

**CITY OF SOUTHFIELD
REGULAR MEETING
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD
Tuesday, February 17, 2015
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 (*Alternate*)

SERS Board Members Absent: Julius Maisano; James Pierce

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

The meeting was called to order at 6:04 p.m.

AGENDA

1. *Approval of Agenda.*
MOTION #S-15-025
Motion by Houge, supported by Jubas to approve the agenda of the February 17, 2015 SERS meeting, as presented.
Motion carried.

MINUTES

1. *Review and approve Minutes of the Southfield Employee Retirement System Board Meeting of January 20, 2015.*
MOTION #S-15-026
Motion by Hersh, supported by Jubas to approve the Minutes of the Southfield Employee Retirement System Board Meeting of January 20, 2015.
Motion carried.

APPLICATIONS FOR RETIREMENT

1. *Review and approve Application for Normal Retirement from Michele Tiska-Davis, Parks & Recreation Department, effective March 14, 2015.*
MOTION #S-15-027
Motion by Houge, supported by Hersh to approve the Application for Normal Retirement from Michele Tiska-Davis, Parks & Recreation Department, effective March 14, 2015.
Motion carried.
2. *Review and approve Application for Vested Retirement benefits from Melva Allen, Career Center.*
MOTION #S-15-028
Motion by Houge, supported by Hersh to approve the Application for Vested Retirement benefits from Melva Allen, Career Center.
Motion carried.

AUTHORIZATION FOR BENEFITS

1. *Review and approve authorization to pay monthly benefits to Karen Smith, effective January 24, 2015.*
MOTION #S-15-029
Motion by Houge, supported by Hersh to approve monthly benefit payments to Karen Smith, effective January 24, 2015.
Motion carried.

INVESTMENT CONSULTANT REPORT*I. Performance Report.*

Mr. Gray reviewed the quarterly performance report for the period ending December 31, 2014. The capital markets closed with a dramatic drop in oil prices. The lower prices reduced inflationary pressures but may have a residual effect on global economic growth. The major central banks worked on their respective regions enacting or standing by monetary policies dependent upon economic conditions. The European Central bank intends to implement a quantitative easing program to promote economic growth in continental Europe; although, the Bank of Japan has attempted this process for the last few years without result. China and India lowered key interest rates; however conversely, the Federal Reserve and Bank of England continue to indicate that rate hikes are likely in 2015. Global equity markets declined while the U.S. dollar strengthened. U.S. equities posted positive returns, especially small cap, up 10% in the quarter. India stood out with a 24% gain while China generated 8% return on the year. The global fixed income market provided losses for U.S. investors in the foreign fixed income market while declining yields drove relatively good returns in the U.S. fixed income market.

U. S. equity markets rebounded in the fourth quarter ending with double digits despite renewed volatility. The S&P 500 ended the year up 14% and although the 5th year in double digits, is not expected to last. Small Cap returned over 9%, but remained in single digits. For the year, Large and Mid Cap outperformed Small Cap in excess of 800bp driven by valuations, and perceived safety within the equity market capitalization range. Utilities being the best performing sector for the quarter as well as the year.

Typically, a 25%+ return in long-term Treasuries does not coincide with the growing economy experienced by the U.S. in 2014. However, the growth is not apples to apples. It would appear that investors are continuing to forecast stable to lower rates for the foreseeable future.

The fund returned 1.37% for the 4th quarter and 4.71% for the 2014 year ending with a market value of \$113,767,986. Although performance for the 4th quarter was below the policy index except for international equity, the portfolio has consistently outperformed for the past 10 years.

Mr. Gray indicated he would schedule the SouthernSun team to speak with the board at their March meeting.

MOTION #S-15-030

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

LEGAL

Mr. VanOverbeke reviewed the Notice to Recipients of Lump Sum Distributions from the Retirement System with regard to the Internal Revenue update recognizing two different plans for accumulated contributions rollover as opposed to just a Roth IRA. He recommended adopting the resolution which was provided by his office as required by the IRS.

