

**CITY OF SOUTHFIELD
SPECIAL MEETING
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD
Tuesday, October 23, 2018
Human Resources Department – Main Municipal Building
26000 Evergreen Road, Southfield, MI**

MINUTES

SERS Board Members Present: L. Susan Mannisto, Chair; Edward Gardella; David Hersh; Mark Jubas; Shirley Lightsey; Julius Maisano; Ronald Miller; Donna Sanders (*Alternate*)

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

The meeting was called to order at 5:45 p.m.

AGENDA

Approval of Agenda.

MOTION #S-18-126

Motion by Jubas, supported by Hersh to approve the agenda of the September 12, 2018 agenda, with additions requested by the Chair regarding staffing for SERS.

Motion carried.

MINUTES

Review and approve Minutes of the September 12, 2018 Southfield Employee Retirement System Board Meeting.

MOTION #S-18-127

Motion by Hersh, supported by Lightsey to approve the Minutes of the September 12, 2018 Southfield Employee Retirement System Board Meeting.

Motion carried.

APPLICATION FOR RETIREMENT

1. *Review and approve Application for Normal Retirement from Emma Shannon, Public Safety Technician/PD Civilian, effective 11/24/18.*

MOTION #S-18-128

Motion by Hersh, supported by Gardella to approve the Application Normal Retirement from Emma Shannon, Public Safety Technician/PD Civilian, effective 11/24/18.

Motion carried.

2. *Review and approve Revised Application for Normal Retirement from Kathleen R. Hicks, Deputy City Treasurer, effective 12/1/18.*

MOTION #S-18-129

Motion by Hersh, supported by Gardella to approve the Revised Application for Normal Retirement from Kathleen R. Hicks, Deputy City Treasurer, effective 12/1/18.

Motion carried.

3. *Review and approve Application for Normal Retirement from Peter Q. Strainovici, Public Safety Supervisor/PD Civilian, effective 12/6/18*

MOTION #S-18-130

Motion by Hersh, supported by Gardella to approve the Application for Normal Retirement from Peter Q. Strainovici, Public Safety Supervisor/PD Civilian, effective 12/6/18.

Motion carried.

4. *Review and approve Application for Normal Retirement from Carola D. Salas, Assistant Accountant/Accounting Department, effective 12/15/18.*

MOTION #S-18-131

Motion by Hersh, supported by Gardella to approve the Application for Normal Retirement from Carola D. Salas, Assistant Accountant/Accounting Department, effective 12/15/18.

Motion carried.

5. *Review and approve Application for Normal Retirement from Wanda K. Frost, Judicial Clerk/46th District Court, effective 12/29/18.*

MOTION #S-18-132

Motion by Hersh, supported by Gardella to approve the Application for Normal Retirement from Wanda K. Frost, Judicial Clerk/46th District Court, effective 12/29/18.

Motion carried.

6. *Review and approve Application for Receipt of Vested Deferred Pension Benefits from Catherine Bishop, effective 2/1/19.*

MOTION #S-18-133

Motion by Hersh, supported by Gardella to approve the Application for Receipt of Vested Deferred Pension Benefits from Catherine Bishop, effective 2/1/19.

Motion carried.

AUTHORIZATION OF BENEFITS

1. *Review and approve payment of monthly pension benefits and contribution refund to Robert White.*

MOTION #S-18-134

Motion by Hersh, supported by Jubas to approve payment of monthly pension benefits and contribution refund to Robert White.

Motion carried.

2. *Review and approve payment of monthly pension benefits and contribution refund to Susan Ward-Witkowski.*

MOTION #S-18-135

Motion by Hersh, supported by Jubas to approve payment of monthly pension benefits and contribution refund to Susan Ward-Witkowski.

Motion carried.

3. *Review and approve payment of monthly pension benefits and contribution refund to Richard Waynick.*

MOTION #S-18-136

Motion by Hersh, supported by Jubas to approve payment of monthly pension benefits and contribution refund to Richard Waynick.

Motion carried.

4. *Review and approve payment of monthly pension benefits to Angela Riccardi.*

MOTION #S-18-137

Motion by Hersh, supported by Jubas to approve payment of monthly pension benefits to Angela Riccardi.

5. *Review and approve payment of monthly pension benefits to Roger Manning, surviving spouse of Katherine Manning.*

MOTION #S-18-138

Motion by Hersh, supported by Jubas to approve payment of monthly benefits to Roger Manning, surviving spouse of Katherine Manning.

Motion carried.

6. *Review and approve payment to the surviving beneficiaries of Linda Williams.*

MOTION #S-18-139

Motion by Hersh, supported by Jubas to approve payment to the surviving beneficiaries of Linda Williams.

Motion carried.

