

**CITY OF SOUTHFIELD
REGULAR MEETING
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD
Tuesday, November 17, 2015
Room #112 – Parks & Recreation Building
26000 Evergreen Road, Southfield, MI**

MINUTES

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

SERS Board Members Absent: David Hersh

Others Present: Lauri Siskind, Human Resources Director/SERS Plan Liaison
Christopher Kuhn, The Bogdahn Group
Michael VanOverbeke; VanOverbeke, Michaud & Timmony, PC
Judith A. Kermans & Jeffrey T. Tebeau; Gabriel Roeder Smith & Company
Penelope Scharmberg, Administrative Assistant HR/LR/SERS Secretary
Lyn Roberts, Fiscal Services Director

The meeting was called to order at 5:52 p.m.

AGENDA

1. *Approval of Agenda.*

MOTION #S-15-185

Motion by Houge, supported by Jubas to approve the agenda of the November 17, 2015 SERS Regular meeting.
Motion carried.

MINUTES

1. *Review and approve Minutes of the Southfield Employee Retirement System Board Regular Meeting of October 20, 2015.*

MOTION #S-15-186

Motion by Houge, supported by Pierce to approve the Minutes of the Southfield Employee Retirement System Board Regular Meeting of October 20, 2015.
Motion carried.

APPLICATIONS FOR RETIREMENT

1. *Review and approve Application for Normal Retirement from Diana Peagler, Administration, effective November 21, 2015.*

MOTION #S-15-187

Motion by Pierce, supported by Jackson to approve the Application for Normal Retirement from Diana Peagler, Administration, effective November 21, 2015.
Motion carried.

2. *Review and approve Application for Normal Retirement from Ellen Ortopan, Office of Management & Budget, effective January 16, 2016.*

MOTION #S-15-188

Motion by Pierce, supported by Jackson to approve the Application for Normal Retirement from Ellen Ortopan, Office of Management & Budget, effective January 16, 2016.
Motion carried.

3. *Review and approve notice of vested deferred termination from Denise VanHee, Career Center, effective November 4, 2015.*

MOTION #S-15-189

Motion by Pierce, supported by Jackson to approve notice of vested deferred termination from Denise VanHee, Career Center, effective November 4, 2015.
Motion carried.

AUTHORIZATION OF BENEFITS

1. *Review and approve monthly benefit payment to Judith Ventura-Brown.*

MOTION #S-15-190

Motion by Pierce, supported by Jubas to approve monthly benefit payment to Judith Ventura-Brown.
Motion carried.

2. *Review and approve monthly benefit payment and distribution of lump sum contributions to Robert Murray.*

MOTION #S-15-191

Motion by Pierce, supported by Jubas to approve monthly benefit payment and distribution of lump sum contributions to Robert Murray.
Motion carried.

3. *Review and approve monthly benefit payment and distribution of lump sum contributions to Patricia Dearie.*

MOTION #S-15-192

Motion by Pierce, supported by Jubas to approve monthly benefit payment and distribution of lump sum contributions to Patricia Dearie.
Motion carried.

4. *Review and approve monthly benefit payment and distribution of lump sum contributions to Janet Husaynu.*

MOTION #S-15-193

Motion by Pierce, supported by Jubas to approve monthly benefit payment and distribution of lump sum contributions to Janet Husaynu.
Motion carried.

5. *Review and approve corrected monthly payment and distribution of lump sum contributions to Kevin Maas.*

MOTION #S-15-194

Motion by Pierce, supported by Jubas to approve monthly benefit payment and distribution of lump sum contributions to Kevin Maas.
Motion carried.

6. *Review and approve resolution acknowledging Domestic Relations Order providing benefits to Patricia Ann Lodge, alternate payee of Charles William Lodge.*

Mr. VanOverbeke informed the board that a divorce occurring after retirement is handled with a Domestic Relations Order (DRO). His office has reviewed the submitted DRO, and determined that it conforms with the provisions of the SERS plan, and recommends that the board adopt the following resolution.

MOTION #S-15-195

Motion by Pierce, supported by Houge.

RE: *Charles William Lodge v. Patricia Ann Lodge*
Oakland County Circuit Court Case No. 15-831296-DO

WHEREAS, the Board of Trustees is in receipt of a Domestic Relations Order dated November 3, 2015, wherein the Alternate Payee, Patricia Ann Lodge, is awarded certain rights to the benefits of the Participant, Charles William Lodge; and

WHEREAS, the Alternate Payee is entitled to a portion of the Participant's monthly retirement benefit from the Retirement System, and will continue to qualify for the survivorship benefit of the Participant's retirement benefit from the Retirement System if the Participant were to predecease the Alternate Payee; and

WHEREAS, the Alternate Payee is entitled to commence her share of the Participant's benefits as soon as administratively feasible; and

WHEREAS, said matter had been discussed with legal counsel who has opined that the applicable terms of said court order are consistent with the provisions of the Retirement System and applicable law including Public Act 46 of 1991 (MCLA 38.1701) as amended.

THEREFORE BE IT RESOLVED THAT, the Board acknowledges receipt of said court order, will pay pension benefits consistent with said order as soon as administratively feasible; and

BE IT FURTHER RESOLVED THAT, a copy of this resolution be immediately attached as the top sheet of the pension file and other appropriate records be kept for the Retirement System relative to this matter; and

BE IT FINALLY RESOLVED THAT, copies of this resolution be sent to Charles William Lodge, the Participant; Hwa-Ling Russell, Esq., attorney for the Participant; Patricia Ann Lodge, the Alternate Payee; and Lesa Moretsky, Esq., attorney for the Alternate Payee.
Motion carried.

