

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

May 14, 2019

The Board convened in Council Study at 11:30 a.m. with President Fisher presiding. The Meeting was started at 11:50 a.m.

PRESENT: John Fisher, Duane Garth, Audrey Harvey (via phone), Irv Lowenberg, Brent Wilson

ABSENT:

ALSO

PRESENT: Michael VanOverbeke, Legal Counsel/VMT; Brian Green, Investment Consultant/AndCo; Megan Battersby, Retirement Program Director/SFPRS

R.B. 19-054 **MOTION** by Wilson, supported by Fisher, to approve the April 9, 2019 meeting minutes. **MOTION CARRIED UNANIMOUSLY**

R.B. 19-055 **MOTION** by Wilson, supported by Garth, to acknowledge receipt of the Cash & Asset Statement as of March 31, 2019 in the amount of \$196,657,942.73. **MOTION CARRIED UNANIMOUSLY**

R.B. 19-056 **MOTION** by Garth supported by Lowenberg, to approve payment of invoices as follows: Expense report from Irv Lowenberg for lunch cost for April 9, 2019 meeting in the amount of \$9.99; Invoice from Chase for credit card charges for the period 04/03/19 – 05/02/19 in the amount of \$139.35; Invoices from Morgan Dempsey for asset management fees for the period 01/01/19 – 03/31/19 in the amount of \$29,092.44; Invoice from LSIA for asset management fees for the period January 1, 2019 through March 31, 2019 in the amount of \$2,883.35; Invoice from LSIA for asset management fees for the period January 1, 2019 through March 31, 2019 in the amount of \$5,242.19; Invoice from QMA for asset management fees for the period Jan 01, 2019 – Mar 31, 2019 in the amount of \$27,491.97; Invoice from 1607 for asset management fees for the period 1/1/19 through 3/31/19 in the amount of \$50,825.91. **MOTION CARRIED UNANIMOUSLY**

R.B. 19-057 **MOTION** by Wilson, supported by Lowenberg, to acknowledge receipt of Informational Items as follows: YTD 2018/2019 Budget; Invoice from Tortoise for asset management fees for the period January 1, 2019 to March 31, 2019 in the amount of \$14,359.69; Invoice from Loomis Sayles for asset management fees for the period January 1, 2019 through March 31, 2019 in the amount of \$11,517.63; Invoice from Northern Trust for services rendered for the Period End Date 03/31/2019 in the total amount of \$29,285.53; Correspondence received during the period April 9, 2019 – May 13, 2019. **MOTION CARRIED UNANIMOUSLY**

R.B. 19-058 **MOTION** by Fisher, supported by Wilson, to approve Retirement Application from T. Literacki effective 04/25/2019. **MOTION CARRIED UNANIMOUSLY**

R.B. 19-059 MOTION by Fisher, supported by Wilson, to approve DROP Distribution Elections from K. Rochon, R. Taylor and T. Literacki. MOTION CARRIED UNANIMOUSLY

R.B. 19-060 MOTION by Fisher, supported by Wilson, to approve Annuity Withdrawal Distribution Election from T. Literacki. MOTION CARRIED UNANIMOUSLY

Legal Counsel reported that he has attended meetings in Lansing regarding PA 202 which centered around collectively working on revisions to clean up the statute.

R.B. 19-061 MOTION by Fisher, supported by Lowenberg, to accept and file the legal report, as presented. MOTION CARRIED UNANIMOUSLY

R.B. 19-062 MOTION by Fisher, supported by Lowenberg, to designate Wilson and Battersby as delegates for the 2019 MAPERS Spring Conference. MOTION CARRIED UNANIMOUSLY

The Investment Consultant presented Investment Performance Review for the Period Ending March 31, 2019. The Executive Summary was as follows:

- Total Fund return of +7.11% underperformed the Policy Index return of +7.49%. The primary driver of underperformance was the Morgan Dempsey portfolio.
- Within the Large Cap allocation, the Low Volatility allocation matched the return of the broad S&P 500, the Equal Weight portfolio outperformed, and the more conservative Dividend Aristocrat lagged.
- QMA Mid Cap matched their benchmark, returning +14.53% vs. +14.49%.
- Morgan Dempsey (Micro Cap Equity) underperformed their benchmark, returning +6.49% vs. +12.63% for the quarter.
- 1607 Capital Partners outperformed their benchmark for the quarter by 1.41% as strong fund selection continued to drive returns.
- Both Domestic Fixed Income managers, Tortoise Credit and Loomis Sayles, outperformed their benchmarks for the quarter as investment grade corporate bonds recovered.
- Bloomfield Capital Fund V made their first capital call during the quarter, and is now 60% called.
- Nantucket outperformed for the quarter as equity markets were in positive territory. Longer term results remain strong vs. benchmark and peers.
- KStone Partners underperformed their benchmark for the quarter. Long term results remain strong.
- PRISA I, II and III were all ahead of their benchmarks for the quarter.
- JCR Fund III made multiple distributions during the quarter and remains approximately 65% called. JCR Fund IV made another call during the quarter and is now just over 28% called.
- Landmark Fund VII had continued activity during the quarter and is now 26% called. IRR since inception is over 30%.
- As of 3/31/2019, the Total Fund is in compliance with Public Act 314. The cash balance at year end was over the maximum limit due to the termination of Brandes. As of the issuance of this report, the cash balance was below the maximum limit.

R.B. 19-063 MOTION by Lowenberg, supported by Garth, to approve the quarterly rate of return of 7.1053% for the quarter ended March 31, 2019. MOTION CARRIED UNANIMOUSLY

Discussion followed regarding Morgan Dempsey and whether the Retirement System should consider exiting the microcap sector. The Investment Consultant will prepare a search for a microcap replacement for the June meeting.

A liquidity schedule for the next six months was reviewed.

R.B. 19-064 **MOTION** by Wilson, supported by Lowenberg, to approve the liquidity recommendation as presented by the Investment Consultant and move to cash \$2.2 million each from Tortoise and Loomis Sayles as soon as administratively feasible and again as of July 31, 2019. **MOTION CARRIED UNANIMOUSLY**

R.B. 19-065 **MOTION** by Lowenberg, supported by Wilson, to approve the expense report from D. Garth for IFEBP Conference. **MOTION CARRIED UNANIMOUSLY**

The Board reviewed and discussed a chart, Annual pension Payments and Funded Ratio, and whether it would provide useful information to participants.

There being no further business to come before the Board, the meeting was adjourned at 1:15 p.m.

Prepared by Megan Battersby, Retirement Program Director

Approved by Board Motion on June 11, 2019