

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM  
REGULAR MEETING – WEDNESDAY – OCTOBER 19, 2022  
COUNCIL STUDY -- 5:45 p.m.**

**TENTATIVE AGENDA**

- I. Approval of Agenda
- II. Approval of Minutes
  - 1. September 13, 2022 Regular Meeting Minutes
- III. Consent Agenda
  - 1. Informational Items
    - a. None
  - 2. Cash Account Report
    - a. None
  - 3. Applications for Retirement
    - a. None
  - 4. Authorization of Benefits
    - a. None
  - 5. Refund of Contributions
    - a. None
  - 6. Approval of Bills and Expenses
    - a. Expense report for Julius Maisano for MAPERS Fall Conference
    - b. Expense report for Ron Miller for MAPERS Fall Conference
    - c. Expense report for Chris Diaz for MAPERS Fall Conference
    - d. Invoice from AndCo for consulting services and performance evaluation for the period July 1, 2022 through September 30, 2022 in the amount of \$17,500.00
    - e. Invoice from Walhausen for asset management services for the period July 1, 2022 – September 30, 2022 in the amount of \$23,195.60
    - f. Credit card statement for charges for the period 09/07/2022 through 10/05/2022 in the amount of \$1,299.89
    - g. Invoice from LSV for asset management services for the period July 1 to September 30, 2022 in the amount of \$16,947.00
- IV. Public Comment
- V. Investment Consultant Report
  - 1. Market Update
  - 2. Asset/Manager Summary
  - 3. Investment manager review



Individuals with special needs who plan to attend these meetings should contact the Human Resources Department at 248-796-4700 (voice) or by email at [hrrsupport@cityofsouthfield.com](mailto:hrrsupport@cityofsouthfield.com), if auxiliary aids or services are needed. Reasonable advance notice is required.

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM  
REGULAR MEETING – WEDNESDAY – OCTOBER 19, 2022  
COUNCIL STUDY -- 5:45 p.m.**

**TENTATIVE AGENDA**

- VI. Legal Counsel Report
  - 1. Sturbridge compliance letter
  - 2. Other matters deemed pertinent
- VII. Retirement Administrator Report
  - 1. Matters deemed pertinent
- VIII. Old Business
  - 1. None
- IX. New Business
  - 1. Periodic service professional review: Legal Counsel
- X. Pending Matters
  - 1. Retirement Handbook: Lead/Maisano, Timeframe/TBD
  - 2. Pension Calculator: Lead/Maisano, Timeframe/TBD
  - 3. Pension Eligibility and Calculation Demonstration: Lead/Battersby, Timeframe/TBD
  - 4. Trust Statement Reconciliation Responsibility and Procedure: Lead/TBD, Timeframe/TBD
- XI. Trustee Comment/Open Forum
- XII. Adjournment



Individuals with special needs who plan to attend these meetings should contact the Human Resources Department at 248-796-4700 (voice) or by email at [hrrsupport@cityofsouthfield.com](mailto:hrrsupport@cityofsouthfield.com), if auxiliary aids or services are needed. Reasonable advance notice is required.

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM  
REGULAR MEETING – TUESDAY – SEPTEMBER 13, 2022  
COUNCIL STUDY – 5:45 p.m.**

**MINUTES**

Board Members Present: Julius Maisano, Chair; Chris Diaz; L. Susan Mannisto; Ron Miller; Lauri Siskind

Board Members Absent: Donna Sanders

Others Present: Megan Battersby, Retirement Administrator/SERS; Michael VanOverbeke, Legal Counsel/VMT; Chris Kuhn, Investment Consultant/AndCo; Fred Zorn, City Administrator/City of Southfield

The meeting was called to order by Julius Maisano, Chair, at 8:17 p.m.

**APPROVAL OF AGENDA**

**MOTION #S-22-045**

Motion by Mannisto, supported by Siskind, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, September 13, 2022. Motion Carried Unanimously

**APPROVAL OF MINUTES**

1. August 16, 2022, Regular Meeting Minutes

**MOTION #S-22-046**

Motion by Diaz, supported by Miller, to approve Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, August 16, 2022. Motion Carried Unanimously

**CONSENT AGENDA**

1. Informational Items
  - a. None
2. Cash Account Report
  - a. None
3. Applications for Retirement
  - a. None
4. Authorization of Benefits
  - a. None

5. Refund of Contributions

a. P. Hollins

6. Approval of Bills and Expenses

a. Credit card statement for charges for the period 08/05/2022 through 09/06/2022 in the amount of \$130.30

b. Invoice from VanOverbeke Michaud & Timmony for legal services rendered for the period 01/01/2022 thru 06/30/2022 in the amount of \$5,420.00

**MOTION #S-22-047**

Motion by Mannisto, supported by Siskind, to approve Consent Agenda as presented.

Motion Carried Unanimously

**PUBLIC COMMENT**

No comments were made.

