

**CITY OF SOUTHFIELD
REGULAR MEETING
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD
Tuesday, January 20, 2015
Council Conference Room – Main Municipal Building
26000 Evergreen Road, Southfield, MI**

MINUTES

SERS Board Members Present: L. Susan Mannisto, Chair; Julius Maisano; David Hersh; Coretta Houge; Jeannie Jackson; Mark Jubas; Shirley Lightsey (*Alternate*); James Pierce

Others Present: Lauri Siskind, Human Resources Director/SERS Plan Liaison
Michael VanOverbeke; VanOverbeke, Michaud & Timmony, PC
Penelope Scharmberg, Administrative Assistant HR/LR/SERS Secretary

The meeting was called to order at 5:55 p.m.

AGENDA

1. *Approval of Agenda.*
Ms. Siskind requested that an item regarding an upcoming MAPERS 1-day seminar be added to "Other Items".

MOTION #S-15-001

Motion by Houge, supported by Pierce to approve the agenda of the January 20, 2015 SERS meeting, with the addition of an item regarding an upcoming MAPERS conference.
Motion carried.

MINUTES

1. *Review and approve Minutes of the Southfield Employee Retirement System Board Meeting of December 9, 2014.*

MOTION #S-15-002

Motion by Houge, supported by Jubas to approve the Minutes of the Southfield Employee Retirement System Board Meeting of December 9, 2014.
Motion carried.

APPLICATIONS FOR RETIREMENT

1. *Review and approve Application for Normal Retirement from Gerald Witkowski, Code Enforcement Department, effective April 25, 2015.*

MOTION #S-15-003

Motion by Pierce, supported by Hersh to approve the Application for Normal Retirement from Gerald Witkowski, Code Enforcement Department, effective April 25, 2015.
Motion carried.

2. *Update of Non-Duty Disability Retirement.*

MOTION #S-15-004

Motion by Pierce, supported by Houge that pursuant to Section 8(h) of the Open Meetings Act the Southfield Employee Retirement System Board Meeting of January 20, 2015, adjourn to a Closed Session for the purpose of considering material exempt from discussion or disclosure by state or federal statute.

A roll call vote was taken.

YEA: Hersh, Houge, Jackson, Maisano, Jubas, Mannisto, Pierce.

NAY: None.

ABSTAIN: None.

ABSENT: None.

Motion carried.

MOTION #S-15-005

Motion by Pierce, supported by Houge that the Closed Session of the Southfield Employee Retirement System Board Meeting of January 20, 2015, does hereby reconvene to Open Session.

Motion carried.

MOTION #S-15-006

Motion by Houge, supported by Pierce to acknowledge receipt of the medical report from William M. Leuchter, M.D., dated January 7, 2015, which finds Karen Smith is physically totally disabled for duty in the employ of the City of Southfield, and that such incapacity will probably be permanent; further, the board notes that the City of Southfield did not make an alternate offer of employment to the applicant. In keeping with the presentation of the required documents, and noting the presence of the applicant at the hearing, the board hereby grants Ms. Karen Smith a Non-Duty Disability Retirement, effective January 23, 2015, subject to the SERS Ordinance provisions on offsets and annual reexamination.

Motion carried.

3. *Disability Retirement Reexamination*

Ms. Siskind provided the board with a list of retirees on disability, as previously requested. Of those listed, only two do not qualify for normal retirement and therefore, do not have to be reexamined. Mr. VanOverbeke reiterated that the Disability Policy provides that reexaminations are to take place annually for the first five years and thereafter, every three years. Ms. Siskind would arrange for reexamination.

MOTION #S-15-007

Motion by Pierce, supported by Houge to direct the administrator to arrange for reexamination of those determined subject for such, as provided for in the SERS Disability Policy.

Motion carried.

AUTHORIZATION FOR BENEFITS

1. *Review and approve authorization to pay monthly benefits to Darlene Henwood, surviving spouse of Robert M. Henwood.*

MOTION #S-15-008

Motion by Pierce, supported by Hersh to approve monthly benefit payments to Darlene Henwood, surviving spouse of Robert M. Henwood.

Motion carried.

2. *Review and approve authorization to pay monthly benefits and lump sum distribution to Nancy Butler, Police Department (Civilian).*

MOTION #S-15-009

Motion by Pierce, supported by Hersh to approve monthly benefit payments and lump sum distribution to Nancy Butler, Police Department (Civilian).

Motion carried.

INVESTMENT CONSULTANT REPORT

1. *Performance Report.*

Reporting by phone this evening, Mr. Hubbard covered the current performance of the portfolio and expectations for the coming year.

