

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

August 9, 2016

The Board convened in Training Room 2 in the Human Resources Department at 9:00 a.m. with Vice President Wells presiding. The Meeting was started at 9:10 a.m.

PRESENT: John Fisher (via phone), Shawn Wells, Audrey Harvey (via phone), Irv Lowenberg (arrival at 9:15), Duane Garth

ABSENT:

ALSO

PRESENT: Michael VanOverbeke/Legal Counsel, George Vitta, Brian Green, Mike Welker/Investment Consultants, Megan Battersby/Retirement Program Administrator, Lauri Siskind/Human Resources Director

R.B. 16-102 **MOTION** by Fisher, supported by Garth, to approve the July 12, 2016 meeting minutes. **MOTION CARRIED UNANIMOUSLY**

R.B. 16-103 **MOTION** by Fisher, supported by Garth, to acknowledge receipt of the Cash & Asset Statement as of June 30, 2016 in the amount of \$187,956,816.01. **MOTION CARRIED UNANIMOUSLY**

R.B. 16-104 **MOTION** by Fisher, supported by Garth, to approve payment of invoices as follows: Invoice from Morgan Dempsey for asset management services for the period 2nd Qtr 2016 in the amount of \$25,865.00; Invoice from Loomis Sayles for asset management fees for the period April 1, 2016 through June 30, 2016 in the amount of \$21,503.15; Invoice from VanOverbeke Michaud & Timmony, P.C. for legal services rendered for the period January 1, 2016 through March 31, 2016 in the amount of \$5,065.00; Invoice from LS Investment Advisors for asset management services for the period April 1, 2016 through June 30, 2016 in the amount of \$4,526.25; Invoice from 1607 Capital Partners for asset management services for the period 4/1/16 through 6/30/16 in the amount of \$34,673.15. **MOTION CARRIED UNANIMOUSLY**

R.B. 16-105 **MOTION** by Fisher, supported by Garth, to acknowledge receipt of the Informational Items including YTD 2015/2016 Budget and Correspondence received during the period July 12, 2016 through August 8, 2016. **MOTION CARRIED UNANIMOUSLY**

R.B. 16-106 **MOTION** by Fisher, supported by Garth, to acknowledge receipt of DROP Application from M. Raby. **MOTION CARRIED UNANIMOUSLY**

There was no legal update to provide as the legislature is still on summer recess. The monthly Avignon letter from Livingston York was discussed. The broker has been engaged, offering and marketing materials have been prepared and initial stages of the marketing process have commenced.

Irv Lowenberg entered the meeting.

Mike Welker and Brian Green from The Bogdahn Group were introduced. Mike Welker is the President/CEO and is located in Florida. Brian Green and George Vitta are located in the new Southfield office. An overview of the firm was provided and their independence was stressed. Their service model for each client which includes a primary consultant, internal consultant, performance analyst, research team and supporting operations was discussed.

The Investment Portfolio Review 2nd Quarter 2016 was presented. Evaluation comments were as follows:

1. Total Fund return of +2.62% outperformed the Policy Index primarily due to strong performance from LSIA Dividend Aristocrats, Brandes Emerging Markets and all three hedge fund managers.
2. On a trailing 1-year basis, the fund trailed the policy index at +2.00% vs. +2.20%, but ranked in the 16th percentile vs. national peer group. Performance was led by strong absolute returns from LSIA Dividend Aristocrats, both Fixed Income managers and the real estate allocation. While returns were negative, both Morgan Dempsey and Brandes had strong relative returns vs. their respective benchmarks.
3. In their first quarter of probation (4/01/2016 – 6/30/2016), Loomis Sayles unperformed their benchmark by -1.16%. Continuing probation was recommended.
4. Avignon Holdings LLC - carried at \$3.42 million book value – had no investment activity for the period.
5. No violations of investment policies or guidelines were detected.
6. As of 6/30/2016, asset allocations were within policy ranges.

R.B. 16-107 MOTION by Lowenberg, supported by Fisher, to approve the 2nd quarter, 2016 rate of return of 2.6226%. MOTION CARRIED UNANIMOUSLY

1607's new domestic equity strategy was mentioned and Mr. Vitta informed the Board that more details would follow as they became available.

R.B. 16-108 MOTION by Wells, supported by Garth, to appoint John Fisher and Audrey Harvey as official delegates for the MAPERS Fall Conference. MOTION CARRIED UNANIMOUSLY

R.B. 16-109 MOTION by Fisher, supported by Garth, to approve payment of invoice from Villages of Avignon CDD for July, 2016 management fees and legal fees in the amount of \$2,933.32. MOTION CARRIED UNANIMOUSLY

Irv Lowenberg inquired about holding an investment roundtable. It was suggested that ideas be brought to the next meeting.

R.B. 16-110 MOTION by Lowenberg, supported by Fisher, to adjourn the meeting at 10:24. MOTION CARRIED UNANIMOUSLY

Meeting adjourned at 10:24 a.m.

Prepared by Megan Battersby
Retirement Program Administrator

Approved by Board Motion on September 13, 2016