

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

March 13, 2018

The Board convened in Council Study at 12:30 p.m. with President Fisher presiding. The Meeting was started at 12:35 p.m.

PRESENT: John Fisher, Shawn Wells, Audrey Harvey (via phone, early exit), Duane Garth, Irv Lowenberg (late arrival)

ABSENT:

ALSO

PRESENT: Michael VanOverbeke/Legal Counsel, Brian Green/Investment Consultant, Megan Battersby/Retirement Program Director, Lauri Siskind/HR Director, Brent Wilson/Newly Elected Fire Representative, Kevin Yousif/LSIA, Marc Dion/Morgan Dempsey

R.B. 18-022 **MOTION** by Garth, supported by Wells, to approve the February 13, 2018 meeting minutes. **MOTION CARRIED UNANIMOUSLY**

R.B. 18-023 **MOTION** by Wells, supported by Garth, to acknowledge receipt of the Cash & Asset Statement as of January 31, 2018 in the amount of \$208,442,073.00. **MOTION CARRIED UNANIMOUSLY**

R.B. 18-024 **MOTION** by Fisher, supported by Garth, to approve payment of invoices as follows: Expense report from M. Battersby for MAPERS One Day Seminar; Expense report from E. Wells for Opal Group Investment Education Symposium 2018; Invoice from Chase Bank for credit charges for the period 2/03/18–3/02/18 in the amount of \$691.66. **MOTION CARRIED UNANIMOUSLY**

R.B. 18-025 **MOTION** by Fisher, supported by Wells, to acknowledge receipt of Informational Items as follows: YTD 2017/2018 Budget; Correspondence received during the period February 13, 2018 – March 12, 2018. **MOTION CARRIED UNANIMOUSLY**

R.B. 18-026 **MOTION** by Fisher, supported by Wells, to approve DROP Distribution Elections from J. Medici, R. Pollock, M. Zacks, D. Belding, W. Johns, L. Jones and J. Seeling. **MOTION CARRIED UNANIMOUSLY**

Irv Lowenberg entered the meeting.

R.B. 18-027 **MOTION** by Fisher, supported by Wells, to approve Annuity Withdrawal Distribution Elections from D. Belding and W. Johns. **MOTION CARRIED UNANIMOUSLY**

Legal counsel discussed a memo to the Board regarding CNH Industrial N.V. v. Jack Reese, et. al. The Supreme Court reversed a lower court ruling that was premised on the Tackett decision. The Supreme Court specifically stated that when a collective-bargaining agreement is silent on the question of vesting,

other courts would conclude that it does not vest benefits for life. Similarly, when an agreement does not specify a duration for health care benefits, other courts would apply the general duration clause. Therefore, the determination of whether benefits contained in a collective bargaining agreement are to be provided for lifetime is to be made on a case by case basis and according to ordinary principles of contract interpretation.

R.B. 18-028 MOTION by Wells, supported by Fisher, to receive and file the legal memorandum dated March 5, 2018 regarding CNH Industrial N.V. v. Jack Reese, et. al. as presented. MOTION CARRIED UNANIMOUSLY

Voting closed for election of a new fire representative on March 9, 2018. Ballots were counted and the election was certified. The newly elected Fire Representative, Brent Wilson, was introduced to the Board and will assume regular duties as of April 1, 2018.

R.B. 18-029 MOTION by Lowenberg, supported by Garth, to acknowledge the results of the election of Fire Representative to the Pension Board and the election of Brent Wilson as new Fire Representative effective April 1, 2018. MOTION CARRIED UNANIMOUSLY

It was voted on in early 2017 to establish a RHSP for the Retirement Program Director and in early 2018 funding began. A memo from the Board President to the Retirement Program Director regarding the funding plan for remaining retro contributions was presented and discussed.

R.B. 18-030 MOTION by Wells, supported by Fisher, to accept and approve the memorandum from Board President to Retirement Program Director dated February 21, 2018 regarding RHSP Funding Plan for Retro Contribution. MOTION CARRIED UNANIMOUSLY

R.B. 18-031 MOTION by Fisher, supported by Wells, to appoint Irv Lowenberg and Duane Garth as official delegates for the NCPERS 2018 Annual Conference and Brent Wilson as an alternate delegate. MOTION CARRIED UNANIMOUSLY

The Board reviewed the Avignon monthly update letter. The sale is progressing as expected.