DRAFT ACTUARIAL VALUATION REVIEW

Jeff Tebeau, the SERS actuary from Gabriel, Roeder, Smith & Co provided the draft Actuarial Valuation report as of June 30, 2018. Mr. Tebeau reviewed the details and important annual notations of the report, and answered questions from the board and staff. The investment return for the fiscal year exceeded the assumed rate of return (8.06% vs 7.5%), which was a gain for the system. The salary increases were higher than assumed, which resulted in a loss. There was a sizable increase in member payroll from the previous year (\$14.72 MM vs \$13.55 MM), which is good for sustainability of the system. The employer contribution rate declined slightly, from 23.83% to 23.22%. The funded ratio fell slightly as well, from 73.2% to 73.0%. All in all, these changes show the system to be fairly stable. Mr. Tebeau discussed the impact of having a shorter amortization period for the unfunded liabilities, which would put more money into the system at an earlier date. There was discussion of the reported asset information furnished for the evaluation, which shows \$564,369 due to the primary government, and \$33,827 expended for administrative expenses, both of which need further clarification and explanation. Ms. Siskind will communicate with the Accounting department, who provided the info to the actuaries.

Pending such review and explanation, the remainder of the report was received, and will be available for approval at the next board meeting.

MOTION #S-18-140

Motion by Jubas, supported by Hersh to receive and file the Draft of the Southfield Employee Retirement System 53rd Actuarial Valuation Report as of June 30, 2018, prepared by Gabriel, Roeder, Smith & Company.

Motion carried.

INVESTMENT CONSULTANT*Investment Performance Report*

Mr. Kuhn distributed the September Flash Report and October's current market values (\$112MM). The Fund was up 3.0% during the 3rd quarter. Mr. Kuhn discussed the current market conditions and volatility in the equity markets. He reviewed the current allocations and the decline in market value due to the fall in stocks.

He also reviewed SouthernSun's performance and indicated the manager continues to be watched closely. Mr. Kuhn confirmed that he and Ms. Siskind had completed the work on getting City Council approval of the new Bloomfield Capital V fund, which was approved at the October 15, 2018 City Council meeting.

Recommendation

Mr. Kuhn indicated that at the December meeting he would review the current portfolio allocations and recommend potential shifts.

MOTION #S-18-141

Motion by Jubas, supported by Hersh to receive and file the investment report presented by Christopher Kuhn, &Co Consulting.

Motion carried.

LEGAL REPORT*IPS & Ordinance.*

Mr. VanOverbeke confirmed that the Ordinance change making SERS the investment fiduciary was brought to the City Council at their 10/22/18 COW meeting. A Rule 10 was raised to take immediate action, and the Ordinance was introduced. It will be on the 10/29/18 Council Meeting for enactment and published 10 days following, making it effective at that point. The Investment Policy Statement (IPS) was reviewed. Mr. VanOverbeke wanted to ensure it was in plain English and meaningful for a Trustee. He asked that the board members read through, and if any part was determined unclear, to email him notations or points for revisions prior to the next meeting.

Review of SERS Policies & Procedures.

Mr. VanOverbeke informed the board that the Service Retirement Policy & Procedures and Bylaws/Rules of Procedure were not ready for review as of yet. However, he did distribute a Record Retention and Disposal Schedule Policy that was developed due to the lack of a listing for retirement system records. Thought on historic issues should be used to determine how long to retain documents. Discussion will take place on the next agenda.

2018 IRC SECTION 415(b) TEST RESULTS

Ms. Siskind reviewed the letter from Gabriel Roeder Smith & Company stating use of the Qualified Excess Benefit Arrangement (QEBA) was not required this year for retiree Michael Habowski due to the change in federal tax limits. The QEBA pays pension benefits that exceed an actuarial-determined maximum, based on age and base pension amount in relation to annually changing federal tax limits. That amount has been decreasing, and is currently zero. Because it costs about \$500 per year to maintain the QEBA account at Comerica, the board decided to close the account and re-open if such need arises in the future. In the meantime, the \$500 annually would be saved.

MOTION #S-18-142

Motion by Jubas, supported by Gardella to close the QEBA account at Comerica Bank, effective immediately, at a cost savings of \$500 annually.

Motion carried.

FINANCIAL MATTERS

1. *Review and approve payment to &Co for investment consultant services during the period 7/1/18 – 9/30/18, in the amount of \$13,750.00.*

MOTION #S-18-143

Motion by Hersh, supported by Gardella to approve payment to &Co for investment consultant services during the period 7/1/18 – 9/30/18, in the amount of \$13,750.00.

Motion carried.

2. *Review and approve payment to Walhausen & Co for investment management services during the period 7/1/18 – 9/30/18, in the amount of \$14,496.50.*

MOTION #S-18-144

Motion by Hersh, supported by Gardella to approve payment to Walhausen & Co for investment management services during the period 7/1/18 – 9/30/18, in the amount of \$14,496.50.

Motion carried.

3. *Review and approve payment to SouthernSun Asset Management for investment management services provided during period 6/30/18 – 9/30/18, in the amount of \$30,590.00.*

MOTION #S-18-145

Motion by Hersh, supported by Gardella to approve payment to SouthernSun Asset Management for investment management services provided during period 6/30/18 – 9/30/18, in the amount of \$30,590.00.

Motion carried.