**INVESTMENT CONSULTANT REPORT**

1. Quarterly Performance Review for the period ending June 30, 2022
2. Market Update
3. Asset/Manager Summary

Investment Consultant presented the 2Q 2022 Performance Report. He reviewed the Greenwich Quality Leadership Award. He reviewed the capital markets including the sharp decline in stocks and bonds due to the continued high inflation rates, Fed actions, and slowing economy. The Fund was down 10.40% for the quarter and 7.94% for the year. He reviewed the performance of the individual managers and noted the relatively good results from Reinhart and Magnitude and weaker results from Champlain and WCM.

He presented the August market summary and updated market values, reviewing the further decline in stocks and bonds during the month. He recommended no action.

He also distributed a memo indicating Sturbridge was a suitable investment for the Fund.

**LEGAL COUNSEL REPORT**

1. Matters deemed pertinent

Legal Counsel discussed Sturbridge contract issues. While they agreed to several minor contract changes, they did not want to accept fiduciary language that is standard in all VMT contracts.

**MOTION #S-22-048**

Motion by Siskind, supported by Diaz, to receive and file Investment Consultant Report and Legal Counsel Report, as presented. Motion Carried Unanimously

## **RETIREMENT ADMINISTRATOR REPORT**

1. Matters deemed pertinent

Retirement Administrator noted that actuarial valuation data has finally been provided by the city.

## **OLD BUSINESS**

1. None

## **NEW BUSINESS**

1. None

## **PENDING MATTERS**

1. Retirement Handbook: Lead/Maisano, Timeframe/TBD  
No update/discussion.
2. Pension Calculator: Lead/Maisano, Timeframe/TBD  
No update/discussion.
3. Pension Eligibility and Calculation Demonstration: Lead/Battersby, Timeframe/TBD  
No update/discussion.
4. Trust Statement Reconciliation Responsibility and Procedure: Lead/TBD,  
Timeframe/TBD  
No update/discussion.

## **TRUSTEE COMMENT/OPEN FORUM**

Lauri Siskind asked City Administrator what progress has been made on the mayoral appointment open Board position. He indicated that he would urge the Mayor to make an appointment forthwith.

## **ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 8:54 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on October 19, 2022

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM  
BUSINESS/TRAVEL EXPENSE/REIMBURSEMENT REPORT**

Page 1

To be completed and submitted, along with all receipts, to Megan Battersby within one month of return. This form should be used to document all expenses involved in the trip, including all items paid for by the Retirement System and cash advances. Obligations incurred must be in accordance with Retirement System policies and procedures set forth in the Board Travel Policy. All exceptions to the expense guidelines must be approved prior to the trip.

Julius Maisano  
NAME

September 17 - 20, 2022  
DATES OF TRAVEL

2022 MAPERS Fall Conference, Mackinac Island, MI  
TITLE, SPONSOR, AND LOCATION OF PROGRAM

September 17 - 20, 2022  
DATE(S) OF PROGRAM

DAY	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	TOTALS
DATE:	9/18	9/19	9/20				9/17	
HOTEL:	\$587.54	\$587.54					\$587.54	\$1,762.62
MEALS:								
Breakfast								\$0.00
Lunch			\$10.00				\$10.00	\$20.00
Dinner								\$0.00
TRANSPORTATION:								
Airfare								\$0.00
Mileage (auto)*			\$179.38				\$179.38	\$358.76
Taxi/Shuttle/Bus								\$0.00
Gasoline*								\$0.00
Parking Tolls								\$0.00
Ferry							\$31.00	\$31.00
								\$0.00
								\$0.00
REGISTRATION:	\$300.00							\$300.00
								\$0.00
BAGGAGE CHGS:							\$10.00	\$10.00
								\$0.00
TELEPHONE:								\$0.00
								\$0.00
OTHER: (identify)	\$5.00	\$5.00	\$5.00				\$5.00	\$20.00
								\$0.00
								\$0.00
								\$0.00
TOTALS:	\$892.54	\$592.54	\$194.38	\$0.00	\$0.00	\$0.00	\$822.92	\$2,502.38

TOTAL EXPENDED	\$2,502.38
LESS ITEMS PAID FOR BY RETIREMENT SYSTEM	\$2,072.62
LESS CASH ADVANCES	
LESS EXPENSES NOT ELIGIBLE FOR REIMBURSEMENT	
<b>TOTAL DEDUCTIONS</b>	<b>\$2,072.62</b>
<b>REIMBURSEMENT DUE EMPLOYEE or</b>	<b>\$429.76</b>
<b>BALANCE DUE SYSTEM</b>	<b>\$0.00</b>

\* Please list the type of vehicle that was used (i.e. City, Management Group or Personal)

Personal - 574 miles roundtrip

Please complete page 2 before submitting.

