

**CITY OF SOUTHFIELD
REGULAR MEETING
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD
Tuesday, October 18, 2016
Council Conference Room – Main Municipal Building
26000 Evergreen Road, Southfield, MI**

MINUTES

SERS Board Members Present: L. Susan Mannisto, Chair; David Hersh; Jeannie Jackson; Shirley Lightsey; Julius Maisano

SERS Board Members Absent: Coretta Houge; Mark Jubas; James Pierce

Others Present: Lauri Siskind, Human Resources Director/SERS Plan Liaison
Christopher Kuhn, CFA, CAIA; The Bogdahn Group
Michael VanOverbeke; VanOverbeke, Michaud & Timmony, PC
Penelope Scharmberg, Administrative Assistant HR/LR; SERS Secretary

The meeting was called to order at 5:53 p.m.

AGENDA

1. *Approval of Agenda.*

MOTION #S-16-163

Motion by Hersh, supported by Lightsey to approve the agenda of the October 18, 2016 SERS Regular meeting.
Motion carried.

MINUTES

1. *Review and approve Minutes of the Southfield Employee Retirement System Board Regular Meeting of September 13, 2016.*

MOTION #S-16-164

Motion by Hersh, supported by Jackson to approve the Minutes of the Southfield Employee Retirement System Board Regular Meeting of September 13, 2016.
Motion carried.

APPLICATIONS FOR RETIREMENT

1. *Review and approve Application for Normal Retirement from Eileen Bagley, Southfield Career Center, effective December 15, 2016.*

MOTION # S-16-165

Motion by Maisano, supported by Hersh to approve the Application for Normal Retirement from Eileen Bagley, Southfield Career Center, effective December 15, 2016.
Motion carried.

AUTHORIZATION OF BENEFITS

1. *Review and approve monthly benefit payment to Harold Shriman.*

MOTION #S-16-166

Motion by Hersh, supported by Lightsey to approve monthly benefit payment to Harold Shriman.
Motion carried.

2. *Review and approve monthly benefit payment to Judith Gronkowski, surviving spouse of Roman Gronkowski.*

MOTION #S-16-167

Motion by Hersh, supported by Lightsey to approve monthly benefit payment to Judith Gronkowski, surviving spouse of Roman Gronkowski.

Motion carried.

INVESTMENT CONSULTANT

1. Portfolio Summary Review

Mr. Kuhn reported that September generated very little in the way of returns. The S&P 500 was up 2 basis points and the Bloomberg Barclays Aggregate was down 6 basis points; US small cap and international stocks performed a little better, up over 1% for the month. The Total Fund's market value as of 10/17/16 was \$104.6 MM; the portfolio was down slightly from last month due to weaker markets in October. Mr. Kuhn provided an update on the Bloomfield Capital contract, indicating the contract had been signed. He recommended using \$1.5 MM from WCM, \$1.5 MM from SouthernSun, and \$1.0 MM from cash to fund the strategy.

MOTION #S-16-168

Motion by Hersh, supported by Jackson to authorize the use of \$1.5 MM from WCM, \$1.5 MM from SouthernSun, and \$1.0 MM from cash to fund the Bloomfield Capital III strategy.

Motion carried.

Mr. VanOverbeke joined the meeting at this point.

2. BTG Update

BTG notified its Global A investors that on or about November 4, 2016 the fund will go open ended. Two of the Global A investors chose to sell their shares for which BTG paid an amount equal to the net asset value of their interests in the Global A Fund as of 9-30-16. We also have the option. This notification was given as part of full transparency promised by BTG Pactual.

MOTION #S-16-169

Motion by Hersh, supported by Maisano to receive and file the correspondence from BTG Pactual dated 10-18-16, regarding consent to invest in BTG Pactual Open Ended Core US Timberland Fund.

Motion carried.

3. Titan Advisors Presentation

Tom Holliday, Chief Investment Officer and co-founder of Titan Advisors, reviewed the firm structure – assets under management, employees, offices, investor base, and the firm's timeline of major events. Titan is a boutique firm specializing in small and mid-sized managers in less crowded markets. He reviewed the structure of the team responsible for managing all of their strategies and the firm's investment philosophy. He emphasized their risk-adjusted return focus, their bottom up investment process, ideal manager characteristics, and portfolio sizing.

Mr. Holliday discussed the recent difficulties for their strategy and their team's current outlook and positioning. In their opinion stocks and bonds are both expensive. Over the past year they have worked diligently to restructure the portfolio with managers that utilize less leverage and more flexibility in their strategies.

The board thanked Mr. Holliday for his report.

DISCUSSION ON SERS VALUATION OPTION FACTORS

Gabriel Roeder Smith & Company advised that the City's code of ordinances requires that optional forms of benefit be actuarially equivalent to the normal form of benefit based upon assumptions that the SERS Board adopts for the interest rate, mortality rates and gender mix. Based on the most recent experience study, the Board adopted revised actuarial assumptions for investment return and mortality rates; thus, changing all of the main variables affecting actuarial equivalence calculations. GRS suggested that the following assumptions be used in setting the option factors for the actuarial equivalent benefits:

Interest Rate: 6.00%

Mortality: RP-2014 Blue Collar Health Annuitant Mortality Table projected 5 years with scale MP-2015

Gender Mix (M/F) of retirees electing actuarial equivalent benefits: 50%/50%

It was recommended that these assumptions be reviewed and revised if necessary at the time of each future experience study. The cost of changing the actuarial equivalence assumptions will require no additional contributions and are already reflected in the 2016 actuarial valuation.

