

**CITY OF SOUTHFIELD
REGULAR MEETING
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD
Tuesday, February 21, 2017
Human Resources Department – Main Municipal Building
26000 Evergreen Road, Southfield, MI**

MINUTES

SERS Board Members Present: Julius Maisano, Vice-Chair; David Hersh; Coretta Houge; Jeannie Jackson; Mark Jubas

SERS Board Members Absent: L. Susan Mannisto, Shirley Lightsey; James Pierce

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

The meeting was called to order at 6:00 p.m.

AGENDA

1. *Approval of Agenda.*

MOTION #S-17-023

Motion by Hough, supported by Jubas to approve the agenda of the February 21, 2017 SERS Regular meeting.
Motion carried.

MINUTES

1. *Review and approve Minutes of the Southfield Employee Retirement System Board Regular Meeting of January 17, 2017.*

MOTION #S-17-024

Motion by Houge, supported by Jackson to approve the Minutes of the Southfield Employee Retirement System Board Regular Meeting of January 17, 2017.
Motion carried.

APPLICATIONS FOR RETIREMENT

1. *Review and approve Application for Receipt of Early Vested Deferred Pension Benefits from Donna Felix, effective April 30, 2017.*

MOTION # S-17-025

Motion by Houge, supported by Jubas to approve the Application for Early Vested Deferred Pension Benefits from Donna Felix, effective April 30, 2017.
Motion carried.

2. *CLOSED SESSION –Review and Approve Application for Disability Retirement.*

A motion was raised to go into Closed Session.

MOTION # S-17-026

Motion by Hersh, supported by Hough that pursuant to Section 8(h) of the Open Meetings Act the Southfield Employee Retirement System Board Meeting of February 21, 2017, 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, Maisano, Jubas, Jackson.
NAY: None.
ABSTAIN: None.
ABSENT: Lightsey, Mannisto, Pierce.
Motion carried.

MOTION # S-17-027

Motion by Houge, supported by Jubas that the Closed Session of the Southfield Employee Retirement System Board Special Meeting of February 21, 2017, does hereby reconvene to Open Session.
Motion carried.

MOTION # S-17-028

Motion by Houge, supported by Jackson to acknowledge receipt of the Application for Non- Duty Disability Retirement from Stanley Wozniak, dated February 10, 2017, and instruct the SERS Administrator to arrange for the Medical Director to perform an exam and determination therefrom, consistent with the board policies.
Motion carried.

AUTHORIZATION OF BENEFITS

1. *Review and approve monthly benefit payment to Jeffrey Obear.*

MOTION #S-17-029

Motion by Hough, supported by Jubas to approve monthly benefit payment to Jeffrey Obear.
Motion carried.

INVESTMENT CONSULTANT

1. *Portfolio Summary Review*

Mr. Kuhn distributed the 2016 4th Quarter Performance Report. Review was made of the capital markets during the 4th quarter, highlighting the impact of the Trump victory, the strong returns from the U.S. equity markets, and the modest losses in international stocks and domestic bonds. He also covered the Fund's compliance with objectives, asset allocation vs. targets, and performance. The Fund was up 1.95% for the quarter and 8.45% for the year and is ranking in the 20th percentile of their peer group for the year. Updated market values (\$110 MM) were also distributed.

MOTION #S-17-030

Motion by Houge, supported by Jubas to receive and file the investment performance update as of December 31, 2016, presented by Christopher Kuhn of &Co Consulting
Motion carried.

2. *Consultant's Recommendations*

Since redemption from SouthernSun to cash of \$1.5MM did not happen, Mr. Kuhn recommended revising the earlier motion, increasing the transfer from \$1.5MM to \$3MM.

The Administrator asked about the use of other smart beta strategies. Mr. Kuhn provided a short summary of the different smart beta strategies and suggested reviewing the strategies in more detail at the April meeting.

MOTION #17-031

Motion by Hersh, supported by Houge to approve a recommended rebalance of the portfolio with a transfer of \$3MM from the SouthernSun account to the cash account.
Motion carried.

Additionally, the upcoming presentations from the Mid Cap Equity managers at the March meeting were discussed.

AUTHORIZED SIGNATURES FOR SOUTHERNSUN ACCOUNT

The board was presented with a letter consistent with SouthernSun Asset Management's requirements to provide them with an authorized signature list in relation to the Client account managed by SouthernSun. In agreement, a motion was raised.

