

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

**October 8, 2019**

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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 11:37 a.m.

**PRESENT:** Brent Wilson, Duane Garth, Irv Lowenberg

**ABSENT:** John Fisher, Audrey Harvey

**ALSO**

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

**R.B. 19-103** **MOTION** by Wilson, supported by Lowenberg, to approve Minutes of the Regular Meeting of Southfield Fire & Police Retirement System Board on September 11, 2019. **MOTION CARRIED UNANIMOUSLY**

**R.B. 19-104** **MOTION** by Lowenberg, supported by Wilson, to acknowledge receipt of Cash & Asset Statement as of August 31, 2019 in the amount of \$190,742,178.35. **MOTION CARRIED UNANIMOUSLY**

**R.B. 19-105** **MOTION** by Wilson, supported by Lowenberg to approve payment of invoices as follows: Expense report from Irv Lowenberg for July 9, 2019 meeting lunch; Expense report from Irv Lowenberg for September 11, 2019 meeting lunch; Expense report from Megan Battersby for MAPERS 2019 Fall Conference; Expense report from John Fisher for MAPERS 2019 Fall Conference; Expense report from Brent Wilson for MAPERS 2019 Fall Conference; Invoice from AndCo for consulting services and performance evaluation for the period July 1, 2019 through September 30, 2019 in the amount of \$25,500.00; Invoice from IFEBP for annual membership dues for the period January 1 – December 31, 2019 in the amount of \$1,065.00. **MOTION CARRIED UNANIMOUSLY**

**R.B. 19-106** **MOTION** by Lowenberg, supported by Wilson, to acknowledge receipt of Informational Items including YTD 2019/2020 Budget and Correspondence received during the period September 11 – October 7, 2019 including: Memo invoice from Northern Trust for benefit payments, custody and transactions for the period ending 09/30/2019 in the total amount of \$32,623.79. **MOTION CARRIED UNANIMOUSLY**

Legal Counsel did not have any specific legal matters on which to report, noting that Lansing is mainly focused on adopting a final budget.

The invoice from the City for reimbursement for pension administrator salary was again discussed. Retirement Director noted that she and John Fisher reviewed supporting documentation from the City and agree that the amount is due.

**R.B. 19-107** MOTION by Wilson, supported by Lowenberg, to approve 1) changing the monthly payment being sent to the City to \$10,000 effective November 2019 and 2) paying \$38,800 per month effective November 2019 through June 2020 for arrearages due. MOTION CARRIED UNANIMOUSLY

Investment Consultant presented September 30, 2019 market update. September saw a positive month of gains in all segments other than Fixed Income. However, one year returns over all segments of the market showed that Fixed Income exhibited the strongest growth.

Investment Consultant reviewed the communication from 1607 Capital Partners outlining the purchase and sale agreement with Rosemont Investment Group. Rosemont's investment in 1607 will support the long-term transition of equity within the firm while providing a valuable permanent and strategic partner. There will be no changes to the management of the firm in the near term as a result of the transaction. Both the Investment Consultant and Legal Counsel stated that they have no objection to this transaction.

**R.B. 19-108** MOTION by Garth, supported by Lowenberg, to authorize execution of consent to the assignment of the SFPRS investment advisory agreement with 1607. MOTION CARRIED UNANIMOUSLY

Investment Consultant noted the receipt of communication from Loomis Sayles regarding the pending retirement of the portfolio manager in 2020. While he does not foresee this as being an issue, it can be a catalyst for thorough review of the Fixed Income allocation in the future.

He also noted the high quarterly custody fees that are resulting from Tortoise holdings. Numerous bank loan positions that account for only 3% of the portfolio are generating approximately \$42,000 in annual fees. He recommends that Tortoise be advised to remove the bank loan positions from the portfolio which will result in significant custody fees savings.

**R.B. 19-109** MOTION by Lowenberg, supported by Garth, to authorize Retirement Director to instruct Tortoise to liquidate the current bank loan positions and remove Bank Loans as an allowable investment for the Southfield Fire and Police Retirement System portfolio. MOTION CARRIED UNANIMOUSLY

**R.B. 19-110** MOTION by Wilson, supported by Garth, to approve payment of invoices as follows: Statement from Chase Cardmember Service for VISA charges for the period 09/03/19 – 10/02/19 in the amount of \$1,426.20; Invoice from NCPERS for Membership Renewal for 2020 in the amount of \$260.00. MOTION CARRIED UNANIMOUSLY

The Board discussed the current actuarial assumed rate of return and whether it should be lowered. Both the actuary and Investment Consultant recommend lowering the investment return assumption from 7.5% to 7.0%. Irv Lowenberg did not agree that it was necessary as the Plan has had annual returns in the past that exceeded 7.5%. Legal Counsel advised that past returns are not a promise of what will occur in the future and the consensus is that a recession is looming and lower returns should be expected. He stated that the actuary could be asked to model funding using both 7.5% and 7.0% in the draft valuation that will be presented next month which would provide valuable information to make an informed decision yet not be a commitment to make the change.

**R.B. 19-111** MOTION by Wilson, supported by Garth, to request that GRS calculate results using both 7.5% and 7.0% in the draft report to be presented in November. MOTION CARRIED UNANIMOUSLY

**R.B. 19-112** MOTION by Garth, supported by Wilson, to receive and file draft GASB Statement Nos. 67 and 68 Accounting and Financial Reporting for Pensions as of June 30, 2019 and direct GRS to issue a final report. MOTION CARRIED UNANIMOUSLY

There being no further business to come before the Board, the meeting was adjourned at 12:26 p.m.

Prepared by Megan Battersby, Retirement Program Director

Approved by Board Motion on November 12, 2019