MOTION #S-15-031

Motion by Hersh, supported by Jackson to approve the following resolution in reference to Notice to Recipients of Lump Sum Distributions from the Retirement System:

WHEREAS, the Southfield Employee Retirement System Board is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System; and

WHEREAS, the Southfield Employee Retirement System Board acknowledges that §402 of the Internal Revenue Code requires the Board to provide notice to recipients of lump sum distributions from the Plan; and

WHEREAS, applicable tax law and regulations require said notice to be provided at least thirty (30) days in advance of such distributions; and

WHEREAS, legal counsel has prepared a distribution notice and form consistent with IRC §402; and

WHEREAS, the Southfield Employee Retirement System Board has discussed this matter.

THEREFORE, BE IT RESOLVED THAT, the Southfield Employee Retirement System is hereby amended to comply with and shall be administered in accordance with the requirements of Notice 2014-54, with respect to the rollover distributions to multiple destinations; and

BE IT FURTHER RESOLVED THAT, the Southfield Employee Retirement Board hereby adopts the distribution notice and form; and

BE IT FURTHER RESOLVED THAT, the Southfield Employee Retirement System Board shall be administered consistent with said notice and IRS Notice 2014-54; and

BE IT FURTHER RESOLVED THAT, the distribution notice and form be provided to recipients of lump sum distributions from the Southfield Employee Retirement System consistent with the Internal Revenue Code; and

BE IT FINALLY RESOLVED THAT, a copy of this resolution shall be provided to all appropriate parties.
Motion carried.

MOTION #S-15-032

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

Mr. VanOverbeke mentioned that he would be emailing a redlined version of the Bylaws to the board. If no changes were requested, it could be approved at the next meeting.

MONTHLY FINANCIAL REPORT

The board reviewed the Financial Report for the period ending November 30, 2014 showing a net value of assets of \$115,803,054.

MOTION #S-15-033

Motion by Houge, supported by Jubas to receive and file the SERS Financial Report for the period ending November 30, 2014.
Motion carried.

FINANCIAL MATTERS

1. *Review and approve payment to Pacific Income Advisors for Investment Management services during the period October 1, 2014 – December 31, 2014, in the amount of \$13,026.00.*

MOTION #S-034

Motion by Houge, supported by Jackson to approve payment to Pacific Income Advisors for Investment Management services for the period October 1, 2014 – December 31, 2014, in the amount of \$13,026.00.
Motion carried.

2. *Review and approve payment to WCM Investment Management for Investment Management services for the period October 1, 2014 – December 31, 2014, in the amount of \$16,449.02.*

MOTION #S-15-035

Motion by Houge, supported by Jackson to approve payment to WCM Investment Management for Investment Consultant services for the period October 1, 2014 – December 31, 2014, in the amount of \$16,449.02.
Motion carried.

3. *Review and approve payment to Comerica Business Card for purchases during the period January 15, 2015 – February 4, 2015.*

MOTION #S-15-036

Motion by Houge, supported by Jackson to approve payment to Comerica Business Card for purchases during the period January 7, 2015 – February 4, 2015.
Motion carried.

PUBLIC COMMENTS

There were no public comments.

OTHER MATTERS

1. *MAPERS Conferences*

Ms. Siskind reminded the board there was a MAPERS One-Day Seminar being held in Troy, Michigan on March 13, 2015 and the Annual Spring Conference would be held May 17-19, 2015 at Soaring Eagle Resort. Those wishing to attend were encouraged to email her as soon as possible.

2. *Pre-Retirement Workshop*

Ms. Siskind informed the board that a Pre-Retirement Workshop and open-house was being planned for June in recognition of the 50th anniversary of the SERS plan. She would update the board as more details become solidified.

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
- Pension Benefit Calculator

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

MOTION #S-15-037

Motion by Jubas, supported by Hersh to adjourn the Southfield Employee Retirement System Board's February 17, 2015 meeting at 7:05 p.m.
Motion carried.