III. 6. a. 1.

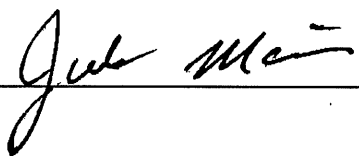
**Items Paid for by the Retirement System**

Item	Amount
registration	\$300.00
hotel	\$1,772.62
TOTAL	\$2,072.62

Explanatory Notes: \_\_\_\_\_

I hereby certify that the travel indicated hereon was accomplished according to the proper authorization, that the information is correct, and that no part of the compensation claimed was of a personal nature.

Signed: \_\_\_\_\_



Date: 9/27/22

SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM  
BUSINESS/TRAVEL EXPENSE/REIMBURSEMENT REPORT

Page 1

To be completed and submitted, along with all receipts, to Megan Battersby within one month of return. This form should be used to document all expenses involved in the trip, including all items paid for by the Retirement System and cash advances. Obligations incurred must be in accordance with Retirement System policies and procedures set forth in the Board Travel Policy. All exceptions to the expense guidelines must be approved prior to the trip.

Ron Miller	September 18 - 20, 2022
NAME	DATES OF TRAVEL
2022 MAPERS Fall Conference, Mackinac Island, MI	September 17 - 20, 2022
TITLE, SPONSOR, AND LOCATION OF PROGRAM	DATE(S) OF PROGRAM

DAY	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	TOTALS
DATE:	9/18	9/19	9/20					
HOTEL:	\$587.54	\$587.54						\$1,175.08
MEALS:								
Breakfast								\$0.00
Lunch								\$0.00
Dinner								\$0.00
TRANSPORTATION:								
Airfare								\$0.00
Mileage (auto)*	\$178.13		\$178.13					\$356.26
Taxi/Shuttle/Bus								\$0.00
Gasoline*								\$0.00
Parking Tolls	\$70.00							\$70.00
Ferry	\$23.00							\$23.00
								\$0.00
								\$0.00
REGISTRATION:	\$300.00							\$300.00
								\$0.00
BAGGAGE CHGS:	\$10.00							\$10.00
								\$0.00
TELEPHONE:								\$0.00
								\$0.00
OTHER: (identify)								\$0.00
								\$0.00
								\$0.00
								\$0.00
TOTALS:	\$1,168.67	\$587.54	\$178.13	\$0.00	\$0.00	\$0.00	\$0.00	\$1,934.34

TOTAL EXPENDED	\$1,934.34
LESS ITEMS PAID FOR BY RETIREMENT SYSTEM	\$1,537.86
LESS CASH ADVANCES	
LESS EXPENSES NOT ELIGIBLE FOR REIMBURSEMENT	
TOTAL DEDUCTIONS	\$1,537.86
REIMBURSEMENT DUE EMPLOYEE or	\$396.48
BALANCE DUE SYSTEM	\$0.00

\* Please list the type of vehicle that was used (i.e. City, Management Group or Personal)

Personal - 570 miles roundtrip

Please complete page 2 before submitting.

III.6.b.1.



Items Paid for by the Retirement System

Item	Amount
registration	\$300.00
hotel	\$1,237.86

TOTAL \$1,537.86

Explanatory Notes: \_\_\_\_\_  
\_\_\_\_\_

I hereby certify that the travel indicated hereon was accomplished according to the proper authorization that the information is correct, and that no part of the compensation claimed was of a personal nature.

Signed: Ronald MillerDate: 9/30/22

III.6.6.2.

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM  
BUSINESS/TRAVEL EXPENSE/REIMBURSEMENT REPORT**

Page 1

To be completed and submitted, along with all receipts, to Megan Battersby within one month of return. This form should be used to document all expenses involved in the trip, including all items paid for by the Retirement System and cash advances. Obligations incurred must be in accordance with Retirement System policies and procedures set forth in the Board Travel Policy. All exceptions to the expense guidelines must be approved prior to the trip.

Chris Diaz	September 17 - 20, 2022
NAME	DATES OF TRAVEL

2022 MAPERS Fall Conference, Mackinac Island, MI	September 17 - 20, 2022
TITLE, SPONSOR, AND LOCATION OF PROGRAM	DATE(S) OF PROGRAM

DAY	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY	TOTALS
DATE:	9/18	9/19	9/20				9/17	
HOTEL:	\$587.54	\$587.54					\$587.54	\$1,762.62
MEALS:								
Breakfast								\$0.00
Lunch			\$25.35				\$10.00	\$35.35
Dinner								\$0.00
TRANSPORTATION:								
Airfare								\$0.00
Mileage (auto)*			\$177.50				\$177.50	\$355.00
Taxi/Shuttle/Bus								\$0.00
Gasoline*								\$0.00
Parking Tolls								\$0.00
Ferry							\$31.00	\$31.00
								\$0.00
								\$0.00
REGISTRATION:	\$300.00							\$300.00
								\$0.00
BAGGAGE CHGS:							\$10.00	\$10.00
								\$0.00
TELEPHONE:								\$0.00
								\$0.00
OTHER: (identify)	\$5.00	\$5.00	\$5.00				\$5.00	\$20.00
								\$0.00
								\$0.00
								\$0.00
TOTALS:	\$892.54	\$592.54	\$207.85	\$0.00	\$0.00	\$0.00	\$821.04	\$2,513.97

