

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

**August 11, 2014**

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The Board convened in Council Study at 9:05 a.m. with President Fisher presiding.

**PRESENT:** John Fisher, Shawn Wells, Audrey Harvey, Duane Garth, Irv Lowenberg

**ABSENT:**

**ALSO**

**PRESENT:** Michael VanOverbeke/Legal Counsel, George Vitta/Asset Consultant, Megan Battersby/Retirement Program Administrator, Lauri Siskind/Human Resources Director.

**R.B. 14-101** **MOTION** by Wells, supported by Harvey, to approve the July 7, 2014 regular meeting minutes. **MOTION CARRIED UNANIMOUSLY**

**R.B. 14-102** **MOTION** by Wells, supported by Harvey, to acknowledge receipt of the Cash & Asset Statement as of June 30, 2014 in the amount of \$202,941,720.69. **MOTION CARRIED UNANIMOUSLY**

**R.B. 14-103** **MOTION** by Wells, supported by Harvey, to approve Payment of Invoices as follows: Invoice from The Northern Trust Company for services rendered for the quarter ending June 30, 2014 in the total amount of \$18,563.44 (direct debit); Invoice from Bradford & Marzec for asset management services for the period 4/1/14 – 6/30/14 in the amount of \$21,163.83 (direct debit); Invoice from City of Southfield for fiduciary liability insurance for the 7/1/15 policy year in the amount of \$21,090.00; Invoice from VanOverbeke Michaud & Timmony, P.C. for legal services rendered during the period October 1, 2013 through December 31, 2013 in the amount of \$5,742.00; Invoice from 1607 Capital Partners for asset management services for the period 4/1/14 through 6/30/14 in the amount of \$28,261.46; Invoice from Loomis Sayles for large cap asset management services for the period 4/1/14 through 6/30/14 in the amount of \$21,279.09; Invoice from Loomis Sayles for core value asset management services for the period 4/1/14 through 6/30/14 in the amount of \$23,772.64; Invoice from LSIA for asset management services for the period 4/1/14 through 6/30/14 in the amount of \$4,577.15; Invoice from Morgan Dempsey for asset management services for the period 2<sup>nd</sup> Quarter 2014 in the amount of \$30,769.00; Expense report from John Fisher for Opal Public Funds Summit East in the amount of \$2,370.78; Invoice from Livingston York Advisors for asset consulting services for the period 4/1/14 to 6/30/14 in the amount of \$3,712.50; Invoice from WHV for asset management services for the period 4/1/14 through 6/30/14 in the amount of \$25,741.00; Invoice from Energy Opportunities for asset management services for the period Q2, 14 in the amount of \$12,371.53; Invoice from Asset Strategies for asset consulting services for the period July, 2014 in the amount of \$9,316.68. **MOTION CARRIED UNANIMOUSLY**

Irv Lowenberg and Duane Garth entered the meeting at 9:15.

**R.B. 14-104** MOTION by Wells, supported by Lowenberg, to acknowledge receipt of the Informational Items as follows: YTD 2013/2014 Budget, YTD 2014/2015 Budget and Correspondence received during the period July 7, 2014 through August 8, 2014. MOTION CARRIED UNANIMOUSLY

**R.B. 14-105** MOTION by Fisher, supported by Lowenberg, to acknowledge receipt of the revised Retirement Application from L. Porter for retirement effective August 18, 2014. MOTION CARRIED UNANIMOUSLY

**R.B. 14-106** MOTION by Fisher, supported by Lowenberg, to acknowledge receipt of DROP Distribution requests from D. Clifford and L. Porter. MOTION CARRIED UNANIMOUSLY

**R.B. 14-107** MOTION by Fisher, supported by Harvey, to acknowledge receipt of Annuity Withdrawal Distribution request from L. Porter. MOTION CARRIED UNANIMOUSLY

Mr. VanOverbeke indicated that there was no legislative update to report for the month. He presented a draft Actuarial Funding Policy with the recommendation that it be forwarded to the actuary and auditor for comments prior to acceptance at the next meeting as well as the recommendation that the actuary attend that meeting to answer any Board questions. He explained that a separate policy was required by GASB but that we still had a regular funding policy in conjunction with our actuarial valuation.

**R.B. 14-108** MOTION by Harvey, supported by Lowenberg, to direct that a copy of the draft Actuarial Funding Policy be forwarded to GRS and Plante Moran for their comments with input requested prior to the September Board meeting and attendance by GRS requested at the September Board meeting. MOTION CARRIED UNANIMOUSLY

The revised withdrawal policy and various language changes and clarifications as modified through collective bargaining were discussed. A draft policy requiring mandatory direct deposit for new retirees was also presented and discussed. It was agreed that requiring direct deposit would be more cost effective and efficient for new retirees but that any retirees currently receiving a paper checks be allowed to continue to do so.

