

**CITY OF SOUTHFIELD
REGULAR MEETING
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD
Tuesday, January 12, 2016
Council Conference Room – Main Municipal Building
26000 Evergreen Road, Southfield, MI**

MINUTES

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

SERS Board Members Absent: Mark Jubas; James Pierce

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

The meeting was called to order at 5:48 p.m.

AGENDA

1. *Approval of Agenda.*
MOTION #S-16-001
Motion by Houge, supported by Hersh to approve the agenda of the January 12, 2016
SERS Regular meeting.
Motion carried.

MINUTES

1. *Review and approve Minutes of the Southfield Employee Retirement System Board Regular Meeting of December 8, 2015.*
MOTION #S-16-002
Motion by Houge, supported by Hersh to approve the Minutes of the Southfield
Employee Retirement System Board Regular Meeting of December 8, 2015.
Motion carried.

AUTHORIZATION OF BENEFITS

1. *Review and approve monthly benefit payment to Diana Peagler.*
MOTION #S-16-003
Motion by Houge, supported by Hersh to approve monthly benefit payment to Diana
Peagler.
Motion carried.
2. *Review and approve amended monthly benefit payment to Charles Lodge, effective January 1, 2016.*
MOTION #S-16-004
Motion by Houge, supported by Hersh to approve amended monthly benefit payment to
Charles Lodge, effective January 1, 2016.
Motion carried.
3. *Review and approve monthly benefit payment to Patricia Lodge, effective January 1, 2016.*
MOTION #S-16-005
Motion by Houge, supported by Hersh to approve monthly benefit payment to Patricia
Lodge, effective January 1, 2016.
Motion carried.

INVESTMENT CONSULTANT

1. Presentation by SouthernSun Asset Management.

Michael Cross discussed challenges faced by SouthernSun over the last 15 months affecting the SERS portfolio. Although the last twelve months showed a -17.2% v the Russell 2000 return of -.4%, since inception the account has outperformed the benchmark 8.4% v 7.7%. The organizational structure of the firm remains the same, process and focus is consistent and the portfolio has been continually managed. Investment philosophy has not changed believing in bottom-up, fundamental, on-site research to identify attractively valued companies with niche dominance, financial flexibility and proven management teams. They hold 20-25 companies with low turnover. As of the end of 2015, they had exited four companies that were considered long term problematic and added to names considered oversold. Expectation is that in a 3-5 year timeframe there would be a 50%-100% upturn due to the cyclical nature of the market.

Mr. Cross stated the portfolio was fundamentally solid and did not need oil to improve; however, improved oil would be a tailwind. He reviewed the holdings in detail for the board covering track record, performance highlights and new acquisitions.

The board thanked Mr. Cross for his presentation.

2. Portfolio Review.

Mr. Kuhn reported 2016 had the worst start to a year in a long time. The market, down over 10%, was being blamed on China; equities having the bulk of the loss. The total fund stands at \$101,686,000.

3. Consultant Recommendations.

Mr. Kuhn suggested making no changes currently. Funding from WAM for the Templeton account will be put on hold as he did not want to move assets from equities to fixed income and lock in losses.

MOTION #S-16-006

Motion by Houge, supported by Hersh to receive and file the SERS performance review presented by Christopher Kuhn, The Bogdahn Group, investment consultants.

Motion carried.

LEGAL REPORT

Mr. VanOverbeke informed the board that the governor would be reviewing troubled pension systems to find long term remedies and MAPERS was providing input. For the next two weeks he would be accepting ideas from board members that might want to assist in this effort. He mentioned that MAPERS would be investigating ways to uniformly report funded status for all plans in the state.

FINANCIAL REPORT

The board reviewed the SERS financial reports for November 30, 2015, showing a net asset value of \$103,868,667.

MOTION #S-16-007

Motion by Houge, supported by Hersh to receive and file the SERS financial reports for period ending November 30, 2015.

Motion carried.

FINANCIAL MATTERS

1. Review and approve payment to Walthausen & Company for management consulting services provided during the period 10/1/15 – 12/31/15, in the amount of \$12,651.32.

MOTION #S-16-008

Motion by Houge, supported by Hersh to approve payment to Walthausen & Company for management consulting services provided during the period 10/1/15 – 12/31/15, in the amount of \$12,651.32.

Motion carried.

2. Review and approve payment to SouthernSun Asset Management for management consulting services provided during the period 10/1/15 – 12/31/15, in the amount of \$31,190.00.

MOTION #S-16-009

Motion by Houge, supported by Hersh to approve payment to SouthernSun Asset Management for management consulting services provided during the period 10/1/15 – 12/31/15, in the amount of \$31,190.00.

Motion carried.

3. *Review and approve payment to LSV Asset Management for management consulting services provided during the period 10/1/15 – 12/31/15, in the amount of \$20,605.00.*

MOTION #S-16-010

Motion by Houge, supported by Hersh to approve payment to LSV Asset Management for management consulting services provided during the period 10/1/15 – 12/31/15, in the amount of \$20,605.00.

Motion carried.

4. *Review and approve payment to Cardmember Service for MasterCard Platinum Business Rewards Credit Card activity during the period 11/4/15-12/4/15.*

MOTION #S-16-011

Motion by Houge, supported by Hersh to approve payment to Cardmember Service for MasterCard Platinum Business Rewards Credit Card activity during the period 11/4/15-12/4/15.

Motion carried.

5. *Review and approve payment to Cardmember Service for MasterCard Platinum Business Rewards Credit Card activity during the period 12-5-15 – 1/6/16.*

MOTION #S-16-012

Motion by Houge, supported by Hersh to approve payment to Cardmember Service for MasterCard Platinum Business Rewards Credit Card activity during the period 12/5/15 – 1/6/16.

Motion carried.

PUBLIC COMMENTS

1. Pamela Gerald, P. O. Box 155, Southfield, MI 48037, requested a copy of the handouts given to the SERS board from SouthernSun. Mr. VanOverbeke stated proprietary material is exempt from a FOIA request however, after review of the material, Ms. Gerald's request was granted.

2. Gerard Mullin, P.O. Box 155, Southfield, MI 48037, questioned why a public comment section was not on the ACS agenda. The standard "Communication" agenda item will be re-worded in future Agendas to clarify the opportunity for Public Comment.

OTHER MATTERS

MAPERS One-Day Seminar will be held March 4, 2016 at the Somerset Inn, Troy, Michigan. Those interested in attending can inform Ms. Siskind at the next meeting.

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
- Pension Benefit Calculator (demonstration)
- Update on SERS Weblink
- Retirement Workshop (rescheduled to Spring of 2016)
- Roundtable scheduling (next meeting)

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

MOTION #S-16-013

Motion by Houge, supported by Maisano to adjourn the Southfield Employee Retirement System Board's January 12, 2016 Regular Meeting at 7:15 p.m.

Motion carried.