

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

September 12, 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 9:18 a.m.

PRESENT: John Fisher, Shawn Wells, Audrey Harvey, Irv Lowenberg, Duane Garth (late arrival at 9:25 a.m.)

ABSENT:

ALSO

PRESENT: Michael VanOverbeke/Legal Counsel, George Vitta/Investment Consultant, Megan Battersby/Retirement Program Director, Lauri Siskind/HR Director, Eric Calder/Dune, Geoff Mullins/Landmark, Jay Rollins/JCR, Lisa Girardot/surviving spouse of deceased Police Officer Edward Girardot, Matt Byron/Property Consultant (via phone)

R.B. 17-112 **MOTION** by Harvey, supported by Wells, to approve the August 8, 2017 meeting minutes. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-113 **MOTION** by Wells, supported by Lowenberg, to acknowledge receipt of the Cash & Asset Statement as of July 31, 2017 in the amount of \$198,850,981.40. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-114 **MOTION** by Wells, supported by Lowenberg, to approve payment of invoices as follows: Statement from Chase Cardmember Service for credit card charges for the period 07/03/17 – 08/02/17 in the amount of \$89.55; Statement from Chase Cardmember Service for credit card charges for the period 08/03/17 – 09/02/17 in the amount of \$1,098.00. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-115 **MOTION** by Wells, supported by Harvey, to acknowledge receipt of the Informational Items including YTD 2017/2018 Budget and correspondence received during the period August 8 – September 11, 2017. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-116 **MOTION** by Harvey, supported by Wells, to approve DROP Distribution Election from P. Meyer. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-117 **MOTION** by Harvey, supported by Wells, to approve Annuity Withdrawal Distribution Elections from S. Schneider and J. Krumbach. **MOTION CARRIED UNANIMOUSLY**

R.B. 17-118 **MOTION** by Harvey, supported by Lowenberg, to approve payment of invoice from Villages of Avignon CDD for reimbursable expenses as of August 15, 2017 in the amount of \$3,046.64. **MOTION CARRIED UNANIMOUSLY**

In the Legislative Update, it was mentioned that there has been much discussion regarding the Task Force report and what will result from it. Many are looking to MAPERS to draft proposed legislation.

Duane Garth entered the meeting.

Legal Counsel presented a Memorandum to the Board of Trustees regarding Retirement Eligibility Question in response to the situation of the death of a Police Officer who had reached the age of 60 but had not yet earned 10 years of credited service. The City of Southfield had requested clarification from the Board, through its legal counsel, regarding whether the member would be eligible for retirement benefits and, if so, whether the Board of Trustees would accept a retroactive retirement filed by the member's department head on behalf of the member. The memo detailed provisions of Act 345 and put forth the following opinions: 1) that a member who has attained 60 years of age but does not have 10 years of credited service is eligible for retirement benefits payable from the Retirement System upon the written application of the City Council or the Police or Fire Chief, as applicable, 2) that as it is not clear if a retroactive application would be permissible in this instance, then the decision as to whether to accept a retro application submitted by a department head on behalf of a member 60 years of age or older is within the Board's administrative authority, and 3) if the Board of Trustees were to find a retroactive application submitted by the member's department head, then the member would be paid benefits in the form of a regular retirement with an automatic 60% surviving spouse benefit.

Mrs. Lisa Girardot was in the audience and, when asked if she had any questions, indicated that she did not but wanted to thank the Board for their kindness and consideration during this difficult time; whatever determination is made, she knows that the Board needs to fulfill their fiduciary duties.

R.B. 17-119 MOTION by Fisher, supported by Wells, to acknowledge receipt of the memorandum dated September 8, 2017 from legal counsel and direct that a copy be sent to the City with the indication that the Board of Trustees concurs with the opinions and that they would accept a retirement application, in this instance, that was retroactive to date of death. MOTION CARRIED UNANIMOUSLY

The RIE distribution as of July 1, 2017 was presented and discussed. It was clarified that disability retirement date should be used for eligibility purposes and that Tim DelPiero should receive a 2017 and 2016 distribution.

R.B. 17-120 MOTION by Harvey, supported by Wells, to approve RIE distributions as of July 1, 2017 in the total amount of \$306,102.62 as well as a retro distribution to Tim DelPiero as of July 1, 2016 in the amount of \$638.85. MOTION CARRIED UNANIMOUSLY

R.B. 17-121 MOTION by Harvey, supported by Wells, to appoint John Fisher and Duane Garth as primary delegates and Irv Lowenberg and Shawn Wells as alternate delegates for the 2017 MAPERS Fall Conference. MOTION CARRIED UNANIMOUSLY

Eric Calder from Dune Real Estate Partners presented to the Board on Dune Fund IV opportunistic real estate investments. Dune is a partner led firm that is 100% owned by the partners, who make a substantial investment in their own funds. The primary opportunistic investment strategies at Dune are distressed, contrarian and deep-value add. Each fund has approximately 20 deals, some of which were reviewed in depth. The preliminary summary of Fund IV terms was also reviewed.

Geoff Mullins from Landmark Partners presented to the Board next. Landmark participates in the secondary market for private equity and real estate investments. They seek to deliver attractive returns by identifying and capitalizing on inefficiencies in the real estate secondary market. They identify and capture these inefficiencies which results in a portfolio constructed of assets that are well-seasoned and stabilized, highly diversified, and acquired at a discount to market value. Terms for Landmark Real Estate Fund VIII were reviewed.

Jay Rollins from JCR Capital gave the final presentation to the Board. He provided an update on Funds II and III, in which the Retirement System already invests. He stressed that he was presenting as a partner to the Retirement System and not as a salesman. He said that stocks are at an all-time high, bonds aren't making any money and the political environment is volatile; Systems should be looking for performers with good track records that are diversified, defensive, and short term. He feels that Fund IV is the best idea for the market right now and is going to target value-add, cash flowing properties. It will target smaller investments with no fund level leverage and investment durations of 1-3 years.

The Retirement System has approximately \$10 million to invest. Investment timing and discussion of each strategy ensued. The investment consultant recommended investing \$5 million in JCR Fund IV but noted for the record that JCR has not been vetted by AndCo (but was by Asset Strategies).

R.B. 17-122 **MOTION** by Lowenberg, supported by Wells, to invest \$5 million in JCR Fund IV and \$5 million in Landmark Fund VIII subject to legal review of contracts and documents.
MOTION CARRIED UNANIMOUSLY

Capital Markets Update, August 31, 2017 was discussed. It was a good month for the S&P and emerging markets but bonds were the big winner.

The monthly Avignon update was discussed with the property consultant on a conference call. The purchaser does not appear to be prepared to proceed with the deal as currently written. They have requested a price adjustment and are seeking at least an 8-10 month extension to fully entitle the property. The property consultant was instructed to go back to the broker to see if a better offer can be obtained from one of the two prior prospects who previously submitted offers.

Regarding the HRSA for the Retirement Program Director, legal counsel informed the Board that ICMA would establish one for one person. They will continue to work with ICMA toward getting something started with details for the next monthly meeting.

Meeting adjourned at 1:10 p.m.

Prepared by Megan Battersby
Retirement Program Director

Approved by Board Motion on October 17, 2017