

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

**August 14, 2018**

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The Board convened in Council Study at 11:30 a.m. with Vice President Garth presiding. The Meeting was started at 11:30 p.m.

**PRESENT:** Duane Garth, Brent Wilson, Audrey Harvey (via phone)

**ABSENT:** John Fisher, Irv Lowenberg

**ALSO**

**PRESENT:** Michael VanOverbeke/Legal Counsel, Brian Green/Investment Consultant, Megan Battersby/Retirement Program Director

**R.B. 18-084** **MOTION** by Harvey, supported by Wilson, to approve the July 10, 2018 meeting minutes. **MOTION CARRIED UNANIMOUSLY**

**R.B. 18-085** **MOTION** by Harvey, supported by Wilson, to acknowledge receipt of the Cash & Asset Statement as of June 30, 2018 in the amount of \$199,827,474.08. **MOTION CARRIED UNANIMOUSLY**

**R.B. 18-086** **MOTION** by Wilson, supported by Harvey, to approve payment of invoices as follows: Fiduciary Liability expense for the period 7/1/18 – 6/30/19 in the amount of \$21,496.64; Invoice from Morgan Dempsey for asset management fees for the period 04/01/18 – 06/30/18 in the amount of \$32,085.45; Invoice from 1607 Capital Partners for asset management fees for the period 4/1/18 through 6/30/18 in the amount of \$51,209.09; Invoice from LSIA for asset management fees for the period April 1, 2018 through June 30, 2018 in the amount of \$3,008.55; Invoice from LSIA for asset management fees for the period April 1, 2018 through June 30, 2018 in the amount of \$5,356.09; Invoice from Villages of Avignon CDD for Developer Contribution (newspaper ad) which was overlooked for approval June 12, 2018 in the amount of \$102.96; Invoice from QMA for asset management services for the period Apr 01, 2018 – Jun 30, 2018 in the amount of \$10,429.46. **MOTION CARRIED UNANIMOUSLY**

**R.B. 18-087** **MOTION** by Harvey, supported by Wilson, to acknowledge receipt of Informational Items as follows: YTD 2017/2018 Budget; YTD 2018/2019 Budget; Memo copy invoice from The Northern Trust Company for asset management fees for the period April 1 – May 23, 2018 in the amount of \$1,188.35 (Direct Debit; Account closed May 23 and transferred in-kind to QMA); Memo copy invoice from Loomis Sayles for asset management services for the period April 1, 2018 through June 30, 2018 in the amount of \$11,769.98; Memo copy invoice from Tortoise for asset management services for the period April 1, 2018 – June 30, 2018 in the amount of \$15,538.62; Correspondence received during the period July 10, 2018 – August 13, 2018. **MOTION CARRIED UNANIMOUSLY**

**R.B. 18-088** MOTION by Wilson, supported by Garth, to approve Retirement Applications from K. James (10/03/18) and E. Hawkins (09/05/18). MOTION CARRIED UNANIMOUSLY

**R.B. 18-089** MOTION by Wilson, supported by Harvey, to approve DROP Distribution Elections from S. Schneider, K. Rochon and M. Zacks. MOTION CARRIED UNANIMOUSLY

**R.B. 18-090** MOTION by Wilson, supported by Harvey, to approve Annuity Withdrawal Distribution Elections from K. James and E. Hawkins. MOTION CARRIED UNANIMOUSLY

**R.B. 18-091** MOTION by Harvey, supported by Wilson, to approve the SFPRS Avignon, Inc. Unanimous Written Consent of Directors resolution appointing named individuals to act as corporate officers and authorizing the payment or reimbursement of all charges and expenses incident to or arising out of the organization as follows:

**SFPRS AVIGNON, INC.**

Unanimous Written Consent of Directors

We, the undersigned, being all of the Directors of **SFPRS Avignon, Inc.**, a Michigan corporation, hereby consent, pursuant to the provisions of Section 525 and other sections of the Business Corporation Act of the State of Michigan (MCL 450.1525) and the Corporation's By-Laws, to the adoption of the following resolutions and to the filing of this Consent in the minute book of the Corporation:

RESOLVED, that the following named individuals, be and they hereby are appointed to act as officers of the Corporation, to serve at the pleasure of the Board:

President: John Fisher

Vice President: Brent Wilson

Secretary: Audrey Harvey

Treasurer: Irv Lowenberg

and further

RESOLVED, that the officers of this Corporation be and they hereby are authorized to pay all charges and expenses incident to or arising out of the organization of this Corporation and to reimburse any person who has made any disbursements therefor; and further

IN WITNESS WHEREOF, the undersigned have hereto set forth their signatures effective as of August 14, 2018.

By: \_\_\_\_\_  
John Fisher

By: \_\_\_\_\_  
Brent Wilson

By: \_\_\_\_\_  
Irv Lowenberg

By: \_\_\_\_\_  
Audrey Harvey

By: \_\_\_\_\_  
Duane Garth

MOTION CARRIED UNANIMOUSLY

**R.B. 18-092** MOTION by Harvey, supported by Garth, to approve the DRO Resolution RE: Gidner v. Gidner and pay benefits accordingly beginning October 1, 2018 as follows:

**CITY OF SOUTHFIELD  
FIRE AND POLICE RETIREMENT SYSTEM**

**RESOLUTION**

**Adopted: August 14, 2018**

**RE: Richard Walter Gidner v. Roberta Sue Gidner  
Oakland County Circuit Court Case No. 17-853634-DO**

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**WHEREAS**, the Board of Trustees is in receipt of a Domestic Relations Order dated July 17, 2018, wherein Roberta Sue Gidner, the Alternate Payee, is awarded certain rights to the benefits of Richard Walter Gidner, the Participant, and

