

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

May 12, 2015

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

PRESENT: John Fisher (early exit at 12:40 p.m.), Shawn Wells, Audrey Harvey, Duane Garth and Irv Lowenberg (via phone until arrival at 10:00 a.m.)

ABSENT:

ALSO

PRESENT: Michael VanOverbeke/Legal Counsel, George Vitta/Asset Consultant, Megan Battersby/Retirement Program Administrator, Lauri Siskind/Human Resources Director, Judy Kermans and Mark Buis/GRS, Alex Klikoff and Matt Reeder/Fintan Partners and Joe Marren, Mark Kenyon, Joe Drohan and John Norton/KStone Partners

R.B. 15-53 **MOTION** by Wells, supported by Fisher, to approve the April 14, 2015 regular meeting minutes. **MOTION CARRIED UNANIMOUSLY**

R.B. 15-54 **MOTION** by Wells, supported by Garth, to acknowledge receipt of the Cash & Asset Statement as of March 31, 2015 in the amount of \$198,500,251.10. **MOTION CARRIED UNANIMOUSLY**

R.B. 15-55 **MOTION** by Wells, supported by Harvey, to acknowledge payment of invoices as follows: Invoice from 1607 Capital Partners for asset management services for the period 1/1/15 through 3/31/15 in the amount of \$25,704.29; Invoice from Energy Opportunities for asset management services for the period 1/1/15 to 3/18/15 in the amount of \$7,240.97 (final invoice); Invoice from LSIA for asset management services for the period January 1, 2015 through March 31, 2015 in the amount of \$4,603.72; Invoice from Loomis Sayles for asset management services for the period January 1, 2015 through March 31, 2015 in the amount of \$19,841.65; Invoice from Asset Strategies for investment consulting services for the period April, 2015 in the amount of \$9,047.74; Invoices from VanOverbeke Michaud & Timmony for legal consulting services as follows: Q2, 2014, \$6,948.00; Q3, 2014, \$4,230.00; Q4, 2014, \$3,006.00; Expense report from Megan Battersby for One Day MAPERS Seminar; Invoice from Chase Card Services for VISA charges for the period 2/4/15 – 3/3/15 in the amount of -\$1,145.44. **MOTION CARRIED UNANIMOUSLY**

R.B. 15-56 **MOTION** by Harvey, supported by Wells, to acknowledge receipt of the Informational Items including YTD 2014/2015 Budget, invoice from Loomis Sayles for asset management services for the period January 1, 2015 through March 31, 2015 in the amount of \$22,389.89 (direct debit) and Correspondence received during the period April 14, 2015 through May 11, 2015. **MOTION CARRIED UNANIMOUSLY**

R.B. 15-57 MOTION by Harvey, supported by Wells, to acknowledge receipt of DROP distribution election from S. Kraemer. MOTION CARRIED UNANIMOUSLY

There was a brief discussion regarding contract changes and the interpretation of the refund of accumulated contributions with corresponding pension reduction at this time. Ms. Siskind stated emphatically that it was the City's intention throughout negotiations that nonrefundable meant nonrefundable and that annuity withdrawal with a corresponding pension reduction was not a consideration; all nonrefundable pension contributions are to remain in the Retirement System.

The need for new business cards and possible sources were discussed. It was decided that Allegra Printing & Imaging would be used to order business cards with full color graphics of both a fire and police shield.

There was no legislative update for the month. Mr. VanOverbeke presented a memorandum regarding 2015 Service Provider Disclosure Forms which addressed whether the responses provided to the Retirement System by Brandes and Invesco comply with the requirements of Act 314 and the Disclosure Policy.

R.B. 15-58 MOTION by Harvey, supported by Wells, to acknowledge receipt of the memorandum regarding 2015 Service Provider Disclosure Forms and direct that a copy be sent to Invesco. MOTION CARRIED UNANIMOUSLY

Freedom of Information Act Policy & Procedures, Summary of FOIA Policy and Procedures, FOIA Form-1 (Freedom of Information Request Form), FOIA Form-2 (FOIA Response & Fee Summary) and FOIA Form-3 (Response Fee Estimate) were presented.

