

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

**March 10, 2015**

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

**PRESENT:** John Fisher, Shawn Wells (via phone), Audrey Harvey (via phone), Irv Lowenberg

**ABSENT:** Duane Garth

**ALSO**

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

**R.B. 15-33** **MOTION** by Wells, supported by Lowenberg, to approve the February 17, 2015 regular meeting minutes. **MOTION CARRIED UNANIMOUSLY**

**R.B. 15-34** **MOTION** by Lowenberg, supported by Wells, to acknowledge receipt of the Cash & Asset Statement as of January 31, 2015 in the amount of \$194,996,110.68. **MOTION CARRIED UNANIMOUSLY**

**R.B. 15-35** **MOTION** by Lowenberg, supported by Harvey, to acknowledge payment of invoices as follows: Expense report from Shawn Wells for International Foundation Annual Employee Benefits Conference; Expense report from John Fisher for International Foundation Annual Employee Benefits Conference. **MOTION CARRIED UNANIMOUSLY**

**R.B. 15-36** **MOTION** by Lowenberg, supported by Wells, to acknowledge receipt of the Informational Items including YTD 2014/2015 Budget, ConvergeX January Summary, WHV fee reduction, Wilson Kemp credit refund and Correspondence received during the period February 17, 2015 through March 9, 2015. **MOTION CARRIED UNANIMOUSLY**

There was no legislative update for the month. The Option I beneficiary designation form which was finalized last month was mentioned. The Avignon update letter from Livingston York was accepted.

**R.B. 15-37** **MOTION** by Lowenberg, supported by Wells, to pay the invoice from Villages of Avignon CDD in the amount of \$6,962.67. **MOTION CARRIED UNANIMOUSLY**

**R.B. 15-38** **MOTION** by Lowenberg, supported by Wells, to designate any Trustee who decides to attend the NCPERS 2015 Annual Conference as an official delegate. **MOTION CARRIED UNANIMOUSLY**

The capital markets and U.S. economic updates were discussed by Mr. Vitta. All U.S. economic indicators for January were positive. In the capital markets, February was a mirror image of January. It was suggested that the review of investment policies be deferred until after the Energy Opportunities

presentation. The Bradford & Marzec relationship with McMorgan & Co. was briefly discussed. An updated investment matrix and information specific to Energy Opportunities was distributed by Mr. Vitta. Three managers are on administrative probation still and one manager is on performance probation. A discussion of Energy Opportunities performance ensued and Mr. Vitta pointed out that favorable performance in 2009 carried Energy Opportunities in all extended time periods.

The Option I beneficiary designation form was again addressed by legal counsel with recommendations for specific motions to address inaccuracies in last month's minutes.

**R.B. 15-39** MOTION by Lowenberg, supported by Fisher, to provide clarification with respect to the Board's "Designation of Option I Beneficiary Form For In-Service Non-Duty Death" form; the Board noting that the provisions of Act 345 require that the named beneficiary be found by the Board "to be dependent upon the member for at least 50% of the beneficiary's support"; (a) the Board finding that such 50% dependency requirement being applicable at both the time of designation and time of the member's death; (b) the Board thereby requiring on its Designation of Beneficiary form the member's certification of such dependency at the time of designation; and (c) the Board will require verification of such dependency by the named beneficiary at the time of benefit commencement in the event the member incurs a non-duty death during the course of employment. MOTION CARRIED UNANIMOUSLY

**R.B. 15-40** MOTION by Lowenberg, supported by Fisher, to acknowledge legal counsel's opinion and clarification that, with respect to a member's nomination of an "option" beneficiary under the provisions of Act 345, such designation may only be one (1) qualified individual and may not be two or more named individuals or a trust; further that the Board's February 17, 2015 minutes be appropriately footnoted to reflect such clarification. MOTION CARRIED UNANIMOUSLY

Farrell Crane from Energy Opportunities addressed the Board with a strategy update. Capital management update, account performance and attribution, portfolio composition and recent changes, industry update and discussion and analysis of prior energy market pullbacks was presented and discussed.

Mr. Vitta strongly recommended that the Board terminate Energy Opportunities because of numerous serious issues.

**R.B. 15-41** MOTION by Lowenberg, supported by Harvey, to terminate Energy Opportunities as a fund manager and liquidate the fund. MOTION CARRIED UNANIMOUSLY

**R.B. 15-42** MOTION by Lowenberg, supported by Fisher, to allocate the proceeds of the liquidated Energy Opportunities fund equally between the LSIA Dividend Aristocrats fund and the Loomis Sayles Large Cap Value fund. MOTION CARRIED UNANIMOUSLY

Mr. Vitta will present fixed income hedge fund strategies at the April Board meeting.

Meeting adjourned at 11:35 a.m.

Prepared by Megan Battersby  
Retirement Program Administrator

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Audrey Harvey, Secretary