MOTION #S-17-032

Motion by Houge, supported by Jubas to approve the authorized signature list provided to SouthernSun Asset Management, LLC in relation to the Client account managed by SouthernSun Asset Management, LLC.

Motion carried.

LEGAL REPORT

Mr. VanOverbeke informed the board that he had reviewed an EDRO in the case of Rahn v Rahn and found that it was consistent with the SERS pension system.

MOTION #S-17-033

Motion by Hersh, supported by Jubas.

WHEREAS, the Board of Trustees is in receipt of an Eligible Domestic Relations Order dated September 6, 2016, wherein Dawn Marie Rahn, the Alternate Payee, is awarded certain rights to the benefits of Jonathon Edgar Rahn, the Participant; and

WHEREAS, the Alternate Payee is entitled to a portion of both the Participant's defined benefit plan benefits and the defined contribution plan benefits from the Retirement System; and

WHEREAS, the payments from the plan to the Alternate Payee shall begin either when the Participant commences benefits from the Retirement System, or any time after the Participant reaches his earliest retirement date upon the Alternate Payee's application; and

WHEREAS, the Board's policy is to require that the cost for the actuary's calculations are to be borne by the parties to the domestic relations proceedings, and the order provides that the Participant and the Alternate Payee shall be equally responsible for any and all additional costs for actuarial services; and

WHEREAS, said matter has 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 of Trustees acknowledges receipt of said court order, will pay pension benefits consistent with said order subject to an application being filed by the Participant or the Alternate Payee seeking payment; and be it further

RESOLVED, that upon application of the Participant or the Alternate Payee this file be forwarded to the Boards' actuary for calculation of the benefits; 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 Jonathon Edgar Rahn, the Participant; Dawn Marie Rahn, the Alternate Payee; and the Board's actuary.

Motion carried.

Mr. VanOverbeke also updated the board on the duties of the pension task force since his appointment by the Governor.

FINANCIAL MATTERS

1. *Review and approve payment to Victory Capital Management for investment management services provided during the period 10/1/16 to 12/31/16, in the amount of \$24,524.00.*

MOTION #S-17-034

Motion by Hersh, supported by Jubas to approve payment to Victory Capital Management for investment management services provided during the period 10/1/16 to 12/31/16, in the amount of \$24,524.00.

Motion carried.

2. *Review and approve payment to LSV Asset Management for investment management services provided during the period 10/1/16 – 12/31/16, in the amount of \$17,122.00.*

MOTION #S-17-035

Motion by Hersh, supported by Jubas to approve payment to LSV Asset Management for investment management services provided during the period 10/1/16 – 12/31/16, in the amount of \$17,122.00.

Motion carried.

3. *Review and approve payment to WCM Investment Management for investment management services provided during the period 10/1/16 – 12/31/16, in the amount of \$17,117.27.*

MOTION #S-17-036

Motion by Hersh, supported by Jubas to approve payment to WCM Investment Management for investment management services provided during the period 10/1/16 – 12/31/16, in the amount of \$17,117.27.

Motion carried.

4. *Review and approve payment to Pacific Income Advisors for investment management services provided during the period 10/1/16 – 12/31/16, in the amount of \$8,370.00.*

MOTION #S-17-037

Motion by Hersh, supported by Jubas to approve payment to Pacific Income Advisors for investment management services provided during the period 10/1/16 – 12/31/16, in the amount of \$8,370.00.

Motion carried.

5. *Review and approve payment to Comerica Bank Cardmember Service for purchases during the period 1/6/17 - 2/3/17.*

MOTION #S-17-038

Motion by Hersh, supported by Jubas to approve payment to Comerica Bank Cardmember Service for purchases during the period 1/6/17 – 2/3/17.

Motion carried.

PUBLIC COMMENTS

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

OTHER MATTERS

Ms. Siskind inquired if anyone would like to attend the MAPERS One-Day Seminar on Friday, March 10th in Ann Arbor at the Ypsilanti Marriott Eagle Crest. Mr. Maisano accepted the invitation and Ms. Lightsey had earlier expressed her want as well.

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-17-039

Motion by Houge, supported by Jubas to adjourn the Southfield Employee Retirement System Board's February 21, 2017 Regular Meeting at 7:30 p.m.

Motion carried.

*Approved this 21st of March 2017
L. Susan Mannisto, Chair
Southfield Employee Retirement System Board*