**WHEREAS**, the Alternate Payee is entitled to \$1,000.00 of the Participant's monthly retirement benefits payable from the Retirement System, and

**WHEREAS**, the payments from the plan to the Alternate Payee shall begin as soon as administratively feasible, and

**WHEREAS**, the Board's policy is to require that the cost for the actuary's calculations are to be borne by the parties to the domestic relations proceedings, and the order provides that the Participant and the Alternate Payee shall be responsible for any and all additional costs for actuarial services and that the Alternate Payee's share of such costs shall be in proportion to her share of the Participant's retirement benefits awarded to her under the Order, and

**WHEREAS**, said matter had been discussed with legal counsel who has opined that the applicable terms of said court order are consistent with the provisions of the Retirement System and applicable law and that based on the provisions of the Order there is no need to forward the Order to the Board's Actuary for calculations, therefore be it

**RESOLVED**, that the Board acknowledges receipt of said court order, will pay pension benefits consistent with said order subject to the provisions of the order as soon as administratively feasible, and further

**RESOLVED**, that a copy of this resolution be immediately attached as the top sheet of the pension file and other appropriate records be kept for the Retirement System relative to this matter, and

**RESOLVED**, that copies of this resolution be sent to Richard Walter Gidner, the Participant; Roberta Sue Gidner (n/k/a Robyn Ostlund-Bensek), the Alternate Payee.

MOTION CARRIED UNANIMOUSLY

**R.B. 18-093** **MOTION** by Garth, supported by Wilson, to accept and file the Supplemental Actuarial Valuation report for a pension change related to the Police Command group. **MOTION CARRIED UNANIMOUSLY**

The Board reviewed the Avignon monthly update letter. An additional \$125,000 in escrow funds, which is non-refundable, is to be deposited by tomorrow. The sale is still set to close by November 15, 2018.

The monthly market update was reviewed and discussed. All equities were positive for the month with value stocks finally outperforming growth stocks. Fixed income returns were flat for the month.

The Investment Performance Review for the Period Ending June 30, 2018 was presented and reviewed. The Executive Summary was as follows:

- Strong Total Fund return of +0.83% slightly trailed the Policy Index return of +0.86%.
- The conversion of the NT S&P 400 Midcap Index fund to QMA Mid Cap was completed in late May.
- Morgan Dempsey (Micro Cap Equity) outperformed their benchmark by 1.65% for the quarter, returning +10.95% vs. +9.30% for their benchmark. This outperformance has raised their trailing 1 and 3 year returns above benchmark.
- 1607 Capital Partners underperformed their benchmark by 0.88 for the quarter. They still rank favorably over all time periods.
- In their fourth quarter of watch status, Brandes Emerging Markets underperformed by -1.35%. Their watch status was extended through 6/30/2018.
- Both Domestic Fixed Income managers, Tortoise Credit and Loomis Sayles, underperformed their benchmarks for the quarter by a very small margin.
- Fintan is in the process of winding down their institutional fund. Approximately 75% of the balance was distributed during the quarter.
- Nantucket outperformed for the quarter and long term. Longer term results remain strong vs. benchmark and peers.

- KStone Partners outperformed their benchmark for the quarter. Long term results remain strong.
- JCR Fund III continued to call capital, and is now 76% called. JCR Fund IV issued its first capital call in late April.
- Landmark Fund VII made their first call in December 2017. There was not call activity during the quarter.
- As of 6/30/2018, the Total Fund is in compliance with the Investment Policy Statement and Public Act 314.

Duane Garth asked about Brandes performance. The consultant recommended a search be performed as a review and not necessarily for a replacement. Mr. Garth asked if the Board should be considering getting out of the Emerging Markets segment altogether and the consultant said no.

**R.B. 18-094** MOTION by Wilson, supported by Harvey, to approve the quarterly market rate of return of .8335% as of June 30, 2018. MOTION CARRIED UNANIMOUSLY

**R.B. 18-095** MOTION by Garth, supported by Harvey, to acknowledge receipt of the Investment Performance Review for the Period Ending June 30, 2018 presentation and report. MOTION CARRIED UNANIMOUSLY

No action was taken regarding fund rebalancing.

The liquidity plan was presented and discussed. Money will be pulled from the LSIA funds in a 40/30/30 ratio (S&P 500 Low Vol/Dividend Aristocrats/30-70 Large Cap) through January 31, 2019 to cover projected cash needs.

**R.B. 18-096** MOTION by Harvey, supported by Wilson, to approve the six-month liquidity plan for August 31, 2018 through January 31, 2019 as presented. MOTION CARRIED UNANIMOUSLY

Legal counsel had no items to discuss other than the Avignon resolution appointing officers which was already approved for the Board.

**R.B. 18-097** MOTION by Harvey, supported by Wilson, to pay invoices from Villages of Avignon CDD and Clark & Albaugh regarding normal, recurring management and legal costs as of July 12, 2018 in the total amount of \$3,620.54; invoice from Chase for credit card charges for the period 07/03/18 – 08/02/18 in the amount of \$347.00. MOTION CARRIED UNANIMOUSLY

The revised Authorized Signatories Resolution was tabled until the next meeting when all Board members would be present to sign the resolution.

Meeting adjourned at 12:33 p.m.

Prepared by Megan Battersby, Retirement Program Director

Approved by Board Motion on September 18, 2018