TOTAL EXPENDED	\$2,513.97
LESS ITEMS PAID FOR BY RETIREMENT SYSTEM	\$2,294.39
LESS CASH ADVANCES	
LESS EXPENSES NOT ELIGIBLE FOR REIMBURSEMENT	
TOTAL DEDUCTIONS	\$2,294.39
REIMBURSEMENT DUE EMPLOYEE or	\$219.58
BALANCE DUE SYSTEM	\$0.00

\* Please list the type of vehicle that was used (i.e. City, Management Group or Personal)

Personal - 574 miles roundtrip

Please complete page 2 before submitting.

III. b. c. 1.

### Items Paid for by the Retirement System

Item	Amount
registration	\$300.00
hotel	\$1,994.39
<b>TOTAL</b>	<b>\$2,294.39</b>

**Explanatory Notes:**

I hereby certify that the travel indicated hereon was accomplished according to the proper authorization, that the information is correct, and that no part of the compensation claimed was of a personal nature.

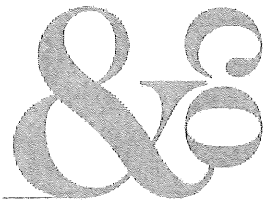
Signed:

Date:

III. 6. c. 2.

AndCo Consulting, LLC

531 W Morse Blvd Ste 200  
Winter Park, FL 32789  
844-442-6326  
ar@andcoconsulting.com



INVOICE

BILL TO  
Megan Battersby  
Southfield Employee Retirement System

INVOICE 42522  
DATE 09/30/2022

DESCRIPTION	AMOUNT
Consulting Services and Performance Evaluation, Billed Quarterly (July, 2022)	5,833.33
Consulting Services and Performance Evaluation, Billed Quarterly (August, 2022)	5,833.33
Consulting Services and Performance Evaluation, Billed Quarterly (September, 2022)	5,833.34

It is our honor and privilege to provide excellence service. If this is not your experience, please contact us immediately.

BALANCE DUE \$17,500.00

III. 6 . d .

# WALTHAUSEN & CO. LLC

SPECIALISTS IN SMALL CAP VALUE INVESTING

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2691 ROUTE 9, SUITE 102 | MALTA, NY 12020 | PHONE (518) 371-3450 | FAX (518) 371-3980 | [www.walthausenco.com](http://www.walthausenco.com)

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October 5, 2022

Megan Battersby  
Administrator  
FBO City of Southfield Employees Retirement System – Walthausen & Co.  
26000 Evergreen Road  
Southfield, MI 48037-2055

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Invoice Detail for Period July 1, 2022 – September 30, 2022 for Acct# XXXXXX4371 Inv#3Q22SERS:

Assets Under Management as of September 30, 2022		\$10,090,045.32
First \$5 million	0.95%	<u>\$5,000,000.00</u>
		<u>\$12,138.89</u>
Next \$20 million	0.85%	<u>\$5,090,045.32</u>
		<u>\$11,056.71</u>
Advisory Fees for Period July 1, 2022 Through September 30, 2022*		<u><u>\$23,195.60</u></u>

\*Advisory fees are based on days/360 calendar year  
Days in Quarter 92

Please Remit Payment to the above address or Direct ACH or Wire Payment to:

**ACH/Wire Instructions:**

Pioneer Bank  
ABA# 221371372  
Account# 8608044

E.I.N. 26-0681507

If there are any questions or comments, please do not hesitate to call either Mark Hodge (518-348-7217) or Stan Westhoff (518-348-7215).

III . b . e .

**October 2022 Statement**

Open Date: 09/07/2022 Closing Date: 10/05/2022

Page 1 of 3

**Mastercard® Business Card**

SFLD EMP RETIREMENT (CPN 000966173)

Account: \*

**Cardmember Service**  
BUS 30 ELN 8**1-866-486-1017**  
3

<b>New Balance</b>	<b>\$1,299.89</b>
<b>Minimum Payment Due</b>	<b>\$13.00</b>
<b>Payment Due Date</b>	<b>11/01/2022</b>

**Reward Points**

Earned This Statement	1,452
Reward Center Balance	9,601
as of 10/04/2022	
For details, see your rewards summary.	

