

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

April 4, 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 9:02 a.m.

PRESENT: John Fisher, Shawn Wells, Audrey Harvey (via phone), Irv Lowenberg (late arrival at 9:15)

ABSENT: Duane Garth

ALSO

PRESENT: Frank Judd/Legal Counsel, George Vitta/Investment Consultant, Megan Battersby/Retirement Program Director, Lauri Siskind/Human Resources Director

R.B. 17-040 **MOTION** by Harvey, supported by Wells, to approve the March 7, 2017 meeting minutes. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-041 **MOTION** by Harvey, supported by Wells, to acknowledge receipt of the Cash & Asset Statement as of February 28, 2017 in the amount of \$195,907,328.32. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-042 **MOTION** by Wells, supported by Fisher, to approve payment of invoices as follows: Statement from Chase Card Services for credit charges for the period 02/03/17 – 03/02/17 in the amount of \$60.00; Expense report from Megan Battersby for MAPERS One Day Seminar; Expense report from Audrey Harvey for MAPERS One Day Seminar; Invoice from AndCo for investment consulting services for the month of March, 2017 in the amount of \$8,837.32; Invoice from Villages of Avignon CDD for reimbursable legal expenses for the month of February, 2017 in the amount of \$234.00; Invoice from Villages of Avignon CDD for recurring management costs for the month of March, 2017 in the amount of \$2,994.64. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-043 **MOTION** by Wells, supported by Harvey, to acknowledge receipt of the Informational Items including YTD 2016/2017 Budget; Informational invoice from The Northern Trust Company for asset management fees for the period January 1 – March 31, 2017 in the amount of \$1,892.77 (direct debit); Correspondence received during the period March 7, 2017 – April 3, 2017. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-044 **MOTION** by Wells, supported by Fisher, to approve Retirement Applications from K. Chestnut, J. Dundas and J. Seeling. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-045 **MOTION** by Wells, supported by Fisher, to approve DROP Distribution Elections from M. Collins, J. Dundas and G. Lask. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-046 MOTION by Wells, supported by Fisher, to approve Annuity Withdrawal Distribution Elections from J. Dundas and J. Seeling. MOTION CARRIED UNANIMOUSLY

There was no legislative update presented. George Vitta asked legal counsel about the meeting timeframe for the Governor's Task Force for Responsible Retirement Reform and he responded that there would be an update next month. Shawn Wells asked about two Fire union reps going to the NCPERS TEDS program in May. NCPERS has confirmed that they can register under the Retirement System at member rates and legal counsel confirmed that there should not be a conflict as long as they pay all related expenses.

The Summary Annual Report was reviewed and approved. New regulations require that it be sent to the State Treasury but legal counsel indicated that it is not yet known to whom it should be sent. They are pursuing the issue and will provide more information when it becomes available.

R.B. 17-047 MOTION by Wells, supported by Harvey, to approve the 2017 Summary Annual Report as of June 30, 2016 as presented and direct that it be published on the Retirement System website. MOTION CARRIED UNANIMOUSLY

Irv Lowenberg entered the meeting.

R.B. 17-048 MOTION by Wells, supported by Harvey, to appoint John Fisher and Shawn Wells as official delegates and Irv Lowenberg and Duane Garth as alternate delegates for the NCPERS 2017 Annual Conference. MOTION CARRIED UNANIMOUSLY

Audrey Harvey stated that she and Megan Battersby attended the MAPERS One Day Seminar and found it to be very relevant and educational. Materials from the seminar were included in the monthly correspondence folder for anyone you wanted to review them.

The monthly Avignon Project Update letter as well as an additional letter regarding a Purchase Offer Summary and Recommendation was received from Livingston York and discussed. A new purchase offer was received on March 22. Livingston York compared the offer to the one previously received in April, 2014 and provided commentary as well as a recommended counter-offer.

R.B. 17-049 MOTION by Lowenberg, supported by Wells, to approve the proposed counter-offer as recommended by Livingston York with the exception that the asking purchase price be increased to \$3,750,000. MOTION CARRIED UNANIMOUSLY

The amended investment policy as of March, 2017 was presented. It has been divided into two parts: Section 1 contains all administrative information and Section 2 contains investment guidelines and performance standards for each individual manager.

