

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

**June 9, 2015**

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

PRESENT: Shawn Wells, Audrey Harvey, Duane Garth and Irv Lowenberg (late arrival)

ABSENT: John Fisher

ALSO

PRESENT: Michael VanOverbeke/Legal Counsel, George Vitta/Asset Consultant, Megan Battersby/Retirement Program Administrator, Lauri Siskind/Human Resources Director, Chris Chard/Brandes, Keri Hepburn and Laler DeCosta/Invesco, Alex Klikoff and Martin Reader/Fintan Partners (via phone), Pamela Gerald and Gerald Mullin/community members

**R.B. 15-66** MOTION by Harvey, supported by Garth, to approve the May 12, 2015 regular meeting minutes. MOTION CARRIED UNANIMOUSLY

**R.B. 15-67** MOTION by Harvey, supported by Garth, to acknowledge receipt of the Cash & Asset Statement as of April 30, 2015 in the amount of \$199,315,813.86. MOTION CARRIED UNANIMOUSLY

**R.B. 15-68** MOTION by Harvey, supported by Garth, to acknowledge payment of invoices as follows: Invoice from WHV for asset management services for the period 1/1/15 through 3/31/15 in the amount of \$18,175.00; Expense report from Shawn Wells for MAPERS Spring Conference; Expense report from John Fisher for MAPERS Spring Conference; Invoice from Asset Strategies for investment consulting services for the period May, 2015 in the amount of \$9,161.12. MOTION CARRIED UNANIMOUSLY

**R.B. 15-69** MOTION by Harvey, supported by Garth, to acknowledge receipt of the Informational Items including YTD 2014/2015 Budget and Correspondence received during the period May 12, 2015 through June 8, 2015. MOTION CARRIED UNANIMOUSLY

**R.B. 15-70** MOTION by Harvey, supported by Garth, to acknowledge receipt of DROP Application from S. Schneider. MOTION CARRIED UNANIMOUSLY

**R.B. 15-71** MOTION by Harvey, supported by Garth, to acknowledge receipt of Retirement Application from P. Hart. MOTION CARRIED UNANIMOUSLY

**R.B. 15-72** MOTION by Harvey, supported by Garth, to acknowledge receipt of DROP Distribution Elections from L. Doan and K. Birberick. MOTION CARRIED UNANIMOUSLY

Irv Lowenberg entered the meeting.

There was a brief discussion regarding possible topics for the GRS educational session that has been offered for this year. The Retirement Program Administrator was asked to contact Judy Kermans for a list of suggested topics.

The Capital Markets Update through the end of May indicated that it was another good month for stocks. The monthly U.S. Economic Update for April, 2015 was presented. The US GDP was slightly negative for the quarter but positive growth is projected for the remainder of the year. The bulk of the indicators are positive and moving in the right direction.

Chris Chard from Brandes Investment Partners presented a Portfolio Review and update to the Board, reviewing all items on the agenda/invitation. No significant changes to the Brandes organization have taken place since being hired in May of 2014. No problems have been encountered working with plan policies, etc. There have been no changes at Brandes regarding the Risk Management Process. Brandes' bottom-up view of Global Capital Markets was discussed by referencing an analysis by valuation by country worldwide including Emerging Markets (EM). Mr. Chard detailed how opportunities are seen in specific countries like Russia and Brazil and fewer opportunities and more risk seen in China's market particularly due to its strong year to date performance. Performance and the difficult start the Plan has had relative to the benchmark since inception was reviewed. It was explained that with Brandes' long-term point of view, they expect clients to be rewarded for being patient with the short-term performance. It was mentioned how much Brandes appreciates the City's business and all questions were answered.

Keri Hepburn and Laler DeCosta were in attendance from Invesco. Ms. Hepburn opened first, thanking the board for being a client, introducing Laler and also giving a very brief update on Invesco. Mr. DeCosta then took over, beginning with an overview of Invesco Real Estate, first mentioning David Ridley's retirement and then discussing the various products they manage, including the newly launched MLP and Infrastructure funds. He then touched on the REIT team, mentioning the departure of Shelby Noble as well as the 3 new additions, Lindsay Schroll, Alister Hough, and Dan Moran and moved on to a brief overview of the investment process. Duane Garth had a few questions and Ms. Hepburn promised to send him a more detailed process book. Next Mr. DeCosta covered performance, which is now outperforming the benchmark for all of the time periods (Quarter, 1-, 3-, 5- and since inception). While not the degree of outperformance preferred in the long-term, it is improving.

	Fund (%)	Benchmark
	Gross	
1Q 2015	4.11	3.44
1 Year	8.56	7.74
3 Year	11.71	10.66
5 Year	8.94	8.54
Since Inception	8.27	8.01

Next was a discussion on the characteristics of the fund (lower leverage, better liquidity and growth at a reasonable price). Finally, Mr. DeCosta wrapped up with a discussion of the market. Invesco's outlook for 2016 is performance in the 9-10% range; they are not in a cheaply priced asset class and future performance needs to come from growth in NOI. He then commented that if the Retirement System was over-allocated, now would be a good time to take some profits off the table.

Mr. Vitta informed the Board about his discussion with KStone.

**R.B. 15-73** MOTION by Lowenberg, supported by Harvey, to direct Asset Strategies to continue negotiations with KStone Partners. MOTION CARRIED UNANIMOUSLY

There was a conference call with Alex Klikoff and Martin Reader from Fintan Partners. There will be a delay in funding the Fintan Alternative Fixed Income Fund (RIC) Founder's Shares (Limited) and two other options were discussed.

**R.B. 15-74** MOTION by Lowenberg, supported by Harvey, to join the Fintan Institutional Fund with an initial investment of \$10 million and rescind R.B. motion 15-62. MOTION CARRIED UNANIMOUSLY

**R.B. 15-75** MOTION by Harvey, supported by Lowenberg, to adopt the liquidity plan for July through December, 2015, as presented. MOTION CARRIED UNANIMOUSLY

The discussion on international equity manager roles as well as investing in MLP's was tabled until July.

There was no legislative update for the month. The Avignon update letter from Livingston York was accepted. The services of Government Services Group, Inc. (GSG), CDD Manager, have been retained.

**R.B. 15-76** MOTION by Harvey, supported by Garth, to pay invoices as follows: Invoice from Villages of Avignon CDD for reimbursable expenses as of May 18, 2015 in the amount of \$2,640.00; Invoice from Birkitt Environmental Services for final completion of all tasks in the Birkitt Proposal in the amount of \$720.50; Invoice from Chase Card Services for VISA charges for the period 5/3/15 – 6/2/15 in the amount of \$462.48. MOTION CARRIED UNANIMOUSLY

Ms. Siskind informed the Board that a pre-retirement workshop will be conducted for SERS members on June 25, 2015 if anyone is interested in observing.

Meeting adjourned at 12:00 p.m.

Prepared by Megan Battersby  
Retirement Program Administrator

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Audrey Harvey, Secretary