. 14-43 MOTION by Garth, supported by Wells, to authorize Livingston York Advisors in conjunction with the Retirement Systems' General Counsel, Michael VanOverbeke, and Florida Counsel, Rick Warren, to negotiate a Purchase Agreement for the sale of the property to Metro Development II, LLC consistent with the terms of the counteroffer, and, upon completion of the Purchase Agreement, authorize the appropriate corporate officers of SFPRS Avignon execute the Purchase Agreement upon approved by Legal Counsel and as soon as reasonably possible. MOTION CARRIED UNANIMOUSLY

The Board was updated on the Fire Representative Election process. The only nomination received was for Mr. Wells. A notice was provided to all Fire members that stated that if there were no written objections received within the allotted time frame, Mr. Wells would be considered elected for the term of office from April 1, 2014 through April 1, 2018.

A revised Authorized Signatories Resolution was presented to the Board for adoption. The revisions include the removal of Mr. Keier and the addition of Mr. Wells and the updating of titles.

R.B. 14-44 MOTION by Wells, supported by Lowenberg, to adopt the Revised Authorized Signatories Resolution as presented. MOTION CARRIED UNANIMOUSLY

R.B. 14-45 MOTION by Lowenberg, supported by Wells, to adopt the EDRO Resolution RE: Tecla Polk v. Kenneth Polk as presented. MOTION CARRIED UNANIMOUSLY

Audrey Harvey exited the meeting.

Mr. Hirayama and Ms. Mertens from WHV presented an annual update to the Board. Performance in the last quarter was lagging but performance since inception has been strong. Mr. Hirayama stated that global capitalism rules the world and as the global economy accelerates economically sensitive sectors such as energy and natural resources tend to benefit. WHV is heavily invested in these sectors and he feels that if they hold the course the fund will prosper.

Mr. Vitta presented the capital markets and economic monthly update. The market was up for February, the opposite of January. The net result for YTD 2014 is an increase of 1%. U.S. equities continue their tear while bonds are positive. The outlook continues to be good for U.S. growth.

R.B. 14-46 MOTION by Wells, supported by Fisher, to adopt the restated Statement of Investment Policies, Procedures and Objectives as presented. MOTION CARRIED UNANIMOUSLY

Mr. Vitta presented the Emerging Markets Equity Manager Search results to the Board. The five candidates profiled in the report were judged to have the best fit with the criteria and objectives set forth in the search process. A recommendation was made to consider an allocation of 5% or \$10 million. The Retirement System doesn't currently get a true exposure to emerging markets through the three international funds we invest in.

Mr. Judd exited the meeting.

When return and risk statistics were scored, the two firms that stood out were Brandes and Harding Loevner. It was decided to invite both in for interviews in April. Mr. Vitta also gave an update on Bradford & Marzec and the status of their replacement of key personnel. It was recommended to maintain Bradford & Marzec's probationary status through the end of the year

R.B. 14-47 MOTION by Wells, supported by Lowenberg, to extend the probationary period for Bradford & Marzec through December 31, 2014. MOTION CARRIED UNANIMOUSLY

New manager Morgan Dempsey started managing on March 4. The Fiduciary portfolio was transferred in-kind to Morgan Dempsey and they will establish their own positions. Use of transition management, commission recapture and securities lending was discussed.

R.B. 14-48 MOTION by Fisher, supported by Wells, to pay the Fiduciary Management invoice for asset management services for the period January 1, 2014 to February 28, 2014 (final billing) in the amount of \$15,941.00 from the cash account. MOTION CARRIED UNANIMOUSLY

Discussion was had regarding Mr. Wells' registration for the NCPERS Public Safety Conference in October, 2013 and the fact that he was unable to attend due to health issues. NCPERS will not agree to provide a credit to the System for the prepaid amounts. Mr. Fisher will send a letter to Director Hank Kim at NCPERS detailing the circumstances and requesting a credit rollover to the next conference before reimbursement is requested from Mr. Wells. The change in contact person at Loomis Sayles was discussed. A draft Summary Plan Description was handed out to Board members and legal counsel for review prior to being put on the April agenda for approval.

Meeting adjourned at 12:34 p.m.

Prepared by Megan Battersby
Retirement Program Administrator

Audrey Harvey
Secretary