R.B. 17-050 MOTION by Lowenberg, supported by Wells, to approve the Statement of Investment Policies, Procedures and Objectives as of March, 2017 as amended and presented. MOTION CARRIED UNANIMOUSLY

An Investment and Manager Allocation Review was presented. The investment consultant indicated that it is time to align the U.S. Fixed Income strategy with the target policy allocation. LSIA funds have been

rebalanced with the termination of the Loomis Sayles Large Cap Value fund. There will still be \$4.4 mill coming from Fintan Partners when it closes plus there could be a potential call for \$4.6 mill from JCR Fund III. A search should be started to fill a 3% allocation (\$6 mill unspecified commitment) to alternative investments. Irv Lowenberg asked about alternative money market funds that might yield a higher return than The Northern Trust money market fund. He also inquired about potential strategies that are not currently being utilized. George Vitta replied that foreign government debt is not a good idea to pursue but that a quasi-bond fund that is a collateralized loan with real estate as the collateral and which is paying a guaranteed annual 8% rate of return may be. More due diligence needs to be done before a recommendation is made.

R.B. 17-051 MOTION by Lowenberg, supported by Wells, to approve the termination of the May/June, 2017 liquidity schedule that was previously approved. MOTION CARRIED UNANIMOUSLY

R.B. 17-052 MOTION by Lowenberg, supported by Fisher, to approve the movement of \$1.2 mill to Bradford and Marzec (now part of Tortoise Credit Strategies) and \$1.9 mill to Loomis Sayles Bond funds from the rebalancing of the three LSIA funds as soon as administratively possible. MOTION CARRIED UNANIMOUSLY

The target policy allocations for alternative investments and cash equivalents will remain at 16% and 0%, respectively, for now. AndCo Consulting will present alternative investments manager suggestions in May or June.

The Market Update as of March 31, 2017 was presented. High yield bonds continue to be very successful. Some Equities indexes are down for the month but 3 month, YTD, and 1-3-5 year returns are all positive.

R.B. 17-053 MOTION by Lowenberg, supported by Wells, to approve payment of the invoice from Livingston York Advisors, LLC for Avignon Property Management for the period 1/1/17 – 3/31/17 in the amount of \$2,137.50. MOTION CARRIED UNANIMOUSLY

Irv Lowenberg asked the Board for permission to attend the upcoming PRISA conference in New York City.

R.B. 17-054 MOTION by Lowenberg, supported by Wells, to approve attendance for any Board member at the annual PRISA conference in New York City from May 15 – May 17, 2017. MOTION CARRIED UNANIMOUSLY

John Fisher asked if there were any questions for AndCo regarding the RFI before they were excused from the room for an ensuing discussion but there were none. 10 RFI's were received and one was withdrawn due to competing submissions from the same parent company. Irv Lowenberg stated that he specifically looked at three criteria: fees, municipal experience, and performance. Legal counsel pointed out that some wanted discretion over investment choices. It was decided that Irv Lowenberg and Audrey Harvey would meet to review the RFI's and that the Retirement Program Director would summarize their recommendations to the Board for the May 9 meeting.

R.B. 17-055 MOTION by Lowenberg, supported by Wells, to go into closed session to discuss personal matters as requested by the Retirement Program Director. Roll Call: Fisher-Yes, Wells-Yes, Harvey-Yes, Lowenberg-Yes. MOTION CARRIED UNANIMOUSLY

R.B. 17-056 MOTION by Wells, supported by Lowenberg, to come out of closed session. Roll Call: Fisher-Yes, Wells-Yes, Harvey-Yes, Lowenberg-Yes. MOTION CARRIED UNANIMOUSLY

R.B. 17-057 MOTION by Lowenberg, supported by Wells, to start a \$200/month contribution to a Health Savings Account effective January 1, 2017 for the Retirement Program Director, Megan Battersby. MOTION CARRIED UNANIMOUSLY

The Board will look into the possibility of making catch-up contributions for the Retirement Program Director back to January, 2004 when she was hired.

Meeting adjourned at 11:37 a.m.

Prepared by Megan Battersby
Retirement Program Director

Approved by Board Motion on May 9, 2017