During the month of December 2014, the major domestic large cap indices finished the month lower: the S&P 500 was down -0.25% and the Russell 1000 was down -0.23%. The mid and small cap segments of the domestic markets finished the month higher, with the S&P Mid Cap 400 Index up 0.82% and the Russell 2000 Index up 2.85%. Stocks overseas finished the month lower: the MSCI EAFE was down -3.46%, and the MSCI ACWI ex US down -3.61%. The bond markets, as a whole, finished the month mixed: the Barclays Aggregate Index was up 0.09%, the Barclays Intermediate Gov't/Credit Index was down -0.32%, the Citigroup World Gov. Bond Index was down -0.66%, and the Barclays High Yield Index was down -1.45%.

December's mostly negative performance left the preliminary 4Q2014 returns mixed. The S&P 500 finished the quarter up 4.93% and the Russell 1000 up 4.88%. The mid and small cap segments of the domestic markets also finished the quarter in positive territory, with the S&P Mid Cap 400 Index up 6.35% and the Russell 2000 Index,

after taking a beating over the course of 2014, finished the quarter up 9.73%. Stocks overseas, however, finished the quarter in negative territory: the MSCI EAFE was down -3.57%, and the MSCI ACWI ex US down -3.87%. The bond markets, as a whole, finished the quarter with mixed results: the Barclays Aggregate Index was up 1.79% and the Barclays Intermediate Gov't/Credit Index was up 0.89%, but the Citigroup World Gov. Bond Index was down -1.49% and the Barclays High Yield Index was down -1.00%. The 4Q2014 performance left the domestic equity and fixed income indices above with positive performance for the calendar year, but the main international equity and world government bond indices (discussed above) finished the year with negative performance.

While preliminary performance for 4Q2014 was not yet available at the time of this meeting, the preliminary, unaudited market value of the total fund was \$111,203,032.88 as of close of business on January 16, 2015. Going forward, Gray & Company will be providing the SERS Board a flash report geared towards the preliminary performance of the plan instead of the market values of the plan's accounts. A sample of the new format will be provided for review in the coming days.

MOTION #S-15-010

Motion by Houge, supported by Hersh to receive and file the SERS performance review presented by Bob Hubbard, Gray & Company investment consultants.
Motion carried.

ELECTION PROCEDURES

The board reviewed the election procedures to fill the upcoming expiration of both the current Retiree member and Active member of the SERS Board. The Retiree member term of office will extend from April 1, 2015 through March 31, 2017, and the Active Employee term of office, from April 1, 2015 through March 31, 2019. Declaration forms are to be submitted by Friday, February 20, 2015. Should more than one declaration for either seat be submitted, an election will be held.

MOTION #S-15-011

Motion by Houge, supported by Jubas to approve the Notice of Election of the Retired Employee Member of the Southfield Employee Retirement System Board and Notice of Election of the Active Employee Member of the Southfield Employee Retirement System Board; and in keeping with SERS election procedures, authorize the administrator to hold an election for each seat set forth in the Notices of Election.
Motion carried.

LEGAL

Mr. VanOverbeke mentioned that Randy Dziubek, the SERS representative from Gabriel Roeder Smith & Company, had recently left the firm for other opportunities.

MOTION #S-15-012

Motion by Pierce, supported by Hersh to receive and file the legal report presented by Michael VanOverbeke; VanOverbeke, Michaud & Timmony, P.C.
Motion carried.

AUTHORIZED SIGNERS

The last update of authorized signers for the SERS QEBA account at Comerica Bank was made in 2013. Since then, the board suffered the loss of the City Administrator James G. Scharret and a new list was necessary. The board discussed who should be listed and a motion was raised to approve the list as presented, with only a change in city administrators to Frederick E. Zorn, Jr.

MOTION #S-15-013

Motion by Houge, supported by Hersh to approve the List of Authorized Signers for the Southfield Employee Retirement System QEBA Account through Comerica Bank, as presented.
Motion carried.

ACTUARIAL VALUATION

The final version of the 49th Actuarial Valuation Report as of June 30, 2014 was received and as set forth at the December 9, 2014 SERS meeting, was in need of approval by the board. GASB Statement No. 67 Plan Reporting and Accounting Schedules were also received as a compliment to the actuarial valuation.

MOTION #S-15-014

Motion by Hersh, supported by Jubas to approve the 49th Actuarial Valuation Report as of June 30, 2014 as prepared by Gabriel Roeder Smith & Company as well as the complimentary GASB Statement No. 67 Plan Reporting and Accounting Schedules as of the same date.

Motion carried.

MONTHLY FINANCIAL REPORT

The board reviewed the SERS Investment Summary showing a market value of assets of \$111,202,284.97.