R.B. 18-032 MOTION by Lowenberg, supported by Harvey, to approve Avignon invoices as follows: Invoices from Villages of Avignon CDD and Clark & Albaugh regarding normal, recurring management and legal costs in the combined/total amount of \$3,314.24. MOTION CARRIED UNANIMOUSLY

The monthly Market Update as of February 28, 2018 was presented. A correction period actually occurred in February, but YTD numbers are still mostly positive. A liquidity schedule was presented and discussed.

R.B. 18-033 MOTION by Wells, supported by Garth, to approve the liquidity schedule for the period March through August, 2018 as presented with the change that the \$1 mill PRISA distribution be reflected as received in March rather than April. MOTION CARRIED UNANIMOUSLY

Legal counsel brought up a liquidity issue that occurred during the previous month wherein there was not sufficient liquidity to (quickly) process a DROP distribution request. He stated that the Board could adopt a policy for emergency liquidity needs and was asked to provide a draft policy for discussion at the April meeting.

A U.S. Mid Cap Core Equity Manager Analysis was presented to the Board by the investment consultant. The purpose of the search was to explore the replacement of the current passive mandate to U.S. mid cap equity with an active mandate to increase the overall odds of the Plan achieving long-term investment goals. Irv Lowenberg asked whether Ancora could be included in this search but the investment consultant replied that they are more small-cap. John Fisher registered his concern that all three City plans shouldn't mirror each other or it may become a future concern. Legal counsel opined that the Board should pick the best manager for the Retirement System and not base that decision on what other plans have. Lauri Siskind questioned the investment consultant about whether there were other viable candidates beyond the four presented as three were the same managers that had been presented to the SERS Board. The investment consultant indicated that there are comparable managers whose overall results are very strong but that these are the four best right now. He indicated that the Board's options were to currently do nothing, interview the top choice and consider them for a direct replacement, or interview several managers to glean a better understanding of their conviction. Extensive discussion ensued ranging from making no change to moving 100% of available assets to one new manager.

R.B. 18-034 MOTION by Lowenberg, supported by Wells, to move 100% of the funds currently invested with NT S&P Mid-Cap 400 to Quantitative Management Associates (QMA). MOTION CARRIED, FISHER OPPOSED

Irv Lowenberg stated that the rationale behind his motion was that QMA has consistently outperformed the benchmark with low volatility and the lowest fee structure of the active managers presented by AndCo.

R.B. 18-035 MOTION by Harvey, supported by Wells, to approve refund of contributions to J. Mathews and S. Kalanxhi. MOTION CARRIED UNANIMOUSLY

A memorandum from JCR Capital was discussed. The purpose of the memo was to inform investors that JCR has entered into an agreement to recapitalize the company, explain the motivation behind the transaction, and request investors' consent. Upon completion, JCR will become a wholly owned subsidiary of Walker & Dunlop, Inc.

R.B. 18-036 MOTION by Lowenberg, supported by Wells, to consent to the assignment in connection with the transaction wherein Walker & Dunlop, Inc. will acquire 100% of the issued and outstanding capital stock of JCR Capital Investment Corporation and direct that the Board President execute the consent forms for Fund III and Fund IV. MOTION CARRIED UNANIMOUSLY

Audrey Harvey exited the meeting.

John Fisher presented Shawn Wells with a plaque for his dedication and service to the Retirement Board and thanked him on behalf of the Board. Mr. Wells thanked the Board in return for the opportunity to give back and serve.

Upon completion of the regular business, a domestic equity manager roundtable discussion began with Kevin Yousif from LSIA and Marc Dion from Morgan Dempsey present. The investment consultant led the discussion which lasted for approximately 75 minutes.

Meeting adjourned at 3:45 p.m.

Prepared by Megan Battersby, Retirement Program Director

Approved by Board Motion on April 10, 2018