**Activity Summary**

Previous Balance	+	\$130.30
Payments	-	\$130.30CR
Other Credits	-	\$146.70CR
Purchases	+	\$1,446.59
Balance Transfers		\$0.00
Advances		\$0.00
Other Debits		\$0.00
Fees Charged		\$0.00
Interest Charged		\$0.00

**New Balance = \$1,299.89****Past Due \$0.00****Minimum Payment Due \$13.00**

Credit Line \$15,000.00

Available Credit \$13,700.11

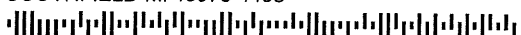
Days in Billing Period 29

**Payment Options:**Mail payment coupon  
with a checkPay online at  
[myaccountaccess.com](http://myaccountaccess.com)Pay by phone  
1-866-486-1017

Make a payment online OR Please print out and send this portion of statement with payment to the address listed CPN 000966173

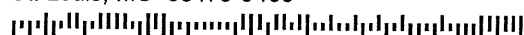


24-Hour Cardmember Service: 1-866-486-1017

**to pay by phone**  
**to change your address**000010554 01 SP 000638332405816 E  
SFLD EMP RETIREMENT  
ACCOUNTS PAYABLE  
26000 EVERGREEN RD  
HUMAN RESOURCE  
SOUTHFIELD MI 48076-4453

<b>Account Number</b>	
<b>Payment Due Date</b>	11/01/2022
<b>New Balance</b>	\$1,299.89
<b>Minimum Payment Due</b>	\$13.00

Amount Enclosed \$ \_\_\_\_\_

**Cardmember Service**P.O. Box 790408  
St. Louis, MO 63179-0408

III. 6. f. 1.



October 2022 Statement 09/07/2022 - 10/05/2022

SFLD EMP RETIREMENT (CPN 000966173)

Page 2 of 3

Cardmember Service

1-866-486-1017

### Mastercard Business Rewards

#### Rewards Center Activity as of 10/04/2022

Rewards Center Activity*	0
Rewards Center Balance	9,601

\*This item includes points redeemed, expired and adjusted.

Rewards Earned	This Statement	Year to Date
Points Earned on Net Purchases	1,148	10,413
Gas, Restaurants & Telecom Double Points	304	1,521
<b>Total Earned</b>	<b>1,452</b>	<b>11,934</b>

For rewards program inquiries and redemptions, call 1-888-229-8864 from 8:00 am to 10:00 pm (CST) Monday through Friday, 8:00 am to 5:30 pm (CST) Saturday and Sunday. Automated account information is available 24 hours a day, 7 days a week.

### Important Messages

**Paying Interest:** You have a 24 to 30 day interest-free period for Purchases provided you have paid your previous balance in full by the Payment Due Date shown on your monthly Account statement. In order to avoid additional INTEREST CHARGES on Purchases, you must pay your new balance in full by the Payment Due Date shown on the front of your monthly Account statement.

There is no interest-free period for transactions that post to the Account as Advances or Balance Transfers except as provided in any Offer Materials. Those transactions are subject to interest from the date they post to the Account until the date they are paid in full.

### Transactions BATTERSBY, MEGAN Credit Limit \$15000

Post Date	Trans Date	Ref #	Transaction Description	Amount	Notation
<b>Other Credits</b>					
09/27	09/20	6974	GRAND HOTEL MACKINAC ISLA MI MERCHANDISE/SERVICE RETURN	\$79.17CR	Maisano
09/28	09/21	0563	GRAND HOTEL MACKINAC ISLA MI MERCHANDISE/SERVICE RETURN	\$67.53CR	Diaz
<b>Purchases and Other Debits</b>					
09/14	09/12	4701	SHIELDS RESTAURANT BAR SOUTHFIELD MI	\$152.02	meeting lunch
09/19	09/17	7013	GRAND HOTEL MACKINAC ISLA MI	\$613.93	Maisano
09/19	09/17	8045	GRAND HOTEL MACKINAC ISLA MI	\$680.64	Diaz
<b>Total for Account 5529 5200 0242 6862</b>				<b>\$1,299.89</b>	

### Transactions BILLING ACCOUNT ACTIVITY

Post Date	Trans Date	Ref #	Transaction Description	Amount	Notation
<b>Payments and Other Credits</b>					
09/12	09/10	0033	PAYMENT THANK YOU	\$130.30CR	
<b>Total for Account 5529 5200 0153 6448</b>				<b>\$130.30CR</b>	

Continued on Next Page

III. b. f. 2.



October 2022 Statement 09/07/2022 - 10/05/2022  
SFLD EMP RETIREMENT (CPN 000966173)

Page 3 of 3  
Cardmember Service 1-866-486-1017

2022 Totals Year-to-Date	
Total Fees Charged in 2022	\$0.00
Total Interest Charged in 2022	\$0.00

### Interest Charge Calculation

Your Annual Percentage Rate (APR) is the annual interest rate on your account.

\*\*APR for current and future transactions.