MOTION #S-15-015

Motion by Jubas, supported by Houge to receive and file the SERS Investment Summary dated January 20, 2015.

Motion carried.

FINANCIAL MATTERS

1. *Review and approve payment to Gray & Company for Investment Consultant services for the period October 1, 2014 – December 31, 2014, in the amount of \$13,940.57.*

MOTION #S-016

Motion by Houge, supported by Jackson to approve payment to Gray & Company for Investment Consultant services for the period October 1, 2014 – December 31, 2014, in the amount of \$13,940.57.

Motion carried.

2. *Review and approve payment to SouthernSun Asset Management for Investment Management services for the period October 1, 2014 – December 31, 2014, in the amount of \$38,395.00.*

MOTION #S-15-017

Motion by Houge, supported by Jackson to approve payment to SouthernSun Asset Management for Investment Consultant services for the period October 1, 2014 – December 31, 2014, in the amount of \$38,395.00.

Motion carried.

3. *Review and approve payment to Munder Capital Management for Investment Management services for the period October 1, 2014 – December 31, 2014, in the amount of \$38,056.00.*

MOTION #S-15-018

Motion by Houge, supported by Jackson to approve payment to Munder Capital Management for Investment Management services for the period October 1, 2014 – December 31, 2014, in the amount of \$38,056.00.

Motion carried.

4. *Review and approve payment to LSV Asset Management for Investment Management services for the period October 1, 2014 – December 31, 2014, in the amount of \$20,524.00.*

MOTION #S-15-019

Motion by Houge, supported by Jackson to approve payment to LSV Asset Management for Investment Management services for the period October 1, 2014 – December 31, 2014, in the amount of \$20,524.00.

Motion carried.

5. *Review and approve payment to Gabriel Roeder Smith & Company for Actuarial services performed for the period July 1, 2014 – June 30, 2015, including the June 30, 2014 SERS annual actuarial valuation, in the amount of \$19,400.00.*

MOTION #S-15-020

Motion by Houge, supported by Jackson to approve payment to Gabriel Roeder Smith & Company for Actuarial services performed for the period July 1, 2014 – June 30, 2015, including the June 30, 2014 SERS annual actuarial valuation, in the amount of \$19,400.00.

Motion carried.

6. *Review and approve payment to Gabriel Roeder Smith & Company for preparation of the GASB Statement No. 67 Plan Reporting and Accounting Schedules as of June 30, 2014, in the amount of \$10,000.00.*

MOTION #S-15-021

Motion by Houge, supported by Jackson to approve payment to Gabriel Roeder Smith & Company for preparation of the GASB Statement No. 67 Plan Reporting and Accounting Schedules as of June 30, 2014, in the amount of \$10,000.00.

Motion carried.

7. *Review and approve payment to Med Source Services/Consulting Physicians for Medical services provided by Antoine Geffrard, M. D., in the amount of \$1,475.00.*

MOTION #S-15-022

Motion by Houge, supported by Jackson to approve payment to Med Source Services/Consulting Physicians for Medical services provided by Antoine Geffrard, M.D., in the amount of \$1,475.00.

Motion carried.

8. *Review and approve payment to Comerica Business Card for purchases during the period December 5, 2014 – January 6, 2015.*

MOTION #S-15-023

Motion by Houge, supported by Jackson to approve payment to Comerica Business Card for purchases during the period December 5, 2014 – January 6, 2015.

Motion carried.

OTHER MATTERS

I. MAPERS Conference

Ms. Siskind mentioned there was a MAPERS One-Day Seminar being held in Troy, Michigan on March 13, 2015. She requested the board approve a motion for any member of the board or staff to attend. Ms. Houge suggested amending the Education Policy & Procedure to reflect any training held by MAPERS may be attended by any member of the board or staff, in an effort to refrain from having to pre-approve attendance to every training session held.

MOTION #S-15-024

Motion by Houge, supported by Jubas to authorize amendment of the SERS Education Policy & Procedure to reflect any training held by MAPERS may be attended by any member of the board or staff wishing to attend at any time, without prior approval by the board, in accordance with the SERS Education Policy & Procedure.

Motion carried.

To Do List

- Actuarial RFP (*JBP February 2015*)
- Disability Retirement Questionnaire (*LS*)
- Manager Review – Medical Director (*CH*)
- Pending Board Policies:
 - Record Retention
 - Service Credit & Purchase of Service Credit
 - Code of Conduct
 - Proxy Voting/Corporate Governance

With no further business to come before the board, a motion to adjourn was raised.

MOTION #S-15-025

Motion by Houge, supported by Jubas to adjourn the Southfield Employee Retirement System Board's January 20, 2015 meeting at 7:20 p.m.

Motion carried.