ACTUARIAL REPORT

Ms. Kermans and Mr. Tebeau reviewed a draft of the June 30, 2015 valuation results, measuring the system's progress to determine the employer contribution rate for fiscal year starting July 1, 2016. A city contribution rate for the 2016/17 fiscal year was computed to be 19.23% of covered payroll and sufficient to amortize the unfunded actuarial accrued liability as a level of percent-of-payroll over a period of 25 years. The unfunded amount for this year was 15.25% versus last year at 17.12%. The city has opted to use an 8% assumed rate of return but there was discussion of the impact of lowering to 7%-7.5%. Ms. Kermans was positive in her outlook for the next few years, barring another downturn in the market.

Ms. Kermans mentioned the pagination of the actuarial valuation presented difficulty so she would like to make changes in the report for finalization. An Experience Study for 2010-2015 was due to be completed and a cost proposal will be mailed in time for the December 8, 2015 meeting. GASB Statement No. 67 will be out within a week.

MOTION #S-15-196

Motion by Pierce, supported by Jubas to receive and file the draft Actuarial Valuation Report as of 6/30/2015 and direct Gabriel Roeder Smith & Company to resubmit the Actuarial Report with the format changes discussed and send 30 copies to the board.
Motion carried.

INVESTMENT CONSULTANT

1. Portfolio Review.

Mr. Kuhn reported this quarter the market has underperformed across the board. SouthernSun lost 11% in Domestic Equities however, still has outperformed since inception. Internationally, WCM is holding its own, as is LSV. Timber and Hedge Fund of Funds have negative returns. However, Fixed Income and Real Estate are beginning to reappear with positive returns on investment.

2. Consultant Recommendations.

- Although there was money earmarked for transfer to Franklin Templeton International Fixed Income, Mr. Kuhn informed the board that he was holding off because of their present negative returns and general market disruptions.
- Mr. Kuhn suggested keeping SouthernSun on watch for another year as they are very good at picking stocks. They took a risk with the oil, agriculture and China related products that underperformed on them and a vast majority of firms do recover. Mr. VanOverbeke mentioned an investment policy statement

would cover triggers on exiting. Mr. Kuhn would however, schedule Michael Cross from SouthernSun to visit the board at the January 2016 meeting for further consideration.

MOTION #S-15-197

Motion by Pierce, supported by Jubas to receive and file the SERS performance review presented by Christopher Kuhn, The Bogdahn Group, investment consultants.
Motion carried.

3. *PIA Investment Discussion*

Mr. Kuhn reviewed a communication from PIA, noting that one of their holdings was downgraded to below-investment grade. While this portfolio is not designed for holding such securities, PIA feels that there is a reasonable expectation that the metrics for this holding will return to appropriate levels. Mr. Kuhn noted that PIA is handling this action appropriately, in bringing it to the Board's attention and noting their recommendation to maintain the holding. Mr. Kuhn feels comfortable with this action.

MOTION #S-15-198

Motion by Pierce, supported by Jubas to accept the recommendation of PIA to continue to hold the downgraded WFT security, as reviewed and supported by the board's investment consultant.
Motion carried.

LEGAL REPORT

Mr. VanOverbeke did not have any matters to bring before the board.

FINANCIAL REPORT

The board reviewed the SERS financial reports for September 30, 2015 showing a market value of \$100,284,112. Mr. Kuhn noted that certain line item accounts for the new hedge funds have been slow to be activated on the Comerica reporting system, and the actual holdings are approximately \$5 million higher.

MOTION #S-15-199

Motion by Jubas, supported by Maisano to receive and file the SERS financial reports for period ending September 30, 2015.
Motion carried.

FINANCIAL MATTERS

1. *Review and approve payment to The Bogdahn Group for investment consultant services for the period 9/1/15 – 9/30/15, in the amount of \$4,166.67.*

MOTION #S-15-200

Motion by Pierce, supported by Houge to approve payment to The Bogdahn Group for investment consultant services for the period 9/1/15 – 9/30/15, in the amount of \$4,166.67.
Motion carried.

2. *Review and approve payment to Victory Capital for management consultant services for the period 7/1/15 – 9/30/15, in the amount of \$31,805.00.*

MOTION #S-15-201

Motion by Pierce, supported by Houge to approve payment to Victory Capital for management consultant services for the period 7/1/15 – 9/30/15, in the amount of \$31,805.00.
Motion carried.

3. *Review and approve payment to Pacific Income Advisors for management consultant services for the period 7/1/15 – 9/30/15, in the amount of \$9,808.00.*

MOTION #S-15-202

Motion by Pierce, supported by Houge to approve payment to Pacific Income Advisors for management consultant services for the period 7/1/15 – 9/30/15, in the amount of \$9,808.00.
Motion carried.

4. *Review and approve payment to Cardmember Service for MasterCard Platinum Business Rewards Credit Card activity during the period 10/6/15 – 11/4/15.*

MOTION #S-15-203

Motion by Pierce, supported by Houge to approve payment to Cardmember Service for MasterCard Platinum Business Rewards Credit Card activity during the period 10/6/15 – 11/4/15.

Motion carried.

PUBLIC COMMENTS

No visitors were in attendance.

OTHER MATTERS

Ms. Siskind mentioned she would send an email to the board with the 2016 meeting schedule to anticipate any conflicting dates. She asked them to email her back on any that were problematic.

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
- Pension Benefit Calculator (demonstration at next meeting)
- Update on SERS Weblink
- Reschedule Retirement Workshop

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

MOTION #S-15-204

Motion by Jubas, supported by Maisano to adjourn the Southfield Employee Retirement System Board's November 17, 2015 Regular Meeting at 7:48 p.m.

Motion carried.

*Approved this 8th day of December 2015
L. Susan Mannisto, Chair
Southfield Employee Retirement System Board*