

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

July 11, 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 9:10 a.m.

PRESENT: John Fisher, Irv Lowenberg, Shawn Wells (via phone), Audrey Harvey (via phone)

ABSENT: Duane Garth

ALSO

PRESENT: Michael VanOverbeke/Legal Counsel, George Vitta and Brian Green/Investment Consultants, Megan Battersby/Retirement Program Director, Michael Rogers and Pete Mitchell/Crescent Capital Group

R.B. 17-088 **MOTION** by Lowenberg, supported by Harvey, to approve the June 13, 2017 meeting minutes. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-089 **MOTION** by Lowenberg supported by Harvey, to acknowledge receipt of the Cash & Asset Statement as of May 31, 2017 in the amount of \$197,359,645.84. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-090 **MOTION** by Lowenberg, supported by Wells, to approve payment of invoices as follows: Expense report from I. Lowenberg for June Manager Roundtable lunch in the amount of 16.17; Invoice from AndCo for investment consulting services for the period June, 2017 in the amount of \$9,001.84; Invoice from GRS for EDRO calculation of benefits due to retirement for D. Adams in the amount of \$1,300.00 (to be billed to the participant and alternate payee); Invoice from GRS for EDRO recalculation of benefits for S. Schneider in the amount of \$825.00 (to be billed to the participant and alternate payee); Expense report from John Fisher for NCPERS Annual Conference in the amount of \$2,957.71; Statement from Chase Cardmember Services for credit card charges for the period 05/03/17 – 06/02/17 in the amount of \$2,183.90; Invoice from Villages of Avignon CDD for reimbursable expenses as of 6/15/17 in the amount of \$3,105.64; Invoice from Livingston York Advisors for Avignon Property Management for the period 4/1/17 – 6/30/17 in the amount of \$4,350.00; Invoice from Crain’s Detroit Business for one year publication renewal for E. Wells in the amount of \$39.00; Invoice from Crain’s Detroit Business for one year publication renewal for D. Garth in the amount of \$39.00. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-091 **MOTION** by Lowenberg, supported by Harvey, to acknowledge receipt of the Informational Items including YTD 2016/2017 Budget, Invoice from The Northern Trust Company for asset management fees for Enhanced – SL fund for the period April 1 – June 30, 2017 in the amount of \$1,967.38 (direct charge to account), and Correspondence received during the period May 9 – June 12, 2017. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-092 MOTION by Fisher, supported by Wells, to approve DROP Application from M. Leon. MOTION CARRIED UNANIMOUSLY

R.B. 17-093 MOTION by Fisher, supported by Lowenberg, to approve Retirement Application from K. Lech. MOTION CARRIED UNANIMOUSLY

R.B. 17-094 MOTION by Fisher, supported by Lowenberg, to approve DROP Distribution Elections from D. Clevenger and P. Theriault. MOTION CARRIED UNANIMOUSLY

R.B. 17-095 MOTION by Fisher, supported by Wells, to approve Annuity Withdrawal Distribution Election from K. Lech. MOTION CARRIED UNANIMOUSLY

R.B. 17-096 MOTION by Lowenberg, supported by Fisher, to acknowledge and receive the annual actuarial fee letter from GRS dated June 12, 2017. MOTION CARRIED UNANIMOUSLY

R.B. 17-097 MOTION by Lowenberg, supported by Harvey, to approve the annual proposed budget for fiscal year 2017-2018 as presented with edits as discussed. MOTION CARRIED UNANIMOUSLY

The SFPRS Avignon, Inc. Project Update monthly letter from Livingston York was received as was a Closing Timeline exhibit.

R.B. 17-098 MOTION by Lowenberg, supported by Fisher, to adopt the Motion RE: SFPRS Avignon, Inc. as presented:
CITY OF SOUTHFIELD FIRE AND POLICE RETIREMENT SYSTEM

MOTION

ADOPTED: July 11, 2017

RE: SFPRS Avignon, Inc.

WHEREAS, the Board is in receipt of an AGREEMENT FOR SALE AND PURCHASE OF PROPERTY, between SFPRS Avignon, Inc., and Palmetto 254, LLC regarding the sale of the Retirement System's property located in Palmetto, Florida (the "Property"), and

WHEREAS, the Agreement provides terms and conditions consistent with the Board's prior actions and directions with respect to such sale, which terms and conditions have been reviewed and approved by the Board's Special Legal Counsel, Rick Warren and the Board's Real Estate Consultant, Livingston York Advisors, LLC, therefore be it

RESOLVED that the Board reaffirms the execution of the Agreement by Trustee/Chair John Fisher as President of SFPRS Avignon, Inc.

MOTION CARRIED UNANIMOUSLY

R.B. 17-099 MOTION by Lowenberg, supported by Wells, to acknowledge receipt of Unanimous Written Consent of Directors of SPPRS Avignon, Inc. acknowledging appointment of officers of SFPRS Avignon, Inc. MOTION CARRIED UNANIMOUSLY

In the Legal Report, legal counsel indicated that the Governor's Task Force for Responsible Retirement Reform report should be released this week and that he would forward a copy to the Board when it was available.

Mike Rogers, Managing Director, and Pete Mitchell, Senior Vice President, from Crescent Capital Group were present to address the Pension Board regarding direct lending. Crescent focuses on below investment grade corporate credit which provides a preservation of capital strategy with a premium return. They provided an overview of the firm and investment team. They indicated that the loans are not liquid but provide a 100-200 basis points premium over similar liquid investments like bonds. There is a 3-4 year investment period with returns generated after 2-3 years.

During the discussion following the presentation, the Board indicated that they would like to compare Crescent with others in the same segment. The investment consultants said that the goal was to introduce the segment and generate interest and a comfort level as the Board looks for a fixed income investment that will provide a hedge in a rising interest rate environment. Irv Lowenberg questioned why we would want to invest in an uncollateralized lending opportunity that generates similar returns to a collateralized opportunity like JCR or Bloomfield Capital. John Fisher indicated that, while he appreciates the education, the Board needs to decide what direction they are comfortable with. The consultants were asked to come back to the Board with a comparison of alternative options in August after which they would be provided with further direction.

The Market Update as of June 30, 2017 was presented. Global stock markets continue their upward rise with international markets performing the best. Bonds fared surprisingly well considering the interest rate increase.

Surplus cash was again addressed. It will be used for the next three months to meet pension benefit payment needs as well as capital calls from JCR and to fund possible new investment opportunities.

The wind down of the Fintan investment is causing concern. They originally committed to closing the fund by the end of 2016 but are now extending the time frame to the end of 2017 and possibly into 2018. The investment consultant was directed to have a formal discussion with them regarding the waiver of fees for the remaining duration of the fund.

Establishing a HRSA for the retirement Program Director was again addressed. Legal counsel asked that the item be tabled again until the August meeting when they would have something to report.

Meeting adjourned at 11:45 a.m.

Prepared by Megan Battersby
Retirement Program Director

Approved by Board Motion on August 8, 2017