R.B. 15-59 MOTION by Harvey, supported by Wells, to accept the Freedom of Information Act Policy & Procedures, Summary of FOIA Policy and Procedures, FOIA Form-1 (Freedom of Information Request Form), FOIA Form-2 (FOIA Response & Fee Summary) and FOIA Form-3 (Response Fee Estimate) as presented for the administration of FOIA requests and responses effective July 1, 2015. MOTION CARRIED UNANIMOUSLY

The Avignon update letter from Livingston York was accepted. There was continued discussion regarding the proposed resignation of Government Services Group, Inc. (GSG) who acts as the CDD Manager, and the new development regarding the potential sale of the Lauris property. An opportunity to sell Lauris and then close down the CDD has recently materialized so GSG has agreed to stay on as the CDD Manager until either the sale occurs and the CDD is dissolved or the sale fails to occur in which case GSG would subsequently resign. GSG has proposed to continue on as Manager at the flat monthly rate of \$3,000 and Livingston York feels that it is in the best interest of the Retirement System to maintain GSG as CDD Manager.

R.B. 15-60 MOTION by Harvey, supported by Garth, to accept Livingston York's recommendation that SFPRS advise the members of the Board of Supervisors for the CDD that it wishes to retain GSG as the CDD Manager under the terms provided until the occurrence of either 1) the pending Agreement for the Lauris property terminating for any reason other than the

property being successfully sold to the purchaser or 2) the final dissolution and termination of the DCC itself. MOTION CARRIED UNANIMOUSLY

Judy Kermans and Mark Buis from GRS were present to address the Board of Trustees. They presented the Proposed Services and Actuarial Fees letter for the period beginning July 1, 2015 and showed a brief demonstration of GRS Advantage.

R.B. 15-61 MOTION by Wells, supported by Harvey, to acknowledge payment of invoices as follows: Invoice from Villages of Avignon CDD for reimbursable expenses as of April 16, 2015 in the amount of \$1,356.96; Invoice from Chase Card Services for VISA charges for the period 4/4/15 – 5/3/15 in the amount of \$498.84; Invoice from Chase Card Services for VISA charges for the period 4/4/15 – 5/3/15 in the amount of 971.60. MOTION CARRIED UNANIMOUSLY

Both Fintan Partners and KStone Partners gave presentations to the Board of Trustees as potential new Fund of Hedge Fund managers after which discussion ensued regarding whether this was a segment in which the Board wanted to invest and the merits of each firm.

Mr. Fisher exited the meeting at 12:40 p.m. Mr. VanOverbeke exited the meeting at 12:50 p.m.

R.B. 15-62 MOTION by Harvey, supported by Garth, to fund Fintan Partners with an initial investment of \$10 million in the Fintan Alternative Fixed Income Fund (RIC) Founder's Shares (Limited). MOTION CARRIED UNANIMOUSLY

It was the consensus of the Board to ask Mr. Vitta to follow up with KStone Partners to determine whether a more favorable and similar fee arrangement could be negotiated, in which case a comparable investment would be placed with KStone.

Mr. Vitta presented the March 31, 2015 Investment Performance Analysis. Conclusions were as follows:

1. Total Fund return of +1.93% trailed the Policy Index primarily due to underperformance by WHV, Brandes, and Morgan Dempsey.
2. Probation for Brandes and Morgan Dempsey for the period of 4/01 - 9/30/2015 was recommended.
3. No violations of investment policy or guidelines were detected.
4. As of 5/07/2015, asset allocations are close to policy targets.

R.B. 15-63 MOTION by Harvey, supported by Garth, to place Brandes and Morgan Dempsey on probation effective April 1, 2015 through September 30, 2015. MOTION CARRIED UNANIMOUSLY

R.B. 15-64 MOTION by Lowenberg, supported by Harvey, to approve the quarterly rate of return as of March 31, 2015 of 1.9346%. MOTION CARRIED UNANIMOUSLY

It was recommended that WHV be terminated and a search report for a suitable replacement would be presented in June.

R.B. 15-65 **MOTION** by Garth, supported by Harvey, to approve the termination of WHV as soon as administratively possible. **MOTION CARRIED UNANIMOUSLY**

The monthly U.S. Economic Update for March, 2015 was presented. The indicators are aligning for slow growth both domestically and abroad and signal continued improvement. The Capital Markets Update through the end of April showed that large cap stocks had continued positive results. Selloffs in mid, small and micro-cap stocks signaled a shift in risk preference.

Invesco and Brandes will be invited to present to the Board of Trustees at the June meeting.

Meeting adjourned at 1:55 p.m.

Prepared by Megan Battersby
Retirement Program Administrator

Audrey Harvey, Secretary