

**CITY OF SOUTHFIELD
REGULAR MEETING
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD
Tuesday, May 12, 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*); Julius Maisano; James Pierce

Others Present: Lauri Siskind, Human Resources Director/SERS Plan Liaison
Laurence O. Gray; Gray & Company
Judith Kermans & Jeff Tebeau; Gabriel Roeder Smith & Co.
Michael VanOverbeke; VanOverbeke, Michaud & Timmony, PC
Penelope Scharmberg, Administrative Assistant HR/LR/SERS Secretary
Councilwoman Joan Seymour

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

AGENDA

1. *Approval of Agenda.*

MOTION #S-15-069

Motion by Jubas, supported by Hersh to approve the agenda of the May 12, 2015 SERS meeting.

Motion carried.

MINUTES

1. *Review and approve Minutes of the Southfield Employee Retirement System Board Meeting of April 21, 2015.*

Mr. Hersh noticed there was an error on who raised and seconded Motion #S-15-052; notes will be reviewed to correct.

Mr. Gray requested that on Page 1; last paragraph; 6th line; delete sentence wording after ...*quarter*.

MOTION #S-15-070

Motion by Jubas, supported by Houge to approve the Minutes of the Southfield Employee Retirement System Board Meeting of April 21, 2015, as amended above.

Motion carried.

APPLICATIONS FOR RETIREMENT

1. *Review and approve Application for Early Retirement from Thomas Black, Building Department, effective May 2, 2015.*

MOTION #S-15-071

Motion by Pierce, supported by Hersh to approve the Application for Early Retirement from Thomas Black, Building Department, effective May 2, 2015.

Motion carried.

2. *Review and approve Application for Normal Retirement from Cynthia Puls, City Clerk's Office, effective June 6, 2015.*

MOTION #S-15-072

Motion by Pierce, supported by Hersh to approve the Application for Normal Retirement from Cynthia Puls, City Clerk's Office, effective June 6, 2015.

Motion carried.

3. *Review and approve Application for Normal Retirement from Deborah Shepherd, Southfield Public Library, effective June 27, 2015.*

MOTION #S-15-073

Motion by Pierce, supported by Hersh to approve the Application for Normal Retirement from Deborah Shepherd, Southfield Public Library, effective June 27, 2015.
Motion carried.

AUTHORIZATION OF BENEFITS

1. *Review and approve authorization to pay monthly benefit payment and lump sum distribution to Bonnie Ruffins.*

MOTION #S-15-074

Motion by Houge, supported by Hersh to approve Application for monthly benefit payment and lump sum distribution to Bonnie Ruffins.
Motion carried.

2. *Review and approve Application for Survivor Pension Benefits from JoAnne Marsh, surviving spouse of Thomas J. Marsh.*

MOTION #S-15-075

Motion by Houge, supported by Hersh to approve Application for Survivor Pension Benefits from JoAnne Marsh, surviving spouse of Thomas J. Marsh.
Motion carried.

PRESENTATION FROM GRS

Judy Kermans and Jeff Tebeau demonstrated the recently launched GRS Advantage website with GRS Trendline™, their public sector benefit benchmarking application that provides public employee retirement systems with a variety of statistical information related to assumptions, benefit design, and funding. GRS publication archives include GRS Insite, Perspectives from the Chief Actuary, GRS NewScan, Research Reports and GRS Journal. The website also has educational training videos on current topics. Secure data transfer is provided so that clients can use their actuarial and benefit related software in a hosted environment.

Ms. Kermans also mentioned that a free educational session was included in the annual fee of \$19,400 maintaining last year's price. Should they have to create a 100 year projection for assumed rate of return under GASB regulations, it would be an additional \$10,000. However, if the auditors accept an 8% rate of return, there will be a discount provided.

MOTION #S-15-076

Motion by Jubas, supported by Pierce to accept the fee quote presented by Gabriel Roeder Smith & Company for fiscal year 2015/2016.
Motion carried.

INVESTMENT CONSULTANT REPORT

1. *Portfolio Review*

Mr. Gray reviewed the 2015 first quarter investment results explaining that Global Equity markets generated positive returns in a volatile quarter fueled by expectations of global malaise. The Fed's created speculation about the timing of the first interest rate hike in 9 years. The S&P 500 Index reached new highs but still trailed the Small Cap Russell 2000 Index as earnings of large multinational companies were handicapped by the strength of the U. S. dollar. Depreciating foreign currencies generated a decline in global fixed income yields; however, Russian securities were in demand.

In the U.S. Equity market, Small Cap led the way with positive returns over 4%; Growth outperformed Value with the Health Care sector generating good returns. Utilities (rising interest rates) and Energy (oil) were the worst performing. Lower quality rankings for stocks and returns exceeded higher quality.

