

**CITY OF SOUTHFIELD  
REGULAR MEETING  
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD  
Tuesday, February 16, 2016  
Council Conference Room – Main Municipal Building  
26000 Evergreen Road, Southfield, MI**

**MINUTES**

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

**SERS Board Members Absent:** James Pierce

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

**The meeting was called to order at 5:48 p.m.**

**AGENDA**

1. *Approval of Agenda.*  
**MOTION #S-16-014**  
Motion by Houge, supported by Hersh to approve the agenda of the February 16, 2016  
SERS Regular meeting.  
Motion carried.

**MINUTES**

1. *Review and approve Minutes of the Southfield Employee Retirement System Board Regular Meeting of January 12, 2016.*  
**MOTION #S-16-015**  
Motion by Jubas, supported by Hersh to approve the Minutes of the Southfield  
Employee Retirement System Board Regular Meeting of January 12, 2016.  
Motion carried.

**APPLICATIONS FOR RETIREMENT**

1. *Review and approve Application for Early Retirement from Mark Soave, Custodial Maintenance, effective February 6, 2016.*  
**MOTION #S-16-016**  
Motion by Houge, supported by Jubas to approve the Application for Early Retirement  
from Mark Soave, Custodial Maintenance, effective February 6, 2016.  
Motion carried.
2. *Review and approve Notice of Vested Deferred Termination from Kelly McMillan, Southfield Public Library, effective February 16, 2016.*  
**MOTION #S-16-017**  
Motion by Houge, supported by Jubas to approve the Notice of Vested Deferred  
Termination from Kelly McMillan, Southfield Public Library, effective February 16,  
2016.  
Motion carried.

3. *Review and approve Notice of Vested Deferred Termination from Joni McCracken, Physical Plant Maintenance, effective March 4, 2016.*

**MOTION #S-16-018**

Motion by Houge, supported by Jubas to approve Notice of Vested Deferred Termination from Joni McCracken, Physical Plant Maintenance, effective March 4, 2016.

Motion carried.

4. *Review and approve Application for Normal retirement from Daniel McCracken, DPW/Transportation, effective March 20, 2016.*

**MOTION #S-16-019**

Motion by Houge, supported by Jubas to approve Application for Normal retirement from Daniel McCracken, DPW/Transportation, effective March 20, 2016.

Motion carried.

5. *Review and approve Application for Receipt of Vested Deferred Pension Benefits from Lynn Schmeling, effective March 19, 2016.*

**MOTION #S-16-020**

Motion by Houge, supported by Jubas to approve Application for Receipt of Vested Deferred Pension Benefits from Lynn Schmeling, effective March 19, 2016.

Motion carried.

**AUTHORIZATION OF BENEFITS**

1. *Review and approve monthly benefit payment to Ellen Ortopan.*

**MOTION #S-16-021**

Motion by Houge, supported by Jubas to approve monthly benefit payment to Ellen Ortopan.

Motion carried.

**INVESTMENT CONSULTANT**

1. *Portfolio Review.*

Mr. Kuhn reported that the 4<sup>th</sup> quarter of 2015 saw equity markets recover some of the losses experienced in the last quarter. The majority of the returns in October were generated from a positive reaction to news that major banks in Europe and China would boost additional economic stimulus. November began to lose that drive and December was mostly negative with emerging markets down 15% (India the only bright spot). After seven years of zero increase, the Federal Reserve raised the Fed Rate by .25% following positive news in employment, housing and consumer confidence, thus beginning "rate normalization". As a result, fixed income posted negative returns while global deflationary pressures and low economic growth pushed TIPS and investment grade corporate bonds down. Both large and small cap indices were positive for the quarter.

The SERS portfolio fund was up for the quarter and down for the year. WAM S&P 500 ran even with the benchmark for the quarter. Victory had a difficult quarter and weak year with the FANG grossly overpriced. SouthernSun has gained momentum although still behind. Walhausen SMID was funded in October and currently below the benchmark. LSV International value and WCM International growth did extremely well for the quarter and year. Pacific fixed income had a negative quarter and has been hurting all year; long term performance has consistently been very solid. AEW real estate outperformed for the quarter however, the year fell below the benchmark. Magnitude and Titan were funded in August 2015, with good preliminary results for the quarter. Bloomfield Capital produced 9.99% as of September, as projected. Metropolitan was slightly below the June figures as was RMK Timberland U.S. RMK International has been negatively affected by the severe Brazilian economic recession.

2. *Consultant Recommendations.*

Pacific Income Advisors provided notice of some downgraded securities. Three of their oil related securities have been downgraded and three are being held "on watch". Mr. Kuhn requested that the board make a decision on keeping the downgraded securities in the portfolio; his recommendation was yes, as PIA was confident payments could be made, and prevent a fire sale. A month to month discussion will be held with the board to keep them abreast of the investment performance.

**MOTION #S-16-022**

Motion by Houge, supported by Jackson to hold Pacific Income Advisors three downgraded funds in the portfolio, with the confidence of a market upturn, on the recommendation of The Bogdhan Group, Investment Consultants.  
Motion carried.

