

**CITY OF SOUTHFIELD
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD
SPECIAL JOINT MEETING w/ CITY COUNCIL FINANCE COMMITTEE**

Tuesday, July 21, 2015

**Human Resources Department – Main Municipal Building
26000 Evergreen Road, Southfield, MI**

MINUTES

SERS Board Members Present: L. Susan Mannisto, Chair; David Hersh; Coretta Houge; Jeannie Jackson; Shirley Lightsey (*Alternate*); Julius Maisano; James Pierce

SERS Board Members Absent: Mark Jubas

Council Finance Members Present: Joan Seymour, Chair; Myron Frasier

Others Present: Lauri Siskind, Human Resources Director/SERS Plan Liaison
Michael VanOverbeke; VanOverbeke, Michaud & Timmony, PC
Penelope Scharmberg, Administrative Assistant HR/LR/SERS Secretary
Mayor Donald Fracassi
Frederick E. Zorn, Jr.; City Administrator
Lyn Roberts; Fiscal Services Director

The meeting was called to order at 6:28 p.m. with Ms. Mannisto and Ms. Seymour chairing. It was decided that Ms. Mannisto would lead the meeting.

Ms. Mannisto informed the group that four interviews were scheduled for 20 minute presentations with an additional 10 minutes for questions afterward. Mr. Hersh would be the timekeeper. After a decision is made, the SERS administrator will bring a recommendation to a Committee-of-the-Whole for Council to review.

NEPC, LLC:	<i>John Krakowiak and Kevin Leonard</i>
Headquarters:	Boston, MA
Other Offices:	Atlanta, Charlotte, Chicago, Detroit, Las Vegas, Redwood City
Staff:	241
Public Clients/Funds:	65/\$501B
How much \$ in All:	\$895B
Represent Who in MI:	City of Detroit General RHC City of Detroit General Retirees City of Dearborn City of Livonia
How much \$ in MI:	\$2.8B
Fiduciary Responsibility:	Yes
Fees:	\$100,000, consulting fees for private & hedge funds billed separately
SEC Review:	Never

NEPC has a dedicated research team, with all work done in-house including actuarial knowhow and no outsourcing. The firm is 100% employee owned. They provide no brokerage services, actuarial services or referral fees. As part of their service they publish a 5-7 year expected return & 30 year forecast and is proactive in their advice to clients. They have found timber to be underperforming and will seek to improve risk adjusted returns and reliance on any one exposure. Broad coverage, targeted approach, risk-aware portfolio construction and continuous innovation deliver superior long-term investment performance.

Wilshire Associates, Inc: *Marlin Pease and J. M. Ruscetti*

Headquarters: Santa Monica, CA
 Other Offices: Denver, Pittsburgh, Jersey City, Chicago, Hong Kong, Singapore, Suzhou, London, Melbourne, Amsterdam
 Staff: 300
 Public Clients/Funds: 124/\$1T
 How much \$ in All: \$8T
 Represent Who in MI: City of Detroit P&F Retirement
 City of Grand Rapids
 How much \$ in MI: \$4B+
 Fiduciary Responsibility: Yes
 Fees: \$115,000 + travel + annual inflation escalator
 SEC Review: Never

Founded in 1972, Wilshire Associates was an early innovator of equity risk models. Their philosophy finds a disciplined strategic asset allocation to be most critical therefore meeting with managers is done a regular basis; reviews annually. A top down approach with cost-effective solutions that are result oriented with pro-active client service, lead to long-term relationships. They believe quarterly meetings are sufficient but will arrange everything needed to meet the client's objective.