**R.B. 14-109** MOTION by Harvey, supported by Wells, to adopt the revised Withdrawal Policy and Procedures as presented with modification. MOTION CARRIED UNANIMOUSLY

**R.B. 14-110** MOTION by Garth, supported by Wells, to adopt the Mandatory Direct Deposit Policy as presented with modifications effective September 1, 2014. MOTION CARRIED UNANIMOUSLY

The Board received the monthly Avignon project update from Livingston York Advisors which addressed the property sale, annual operating budget for the property, wetland permit, other payables and an offer from a potential buyer. The listing agent, Kelly Prior, was contacted by phone and provided a property history overview. He reiterated that he felt the listing price was valid given currently market conditions and factors.

**R.B. 14-111** MOTION by Harvey, supported by Wells, to acknowledge receipt of the confidential memorandum dated August 2, 2014 from Livingston York Advisors and to authorize they proceed with the recommendations as outlined and negotiate the best sale terms available. MOTION CARRIED UNANIMOUSLY

The proposed budget for the 2014-2015 fiscal year was presented and discussed.

**R.B. 14-112** MOTION by Lowenberg, supported by Garth, to approve the 2014-2015 fiscal year budget with amendments. MOTION CARRIED UNANIMOUSLY

**R.B. 14-113** MOTION by Lowenberg, supported by Wells, to approve the addition of Opal and IMN to the list of pre-approved conferences. MOTION CARRIED UNANIMOUSLY

Meeting dates for the remainder of 2014 were discussed and it was decided to make no changes.

Audrey Harvey exited the meeting and continued participation via phone.

The June 30, 2014 Investment Performance Analysis was presented. Conclusions and recommendations were as follows:

1. Strong Total Fund return of +4.12% exceeded the Policy Index by 53 basis points primarily due to outperformance from WHV, Bradford & Marzec, the Loomis Sayles Full Discretion Fund, and Nantucket.
2. Long-term results (10 years) remain ahead of objectives, and continue to rank favorably among U.S. public employee retirement plans.
3. In the third quarter of probation (10/01/2013 - 6/30/2014), WHV Investment Management exceeded their benchmark by 3.14%. Removal of probationary status was recommended.
4. In the second quarter of probation (1/01/2014 - 6/30/2014), Orleans Capital lagged their benchmarks 3.08%. Extending probation through 12/31/2014 was recommended.
5. On 8/01/2014, an \$814,309.44 capital call for the JCR Capital Fund #3 was met from the Cash Account.
6. No violations of investment policy or guidelines were detected.
7. As of 8/07/2014, asset allocations are close to new policy targets.

**R.B. 14-114** MOTION by Fisher, supported by Wells, to approve the recommendation of Asset Strategies to remove WHV from probation. MOTION CARRIED UNANIMOUSLY

**R.B. 14-115** MOTION by Wells, supported by Lowenberg, to approve the recommendation of Asset Strategies to extend the probationary status of Orleans Capital Management to December 31, 2014. MOTION CARRIED UNANIMOUSLY

**R.B. 14-116** MOTION by Lowenberg, supported by Wells, to accept the quarterly rate of return of 4.1202% for the quarter ended June 30, 2014. MOTION CARRIED UNANIMOUSLY

The capital markets and U.S. economic updates were distributed to the Board by Mr. Vitta. U.S. equities, international equities, fixed income and hedge funds all had negative returns for the month yet YTD returns were still positive. All economic indicators have had steady improvement over the last year and are still favorable. Mr. Lowenberg asked if there were any managers that we should invite in to update

the Board and Mr. Vitta indicated that he would like to have Loomis Sayles present on the unconstrained bond strategy and Morgan Dempsey present on the rise in volatility.

Invoices on the agenda additions were all approved.

**R.B. 14-117** MOTION by Wells, supported by Lowenberg, to approve payment of invoices as follows: Invoice from Birkitt Environmental Services for wetland mitigation work for the period 6/17/14 – 7/18/14 in the amount of \$2,332.00; Invoice from Villages of Agivnon CDD for reimbursable expenses as of June 24, 2014 in the amount of \$1,356.96; Invoice from Warren & Grant, P.A. for legal services rendered for the period 6/4/14 – 6/16/14 in the amount of \$305.08; Invoice from Chase Card Services for VISA charges for the period 7/4/14 – 8/3/14 in the amount of \$151.22. MOTION CARRIED UNANIMOUSLY

MAPERS delegates for the fall conference were decided.

**R.B. 14-118** MOTION by Fisher, supported by Wells, to appoint Fisher and Wells as primary delegates and Harvey as an alternate delegate. MOTION CARRIED UNANIMOUSLY

Meeting adjourned at 11:35 a.m.

Prepared by Megan Battersby  
Retirement Program Administrator

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Audrey Harvey  
Secretary