Balance Type	Balance By Type	Balance Subject to Interest Rate	Variable	Interest Charge	Annual Percentage Rate	Expires with Statement
**BALANCE TRANSFER	\$0.00	\$0.00	YES	\$0.00	16.99%	
**PURCHASES	\$1,299.89	\$0.00	YES	\$0.00	16.99%	
**ADVANCES	\$0.00	\$0.00	YES	\$0.00	26.99%	

### Contact Us



Voice: 1-866-486-1017  
TDD: 1-888-352-6455  
Fax: 1-866-616-1750



Questions

Cardmember Service  
P.O. Box 6353  
Fargo, ND 58125-6353



Mail payment coupon  
with a check

Cardmember Service  
P.O. Box 790408  
St. Louis, MO 63179-0408



Online

[myaccountaccess.com](https://myaccountaccess.com)



October 10, 2022

Invoice Number: GTSOUTHF20220930

**City of Southfield  
LSV International Value Equity Trust**

Billing Period: July 01 to September 30, 2022

AUM Source: CUSTODIAN

Billing Assets: 10,145,643 USD as of 07/31/2022  
9,763,033 USD as of 08/31/2022  
8,887,731 USD as of 09/30/2022

Average Assets: 9,598,803 USD

Fee Schedule/Calculation	Assets (USD)	Fee (USD)
First 25 million USD @ 75 bp	9,598,803	18,146
Next 25 million USD @ 65 bp	0	0
Next 50 million USD @ 55 bp	0	0
Amount Over 100 million USD @ 45 bp	0	0
Total:	9,598,803	18,146

Days in Billing Period/Year: 92/365

Average Basis Points: 75.0

\*Note: A credit of \$1,199 is applied from overpayment on 1Q21 invoice.

**Investment Management Fee Due 16,947 USD**

**\*\*\* PLEASE NOTE PAYMENT INSTRUCTIONS BELOW\*\*\***

By Wire:

Bank Name: CIBC Bank USA  
Bank Address: 70 W Madison  
Chicago, IL 60602 USA  
ABA/Routing Number: 071006486

or

SWIFT: PVTBUS44  
Beneficiary Name: LSV Asset Management  
Beneficiary Account: 2313182

By Check:

LSV Asset Management  
8545 Solution Center  
Chicago, IL 60677-8005

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September 23, 2022

City of Southfield Employee Retirement System  
26000 Evergreen Rd.  
Southfield, Michigan 48076

***Re: Sturbridge Diversified Private Equity Fund III, L.P.  
Compliance with Public Act 314 of 1965, as amended***

Dear Retirement Board:

The City of Southfield Employee Retirement System (the "Retirement System") is a governmental pension plan, as defined in Internal Revenue Code (IRC) Section 414(d), and is a qualified plan and trust pursuant to IRC Sections 401(a) and 501(a). The Retirement System is administered in accordance with state and federal laws and regulations. Pursuant to the Retirement System provisions, the Retirement Board is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, including the authority to invest the assets of the Retirement System subject to all terms, conditions, limitations and restrictions imposed by the State of Michigan on public employee retirement systems.

The Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended ("Act 314") [MCL 38.1132 *et seq.*], was established to authorize the investment of assets of Michigan public employee retirement systems and define and limit the investments which may be made by an investment fiduciary with the assets of a public employee retirement system. In addition to the general powers and duties set forth in Section 13 of Act 314, Section 13(2) of Act 314 specifically provides that, "the assets of a system may be invested, reinvested, held in nominee form and managed by an investment fiduciary subject to the terms, conditions, and limitations provided in this act." Accordingly, all investments made by the Retirement Board, as an investment fiduciary, must be qualified under Act 314.

This legal opinion is rendered pursuant to your request to review the offering documents with respect to the prospective investment of Retirement System assets in Sturbridge Diversified Private Equity Fund III, L.P. (the "Fund"). Accordingly, I have been provided and have reviewed copies of the Fund's Agreement of Limited Partnership, Private Placement Memorandum (and Supplement No. 1 thereto), and Subscription Booklet for Limited Partner Interests in the Fund (collectively, the "Offering Documents"). It is this writer's understanding that the Retirement Board's investment in the Fund was authorized in consultation with its Investment Consultant and is intended to satisfy a portion of the Retirement System's allocation to alternative investments. Specifically, this opinion will address the qualification of the Retirement System's investment in the Fund under the provisions of Act 314.

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**Background**

Sturbridge Capital LLC (together with its affiliates, “Sturbridge Capital,” or “Sturbridge”) is forming Sturbridge Diversified Private Equity Fund III, L.P. to provide investors with attractive risk-adjusted returns through the construction of a highly diversified private equity portfolio of secondary investments by participating in segments of the secondary market the Firm believes are less competitive. The general partner of the Fund will be SDPE III GP, L.P., a Delaware limited partnership (the “General Partner”). The General Partner will control the business and affairs of the Fund.

