

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

March 7, 2017

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 9:15 a.m.

PRESENT: John Fisher, Duane Garth, Audrey Harvey, Irv Lowenberg (late arrival at 9:25)

ABSENT: Shawn Wells

ALSO

PRESENT: Frank Judd/Legal Counsel, George Vitta and Brian Green/Investment Consultant, Megan Battersby/Retirement Program Director, Lauri Siskind/HR Director

R.B. 17-030 **MOTION** by Harvey, supported by Garth, to approve the February 14, 2017 meeting minutes. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-031 **MOTION** by Harvey, supported by Garth, to acknowledge receipt of the Cash & Asset Statement as of January 31, 2017 in the amount of \$193,824,447.25. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-032 **MOTION** by Harvey, supported by Garth, to approve payment of invoices as follows: Invoice from AndCo for investment consulting services for January, 2017 in the amount of \$8,837.32; Invoice from AndCo for investment consulting services for February, 2017 in the amount of \$8,837.32; Invoice from VanOverbeke Michaud & Timmony for legal services rendered for the period April 1, 2016 through June 30, 2016 in the amount of \$3,870.00; Invoice from VanOverbeke Michaud & Timmony for legal services rendered for the period July 1, 2016 through September 30, 2016 in the amount of \$1,836.00; Invoice from VanOverbeke Michaud & Timmony for legal services rendered for the period October 1, 2016 through December 31, 2016 in the amount of \$4,554.00; Invoice from LSIA for asset management services for the period November 30, 2016 through December 31, 2016 in the amount of \$531.60. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-033 **MOTION** by Harvey, supported by Garth, to acknowledge receipt of the Informational Items including YTD 2016/2017 Budget; Correspondence received during the period January 17, 2017 – February 13, 2017 including letter to the Board from David Sowerby. **MOTION CARRIED UNANIMOUSLY**

There was no legislative update presented other than to mention that the Governor's Task Force for Responsible Retirement Reform has been meeting every other week.

The monthly Avignon letter from Livingston York was received. John Fisher informed the Board that he drove past the property twice when he was recently in Florida. He said the area is booming with regards to traffic, activity, development and commercial growth which are all very encouraging signs. Submission of the 2017 annual report for SFPRS Avignon, Inc. was discussed.

R.B. 17-034 MOTION by Garth, supported by Harvey, to approve payment of Avignon invoices as follows: Invoice from Villages of Avignon CDD for reimbursable expenses as of 2/21/17 in the amount of \$3,462.64; Invoice from Warren & Grant, P.A. for legal services Re: Avignon Holdings in the amount of \$400.02. MOTION CARRIED UNANIMOUSLY

R.B. 17-035 MOTION by Harvey, supported by Garth, to approve the online submission of the 2017 Annual Report for Avignon SFPRS Avignon, Inc. and the corresponding \$150 charge. MOTION CARRIED UNANIMOUSLY

Irv Lowenberg entered the meeting.

The investment consultants distributed a Large Cap Passive Follow Up report as it was not entirely clear what was recommended and voted on at the previous meeting. The LS Investment Advisors (LSIA) S&P Equal Weight Index (EW) was explored with mention of a customized 30/70 Equal Weight Index (EW 30/70). The consultant is recommending the EW 30/70 customized mix and not the straight EW mix. In the EW, all stocks are given equal weight and rebalanced quarterly. In the EW 30/70, 30% of assets are invested in the 50 largest companies and 70% of assets are invested in the 450 smallest companies. Irv Lowenberg asked about the letter from David Sowerby which touted positive returns over the history of the Plan's investment and the investment consultant replied that different teams and not just Mr. Sowerby managed the portfolio over the history of the investment. John Fisher asked if the Retirement System was late in changing from active to passive management and the investment consultant replied that this action will broaden the portfolio with risk reduction by lowering the risk and fees and adding diversification.

R.B. 17-036 MOTION by Lowenberg, supported by Garth, to clarify prior R.B. Motion 17-028 to reflect that Equal Weight (EW) pertains to the customized Equal Weight 30/70 mix. MOTION CARRIED UNANIMOUSLY

PRISA III Reopening Notice was discussed. It is the formal written notice that the Fund is reopening and accepting new capital commitments. Per the investment consultant, 8% of the Retirement System assets are invested in all three PRISA funds. With a target allocation of 8.2%, he recommends that the System not commit any more funds to real estate.

R.B. 17-037 MOTION by Lowenberg, supported by Garth, to receive and file the PRISA III Reopening Notice and return Exhibit A, Non-Binding New Commitment Election Form, indicating that the Retirement System has elected to not increase its commitment at this time. MOTION CARRIED UNANIMOUSLY

The Market Update as of February 28, 2017 was presented. Both equities and fixed income indices are positive for the month of February and year-to-date consumer confidence is good.

Under agenda item 9(e), matters deemed pertinent, the investment consultant stated that the liquidity schedule for the first half of 2017 needs to be updated due to the fact that both Loomis Sayles Large Cap Value and Invesco (funds that are closed or will be by June 1) are scheduled for withdrawals for June 1. He recommends that in place of the scheduled \$250,000 withdrawal from Loomis Sayles Large Cap and \$250,000 withdrawal from Invesco, \$500,000 be withdrawn from NTGI S&P 400 Index. There was also discussion that there should be a motion to rebalance the entire LSIA investment to reflect the intent of R.B. Motion 17-036.

R.B. 17-038 **MOTION** by Lowenberg, supported by Garth, to rebalance the entire large cap investment (terminating Loomis Sayles fund and all LSIA funds) to achieve the 30% Low Vol/40% EW 30/70/30% Dividend Aristocrats split per R.B. Motion 17-028. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-039 **MOTION** by Lowenberg, supported by Fisher, to update the liquidity schedule for January 1, 2017 – June 30, 2017 to reflect a withdrawal of \$500,000 from NTGI S&P 400 Index in place of the withdrawals from Loomis Sayles Large Cap Value and Invesco. **MOTION CARRIED UNANIMOUSLY**

John Fisher noted that the last performance report that was received as of December 31, 2016 only had 1, 3 and 5 year returns on the individual manager pages. He asked that the 7 year, 10 year and from inception returns also be shown, as has been the past practice, where applicable.

The Board was reminded that the Manager Roundtable including Morgan Dempsey, LSIA and Nantucket would commence in Council Study at 1:00 p.m.

Meeting adjourned at 10:27 a.m.

Prepared by Megan Battersby
Retirement Program Director

Approved by Board Motion on April 4, 2017