Asset Strategies Portfolio Services Inc: *George Vitta, Jennifer Cotaling, Katherine Ghannam, and Charlie Zalud*

Headquarters: Auburn Hills, MI
 Other Offices: None
 Staff: 6
 Public Clients/Funds: 21/\$2.9B
 How much \$ in All: \$2.9B
 Represent Who in MI: Auburn Hills Retirement & Auburn Hills RHC
 Ferndale ERS & Ferndale P&F Retirement
 Genesee County ERS & Genesee County RHC
 Kentwood DC 401a/457 Retirement Plans & Kentwood Pension Fund
 Melvindale P&F Retirement #1
 Midland County Sheriffs Plan & Midland County ERS & Midland County RHC
 Saginaw P&R Retirement
 Southfield F&P Retirement
 St. Clair County Road Commission 401a/403b & St. Clair County ERS
 West Bloomfield 401a/457b & West Bloomfield ERS & West Bloomfield RHC
 Ypsilanti Twp Firefighters' RHC & Ypsilanti Twp P&F Retirement
 How much \$ in MI: \$2.9B
 Fiduciary Responsibility: Yes
 Fees: 8bps calculated monthly
 SEC Review: 1 Audit, letter found flawless

George Vitta began Asset Strategies 23 years ago serving as an institutional investment consultant to public funds. He has been active in MAPERS and works with state legislators to update Michigan public fund investment laws. Katherine Ghannam acquired extensive financial management experience working at the World Bank; she has been Senior Consultant to the firm for six years. Since 2006, Jennifer Cotaling has been serving as Director of Investment Manager Resources. Charlie Zalud found knowledge and intellect to separate the firm from others and was recently hired as an Investment Research Analyst. Although small, it is deeper with less breadth, is built of veterans, and actively uses computers which have allowed their process to develop into a fluid collegial firm. Mr. Vitta will attend the monthly SERS meetings providing flash reports, quarterly reviews and service accessibility whenever necessary.

The Bogdahn Group: *Mike Welker and Christopher Kuhn*

Headquarters: Orlando, FL
 Other Offices: Chicago, Cleveland, Detroit, Milwaukee, Pittsburgh
 Staff: 58
 Public Clients/Funds 265/\$41B
 How much \$ in All: \$63B
 Represent Who in MI: Bay City P&F Retirement; Bay County VEBA; & +Bay County Retirement
 Clawson Fire Department
 City of Detroit P&F Retirement
 Michigan UP IBEW Pension
 Pontiac P&F Retirement
 Redford Township P&F
 Road Commission of Oakland County RHC
 City of Taylor General ERS
 City of Taylor P&F Retirement
 City of Utica P&F
 County of Wayne ERS

How much \$ in MI: \$1.8B
 Fiduciary Responsibility: Absolutely
 Fees: \$50,000 year 1 & 2/ \$55,000 year 3 (all inclusive)
 SEC Review: Never

The Bogdahn Group is an objective, independent firm of consultants. Of average size monetarily, one of the top 10 largest independent consulting firms. They have a low turnover of clients who have full access to the entire firm. All of their public funds outperform the national average. Broad based employee ownership began this year and will continue until fully owned. Temporarily representing SERS, they have extensive knowledge of the portfolio, completed downloading data and have reviewed it for material reasons.

A straw vote was taken to determine the two best suited investment consultants, with preference, and the group overwhelmingly chose The Bogdahn Group as number one and NEPC as number 2. Ms. Siskind was instructed to schedule a presentation by The Bogdahn Group to the full Council at a Committee-of-the-Whole on August 17, 2015, with a recommendation from the SERS board and consensus to proceed from the Finance Committee.

MOTION #S-15-129

Motion by Houge, supported by Maisano to recommend The Bogdahn Group to the Southfield City Council as the investment consultant chosen for the Southfield Employee Retirement System.
 Motion carried.

With no further business to come before either the Southfield Employee Retirement System Board or the Council Finance Committee, a motion to adjourn was raised.

MOTION #S-15-130

Motion by Jackson, supported by Houge to adjourn the Southfield Employee Retirement System Board and Southfield Council Finance Committee's Special Joint Meeting of July 21, 2015 at 9:00 p.m.
 Motion carried.

Approved this 18th day of August 2015
L. Susan Mannisto, Chair
Southfield Employee Retirement System Board