Sturbridge expects the Fund to be diversified across underlying funds, geographies, vintages, strategies, industries, and portfolio companies. Sturbridge focuses on two types of secondary transactions which are complimentary. Sturbridge’s primary focus is on the purchase of Fund-of-Funds and Secondary Funds (“Pooled Funds”). Each Pooled Fund typically owns diversified portfolios of underlying private equity funds. In addition, Sturbridge pursues “Tail-End” transactions, which involves the purchase of private equity fund interests toward the end of their fund lives and close to their liquidation point. Pooled Funds and Tail-End transactions together comprise Sturbridge niche transactions.

The Fund will focus on niche transactions with an emphasis on Pooled Funds. The Fund is expected to be predominately buyout assets (over 50%) with the remainder diversified across venture capital, growth equity, distressed, and other strategies. Sturbridge anticipates the portfolio to be weighted to North America (over 50%) followed by Europe (20% to 40%) and the rest of the world (under 20%). The portfolio is expected to be highly diversified by vintage year. Tail-End transactions are expected to be predominately fund vintages 13 years old or older. The Fund generally will pursue Pooled Funds that are 5 to 12 years old.

Commencing on the Fund’s effective date and during the investment period, the Fund will pay the General Partner an annual management fee equal to 1.25% of aggregate commitments held by limited partners not designated as affiliated partners. Commencing with the first management fee due date after the expiration of the Fund’s investment period (or earlier upon the occurrence of certain events), the management fee payable to the General Partner will equal 1.00% of the lesser of (i) the aggregate capital contributions, or (ii) the net asset value of the Fund investments based upon the most recent net asset value available to the General Partner. The term of the Fund will terminate upon the tenth anniversary of the Fund’s effective date, and may be extended for up to a maximum of three consecutive one-year periods at the discretion of the General Partner, and, thereafter, with the consent of either the Fund’s Advisory Board or a majority in interest of the Limited Partners.

**Analysis**

The membership interests in the Fund are being offered as a private placement to a limited number of investors and will not be registered under the Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any state or foreign jurisdiction, and may not be sold or transferred without compliance with all applicable federal, state and foreign securities laws. Accordingly, the Retirement System’s investment in the Fund will not constitute an investment in stock or global

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securities under Section 14 of Act 314 (MCL 38.1134) and the Retirement Board must look elsewhere within Act 314 to legally qualify its investment in the Fund.

Section 20c of Act 314 (MCL 38.1140c) permits the investment of Retirement System assets in commingled funds and provides in pertinent part as follows:

(1) A financial institution, a trust company, a management company qualified under section 15, or any affiliate of a person described in this section if that affiliate qualifies as an investment fiduciary under section 13(11), retained to act as an investment fiduciary may invest the assets of a system in any collective investment fund, common trust fund, or pooled fund that is established and maintained for investment of those assets under federal or state statutes or rules or regulations or an applicable foreign law. The investment fiduciary of the collective investment fund, common trust fund, or pooled fund shall be a financial institution, a trust company, a management company qualified under Section 13(11)(a), or an affiliate of 1 of these entities if that affiliate qualifies as an investment fiduciary under section 13(11)(a). The collective investment fund, common trust fund, or pooled fund may be established as a limited partnership, corporation, limited liability company, trust, or other organizational entity for which liability of any investor does not exceed the amount of the investment under the laws of the United States or the laws of the state, district, territory, or foreign country that applied to the organization of the collective investment fund, common trust fund, or pooled fund.

The General Partner and manager of the Fund, SDPE III GP, L.P., is an affiliate of Sturbridge. Although Sturbridge is a registered investment adviser under the Investment Advisers Act of 1940, it does not currently have assets under management of more than \$500,000,000.00. Accordingly, the Retirement System's investment in the membership interests of the Fund will not qualify as an investment in a commingled fund under Section 20c of Act 314.

In light of the foregoing, it is the considered opinion of this office that the Retirement Board consider its investment in the Fund under Section 20d of Act 314 (i.e., the "Basket Clause"). Section 20d of Act 314 provides in part:

(1) An investment fiduciary of a system having assets of less than \$250,000,000.00 may invest not more than 15% of the system's assets in investments not otherwise qualified under this act, . . . , whether the investments are similar or dissimilar to those specified in this act.

\* \* \*

(5) If an investment described in subsection (1) is subsequently determined to be permitted under another section of this act, then the investment shall no longer be included under this section.

(6) This section shall not be used to exceed a percentage of total assets limitation for an investment provided in any other section of this act.

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The Michigan Attorney General, in Opinion No. 6597, p. 198, 202-203 (August 24, 1989), concluded that the term "qualified investment" means those investments specifically authorized by Act 314. That opinion also concluded that, "investments not otherwise qualified," as used in Section 20d(1) of Act 314, are those types of investments that the legislature has not otherwise specifically authorized in Act 314. Section 20d(1) of Act states that, "investments not otherwise qualified" may be "similar or dissimilar" to those specified in the statute.