Mr. Maisano mentioned Bloomfield Capital had opened another fund and if consistent with Fund II, may be worthwhile looking into. The members requested Mr. Kuhn set up a meeting with Bloomfield for discussion.

**MOTION #S-16-023**

Motion by Houge, supported by Jubas to receive and file the SERS Investment Performance Review for the Period ending December 31, 2015, presented by Christopher Kuhn, The Bogdahn Group, investment consultants.  
Motion carried.

**SUMMARY ANNUAL REPORT**

Ms. Siskind submitted the Southfield Employee Retirement System Summary Annual Report as of June 30, 2015 for review and approval by the board. She mentioned that the Summary Annual Report includes data from the June 30, 2015 Actuarial valuation and December 31, 2015 performance report, so it is typically produced at this time of the year.

**MOTION #S-16-024**

Motion by Houge, supported by Jubas to approve the Southfield Employee Retirement Summary Annual Report as of June 30, 2015, and to make the report available on the SERS website page.  
Motion carried.

**LEGAL REPORT**

Mr. VanOverbeke reviewed the proposed regulations by the IRS regarding Normal Retirement Age rules for governmental pension plans. In 2007, the IRS issued regulations which were intended to provide guidance related to the allowance of pre-retirement benefit payment to participants who continued working past the plan's normal retirement age. Due to numerous comments and concerns raised on the applicability of the 2007 regulations to public employees, the IRS published proposed regulations modifying the 2007 regulations on January 27, 2016. These new regulations identify several safe harbors under which the requirement would be deemed satisfied. They will be effective on or after January 1, 2017. Reference should be made to one's plan document with respect to addressing specific provisions which may have been established as more restrictive, yet allowable.

**MOTION #S-16-025**

Motion by Houge, supported by Jubas to receive and file the legal report as presented by Michael VanOverbeke, Van Overbeke Michaud & Timmony, P.C., legal consultants.  
Motion carried.

**FINANCIAL REPORT**

The board reviewed the SERS financial reports for December 31, 2015, showing a net asset value of \$100,300.621.

**MOTION #S-16-026**

Motion by Jubas, supported by Jackson to receive and file the SERS financial report for period ending December 31, 2015.  
Motion carried.

**FINANCIAL MATTERS**

1. *Review and approve payment to Victory Capital Management, Inc. for investment management services provided during the period 10/1/15 – 12/31/15, in the amount of \$22,741.00.*  
**MOTION #S-16-027**  
Motion by Hersh, supported by Jubas to approve payment to Victory Capital Management, Inc. for investment management services provided during the period 10/1/15 – 12/31/15, in the amount of \$22,741.00.  
Motion carried.
2. *Review and approve payment to Pacific Income Advisors for investment management services provided during the period 10/1/15 – 12/31/15, in the amount of \$8,461.00.*  
**MOTION #S-16-28**  
Motion by Hersh, supported by Jubas to approve payment to Pacific Income Advisors for investment management services provided during the period 10/1/15 – 12/31/15, in the amount of \$8,461.00.  
Motion carried.
3. *Review and approve payment to WCM Investment Management for investment management services provided during the period 10/1/15 – 12/31/15, in the amount of \$17,104.02.*  
**MOTION #S-16-029**  
Motion by Hersh, supported by Jubas to approve payment to WCM Investment Management for investment management services provided during the period 10/1/15 – 12/31/15, in the amount of \$17,104.02.  
Motion carried.
4. *Review and approve payment to MAPERS for March 4, 2016 seminar registration fees in the amount of \$120.00.*  
**MOTION #S-16-030**  
Motion by Hersh, supported by Jubas to approve payment to MAPERS for the March 4, 2016 seminar registration fees in the amount of \$120.00.  
Motion carried.
5. *Review and approve payment to Cardmember Service for MasterCard Platinum Business Rewards Credit Card activity during the period 1/7/16 – 2/3/16.*  
**MOTION #S-16-031**  
Motion by Hersh, supported by Jubas to approve payment to Cardmember Service for MasterCard Platinum Business Rewards Credit Card activity during the period 1/7/16 – 2/3/16.  
Motion carried.

**PUBLIC COMMENTS**

Pamela Gerald, P. O. Box 155, Southfield, MI 48037, questioned if employees were able to opt out of contributing to the SERS pension plan and invest elsewhere. Mr. VanOverbeke stated it was a condition of employment to participate in the pension plan.

**OTHER MATTERS**

- Ms. Siskind demonstrated the latest version of the pension estimate calculator to the board members explaining it still was in need of a few changes but should be ready shortly.
- The pre-retirement planning workshop is scheduled for March 16, 2016.
- The investment manager roundtable was scheduled for July 26, 2016 at 5:30 p.m.
- Bloomfield Capital will be at the March meeting to discuss their new fund.

**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-16-032**

Motion by Maisano, supported by Hersh to adjourn the Southfield Employee Retirement System Board's February 16, 2016 Regular Meeting at 7:10 p.m.

Motion carried.

*Approved this 15<sup>th</sup> day of March 2016  
L. Susan Mannisto, Chair  
Southfield Employee Retirement System Board*