MOTION #S-16-170

Motion by Jackson, supported by Hersh to adopt the recommendation of Gabriel Roeder Smith & Company in their letter dated September 21, 2016 regarding SERS Option Factors to use the following assumptions in determining the actuarial equivalents as follows:

Interest Rate: 6.00%

Mortality: RP-2014 Blue Collar Health Annuitant Mortality Table projected 5 years with scale MP-2015

Gender Mix (M/F) of retirees electing actuarial equivalent benefits: 50%/50%

Motion carried.

LEGAL REPORT

Mr. VanOverbeke informed the board that nothing was expected to come out of this years' lame duck session. However, expected was a group of 40 bills regarding municipalities when session opens. Of particular concern were those that might contain a blanket impact on Defined Benefit plans throughout the state. He will keep the Board apprised.

FINANCIAL REPORT

The board reviewed Financial Reports for the periods ending July 31, 2016 and August 31, 2016, showing a net value of assets as of the August date of \$106,801,965.

MOTION #S-16-171

Motion by Hersh, supported by Maisano to receive and file the Financial Reports for the periods ending July 31, 2016 and August 31, 2016.

Motion carried.

FINANCIAL MATTERS

1. *Review and approve payment to The Bogdahn Group for consulting services provided during the period 7/1/16 – 9/30/16, in the amount of \$12,500.00.*

MOTION #S-16-172

Motion by Maisano, supported by Hersh to approve payment to The Bogdahn Group for consulting services provided during the period 7/1/16 – 9/30/16, in the amount of \$12,500.00.

Motion carried.

2. *Review and approve payment to SouthernSun Asset Management for management investment services provided during the period 7/1/16 – 9/30/16, in the amount of \$32,928.00.*

MOTION #S-16-173

Motion by Maisano, supported by Hersh to approve payment to SouthernSun Asset Management for management investment services provided during the period 7/1/16 – 9/30/16, in the amount of \$32,928.00.

Motion carried.

3. *Review and approve payment to LSV Asset management for management investment services provided during the period 7/1/16 – 9/30/16, in the amount of \$19,284.00.*

MOTION #S-16-174

Motion by Maisano, supported by Hersh to approve payment to LSV Asset management for management investment services provided during the period 7/1/16 – 9/30/16, in the amount of \$19,284.00.

Motion carried.

4. *Review and approve payment to Walhausen & Co. for management investment services provided during the period 7/1/16 – 9/30/16, in the amount \$13,484.40*

MOTION #S-16-175

Motion by Maisano, supported by Hersh to approve payment to Walhausen & Co. for management investment services provided during the period 7/1/16 – 9/30/16, in the amount \$13,484.40

Motion carried.

5. *Review and approve reimbursement to Shirley Lightsey for expenses incurred during attendance at MAPERS Fall Conference, Mackinac Island, MI, in the amount of \$361.00.*

MOTION #S-16-176

Motion by Maisano, supported by Hersh to approve reimbursement to Shirley Lightsey for expenses incurred during attendance at MAPERS Fall Conference, Mackinac Island, MI, in the amount of \$361.00.

Motion carried.

6. *Review and approve reimbursement to L. Susan Mannisto for expenses incurred during attendance at MAPERS Fall Conference, Mackinac Island, MI, in the amount of \$383.73.*

MOTION #S-16-177

Motion by Maisano, supported by Hersh to approve reimbursement to L. Susan Mannisto for expenses incurred during attendance at MAPERS Fall Conference, Mackinac Island, MI, in the amount of \$383.73.

Motion carried.

7. *Review and approve reimbursement to Mark Jubas for expenses incurred during attendance at MAPERS Fall Conference, Mackinac Island, MI, in the amount of \$391.91.*

MOTION #S-16-178

Motion by Maisano, supported by Hersh to approve reimbursement to Mark Jubas for expenses incurred during attendance at MAPERS Fall Conference, Mackinac Island, MI, in the amount of \$391.91.

Motion carried.

8. *Review and approve reimbursement to David Hersh for expenses incurred during attendance at MAPERS Fall Conference, Mackinac Island, MI, in the amount of \$338.68.*

MOTION #S-16-179

Motion by Maisano, supported by Hersh to approve reimbursement to Shirley Lightsey for expenses incurred during attendance at MAPERS Fall Conference, Mackinac Island, MI, in the amount of \$338.68.

Motion carried.

9. *Review and approve payment to Comerica Bank Cardmember Service for purchases during the period 8/5/16 – 9/6/16 and 9/7/16 – 10/5/16.*

MOTION #S-16-180

Motion by Maisano, supported by Hersh to approve payment to Comerica Bank Cardmember Service for purchases during the period 8/5/16 – 9/6/16 and 9/7/16 – 10/5/16.

Motion carried.

PUBLIC COMMENTS

No member of the public was in attendance at the meeting.

To Do List

- Service Provider Review – Actuarial RFI (JBP & LS)
- Service Provider Review – Attorney
- Pending Board Policies: (may be part of other policies)
 - Record Retention
 - Proxy Voting/Corporate Governance
 - Ordinance Overlooked Matters

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

MOTION #S-16-181

Motion by Hersh, supported by Jackson to adjourn the Southfield Employee Retirement System Board's October 18, 2016 Regular Meeting at 6:57 p.m.

Motion carried.

*Approved this 15th day of November 2016
L. Susan Mannisto, Chair
Southfield Employee Retirement System Board*