A plain reading of Section 20d indicates that the legislature intended that the "Basket Clause" be available for a wide range of investments. Other than the requirement that these investments be those that are not otherwise qualified under the Act, the legislature imposed only two other qualifications in Act 314. The first limits the amount of Basket Clause investments to a percentage of the Retirement System's total assets [Section 20d(1)]; and, the second precludes the Retirement System from using the Basket Clause to exceed a percentage of the total assets limitation for an investment authorized in any other section of the Act [Section 20d(6)]. For example, Section 14 of Act 314 limits investments in stock or global securities to 70% of a system's assets. Once that threshold is met, the Basket Clause cannot be used for investments in stock or global securities that would cause the percentage of assets invested therein to exceed 70%.

With respect to the asset limitations contained in Act 314, the Retirement Board, with the assistance of the its Investment Consultant, should periodically determine and monitor the underlying investments and assets of the Fund for purposes of compliance with the asset limitations of Act 314. The asset limitations established under Act 314 are applicable to the Retirement System as a whole and not to the separate portfolios of the Retirement System. It is understood that investment managers are to be fully invested in their asset class and that various managers may have "Basket Clause" investments. Therefore, it is suggested that the Retirement Board assign to the Investment Consultant the responsibility to monitor and report the asset allocation of the Retirement System for purposes of compliance with the asset limitations of Act 314. As always, this writer recommends that the Retirement Board seek a written opinion and recommendation from the Investment Consultant prior to any Retirement System investment which the Retirement Board may rely on in furtherance of its due diligence.

## **CONCLUSION**

In rendering this opinion, I have reviewed and am familiar with the Retirement System provisions and other applicable law, including Act 314, as amended. I have also examined the documents relating to the offering of interests in the Fund. As indicated above, this opinion is limited to the legal issues presented herein and does not render any advice or opinion as to the underlying investment or the structure or terms and conditions of the investment. This legal review, and the opinions expressed herein, do not address whether the structure of the investment and the specific terms and conditions, as provided in the operating and offering documents, are appropriate under the circumstances and/or are consistent with legal or industry standards of practice for investments of this type.

This writer understands that the Retirement Board has been advised of the nature of this investment, its structure and costs, and has considered such risk factors as set forth in the Fund's Offering Documents.

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Subject to the foregoing, it is my considered opinion that:

1. The Retirement System is: (1) duly organized and validly existing under the laws of the State of Michigan; (2) a qualified governmental employee benefit plan within the provisions of the Internal Revenue Code; (3) an accredited investor under SEC Regulation D; (4) a qualified eligible person under CFTC Regulation 4.7; and (5) a qualified purchaser under Section 2(a)(51) of the Investment Company Act.
2. Execution of the documents would constitute legal, valid and binding obligations of the Retirement System, enforceable in accordance with their terms, except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally (now existing or hereafter enacted), and by general principles of equity (regardless of whether enforcement is sought at law or in equity).
3. The Retirement System's interest in the Fund is an investment which is qualified under Section 20d of Act 314 [MCL § 38.1140d]; such investments being limited 15% of Retirement System assets.
4. Provided the Fund does not exceed 25% of Benefit Plan Investor assets (which is not expected), the Retirement System's investment in the Fund would not be deemed to constitute "Plan Assets" of the Retirement System under the Employee Retirement Income Security Act of 1974, as amended, the Department of Labor Regulations (29 CFR 2510.3-101), and Sturbridge would not be subject to a fiduciary standard of care consistent with the fiduciary standard under Act 314. Notwithstanding the foregoing, the General Partner, pursuant to the provisions of a Side Letter Agreement with the Retirement System, has acknowledged that it will manage the assets of the Fund with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
5. The Fund's investment approach is subject to various risks as set forth in the Offering Documents (copies of which were provided to the Retirement System).
6. The Fund is not registered as an investment company under the Investment Company Act. Therefore, certain protections of the Act (which among other things, requires investment companies to have disinterested directors, requires securities held in custody to be segregated, regulates relationships between the company and its advisors, and requires investor approval before fundamental policies can be changed) are not afforded.
7. The Fund's management fee, together with 15% carried interest payable to the General Partner, results in two levels of fees.
8. The Retirement System's interest in the Fund is subject to restrictions on transferability and resale, and may be sold, transferred, assigned or pledged only with the consent of the Manager. In other words, the Retirement System's investment in the Fund is illiquid.

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9. All investments of the Retirement System are subject to the prudence standards which are set forth in Section 13(3) of Act 314.

As always, if you have any questions or require additional information, please do not hesitate to contact this office. Thank you.

Respectfully submitted,

VanOverbeke, Michaud & Timmony, P.C.

*Aaron L. Castle*

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