In the U.S. Fixed Income market, although the treasury yield curve flattened in the quarter, modest returns were still generated. Within the credit sector, spreads remained flat relative to the previous quarter.

Developed Markets outperformed Emerging Markets on the international scene in both equities and fixed income, behind the monetary stimulus measures underway in Europe and Japan. The European Central Bank has implemented its sovereign bond buying program with Japanese equities reflecting positive economic growth. China has also introduced a variety of stimulus measures to stave off the continued slowdown of economic growth after the crackdown on reproduction soft goods. Emerging Markets are still constrained by a weakness in commodity prices.

Mr. VanOverbeke joined the meeting.

The portfolio returned 2.88% for the 1st quarter and 5.91% for the last twelve months. In equities, WAM performed in line with its benchmark; Victory Mid Cap outperformed its benchmark by 101 bps; and SouthernSun Small Cap underperformed by 220 bps. In international equities, LSV Large Cap outperformed and WCM underperformed only slightly. PIA Fixed Income did well, outperforming by 20 bps. In real estate, AEW underperformed by 115 bps and numbers were not yet in for Metropolitan or Bloomfield. The Timber composite was also dragging from its international upheaval.

2. *Consultant Recommendations*

Mr. Gray informed the board that even with the large loss at SouthernSun, they do not partake in a stop loss philosophy. Instead, rely on a potential rise in returns with their other investments. Therefore, at this time, he would like to keep them on watch rather than recommend termination because of their past performance.

MOTION #S-15-077

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

Mr. Gray informed the board he expected an 8% rate of return to be difficult to attain this year, more likely a high 6% or 7%.

He also mentioned that while waiting for rulings on pending motions in the SEC matter, Gray & Company had hired an investment relations manager and outsourced the CIO position.

LEGAL

Mr. VanOverbeke had no legal matters for discussion.

MONTHLY FINANCIAL REPORT

The board reviewed Financial Reports for the periods ending March 31, 2015. As of the March date, the net value of assets was \$116,107,378.

MOTION #S-15-078

Motion by Pierce, supported by Houge to receive and file the SERS Financial Report for the period ending March 31, 2015.
Motion carried.

FINANCIAL MATTERS

1. *Review and approve payment to Pacific Income Advisors for Investment Management services provided for the period January 1, 2015 – March 31, 2015, in the amount of \$12,200.00.*

MOTION #S-15-079

Motion by Houge, supported by Pierce to approve payment to Pacific Income Advisors for Investment Management services provided for the period January 1, 2015 – March 31, 2015, in the amount of \$12,200.00.
Motion carried.

2. *Review and approve payment to Munder Capital Management for Investment Management services provided for the period January 1, 2015 – March 31, 2015, in the amount of \$40,396.00.*

MOTION #S-15-080

Motion by Houge, supported by Pierce to approve payment to Munder Capital Management for Investment Management services provided for the period January 1, 2015 – March 31, 2015, in the amount of \$40,396.00.
Motion carried.

3. *Review and approve payment to WCM Investment Management for Investment Management services provided for the period January 1, 2015 – March 31, 2015, in the amount of \$16,685.07.*

MOTION #S-15-081

Motion by Houge, supported by Pierce to approve payment to WCM Investment Management for Investment Management services provided for the period January 1, 2015 – March 31, 2015, in the amount of \$16,685.07.
Motion carried.

4. *Review and approve payment to Comerica Bank Card for purchases made during the period April 4, 2015 – May 5, 2015.*

MOTION #S-15-082

Motion by Houge, supported by Pierce to approve payment to Comerica Bank Card for purchases made during the period April 4, 2015 – May 5, 2015.

Motion carried.

PUBLIC COMMENTS

Councilwoman Seymour praised the SERS board members on their knowledge and professionalism in the governance of the Southfield Employee Retirement System investments and expressed pride in their dedication.

MAPERS DELEGATES

Ms. Jackson and Ms. Mannisto volunteered for the delegate seats at the upcoming MAPERS conference. A motion was raised for approval.

MOTION #S-15-083

Motion by Pierce, supported by Houge to appoint Jeannie Jackson and L. Susan Mannisto voting delegates for the MAPERS conference to be held May 17, 2015 - May 19, 2015 at Soaring Eagle Conference Center, Mount Pleasant, Michigan.

Motion carried.

OTHER MATTERS

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
- Pension Benefit Calculator (working on kinks)
- Update on SERS Weblink (July)
- Retirement Workshop Update

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

MOTION #S-15-084

Motion by Pierce, supported by Jubas to adjourn the Southfield Employee Retirement System Board's May 12, 2015 meeting at 7:05 p.m.

Motion carried.

*Approved this 16th day of June 2015
L. Susan Mannisto, Chair
Southfield Employee Retirement System Board*