4. *Review and approve payment to LSV Asset Management for investment management services provided during period 7/1/18 – 9/30/18, in the amount of \$18,662.00.*

MOTION #S-18-146

Motion by Hersh, supported by Gardella to approve payment to LSV Asset Management for investment management services provided during period 7/1/18 – 9/30/18, in the amount of \$18,662.00.

Motion carried.

5. *Review and approve payment to Champlain Investment Partners for investment management services provided during period 7/1/18 – 9/30/18, in the amount of \$18,308.97.*

MOTION #S-18-147

Motion by Hersh, supported by Gardella to approve payment to Champlain Investment Partners for investment management services provided during period 7/1/18 – 9/30/18, in the amount of \$18,308.97

Motion carried.

6. *Review and approve payment to Gabriel, Roeder Smith & Company for production of GASB Statement No. 67 Plan Reporting and Accounting Schedules as of June 30, 2018, in the amount of \$10,000.00.*

MOTION #S-18-148

Motion by Hersh, supported by Gardella to approve payment to Gabriel, Roeder Smith & Company for production of GASB Statement No. 67 Plan Reporting and Accounting Schedules as of June 30, 2018, in the amount of \$10,000.00.

Motion carried.

7. *Review and approve payment to Gabriel, Roeder, Smith & Company for actuarial services provided during the period 7/1/18 – 6/30/19, including production of the 6/30/18 SERS Actuarial Valuation, in the amount of \$20,250.00.*

MOTION #S-18-149

Motion by Hersh, supported by Gardella to approve payment to Gabriel, Roeder, Smith & Company for actuarial services provided during the period 7/1/18 – 6/30/19, including production of the 6/30/18 SERS Actuarial Valuation, in the amount of \$20,250.00.

Motion carried.

8. *Review and approve Expense Report of Shirley Lightsey for expenses incurred while in attendance at MAPERS Fall Conference, Grand Traverse, Acme, MI, 9/22/18 – 9/25/18.*

MOTION #S-18-150

Motion by Hersh, supported by Gardella to approve reimbursement to the Expense Report of Shirley Lightsey for expenses incurred while in attendance at MAPERS Fall Conference, Grand Traverse, Acme, MI, 9/22/18 – 9/25/18.

Motion carried.

9. *Review and approve Expense Report of David Hersh for expenses incurred while in attendance at MAPERS Fall Conference, Grand Traverse, Acme, MI, 9/22/18 – 9/25/18.*

MOTION #S-18-151

Motion by Hersh, supported by Gardella to approve reimbursement to David Hersh for expenses incurred while in attendance at MAPERS Fall Conference, Grand Traverse, Acme, MI, 9/22/18 – 9/25/18.

Motion carried.

10. *Review and approve Expense Report of Edward Gardella for expenses incurred while in attendance at MAPERS Fall Conference, Grand Traverse, Acme, MI, 9/22/18 – 9/25/18.*

MOTION #S-18-152

Motion by Hersh, supported by Gardella to approve reimbursement to Edward Gardella for expenses incurred while in attendance at MAPERS Fall Conference, Grand Traverse, Acme, MI 9/22/18-9/25/18.

Motion carried.

11. *Review and approve Expense Report of Donna Sanders for expenses incurred while in attendance at MAPERS Fall Conference, Grand Traverse, Acme, MI, 9/22/18 – 9/24/18.*

MOTION #S-18-153

Motion by Hersh, supported by Gardella to approve reimbursement to Donna Sanders for expenses incurred while in attendance at MAPERS Fall Conference, Grand Traverse, Acme, MI, 9/22/18 – 9/24/18.

Motion carried.

12. *Review and approve payment to Comerica Cardmember Business Card for activity during the period 9/7/18 – 10/4/18.*

MOTION #S-18-154

Motion by Hersh, supported by Gardella to approve payment to Comerica Cardmember Business Card for activity during the period 9/7/18 – 10/4/18.

Motion carried.

Frederick Zorn & John Michrina joined the meeting at this point.

PUBLIC COMMENTS

No member of the public wished to make a comment.

OTHER MATTERS

& Company Contract Renewal

Mr. Kuhn also discussed the expiration of the current &Co contract fee arrangement and that he would bring a formal proposal to the December meeting.

Employee Pension Estimator

Ms. Siskind reviewed continued inconsistencies with developing a Pension Calculator/Estimator for employee use (not to use as the official calculator for pension benefits). Mr. Zorn will review the matter and, if necessary, hire a tech firm to develop a program for an intranet pension estimator for employees to be able to get an estimate of their pension on their own.

SERS Administrator.

a. Payment Due City

With the upcoming retirement of the current SERS Administrator, the matter of monies owed from SERS to the city of Southfield for her services each year has come to light. A decision will have to be discussed with Fiscal Services to decide the best recourse. A search of the minutes from the establishment of SERS will be attempted to locate the discussion and decision for this payment.

b. New SERS Administrator

After lengthy discussion, the board agreed to offering a one-year independent contractor (no benefits) contract to provide Retirement Administrator Services to the SERS board, in the amount of \$2,500/month, to Ms. Battersby. Mr. VanOverbeke would prepare the contract setting the duties of the Administrator, with input from the board, and contact the Police & Fire Retirement Board Chair for approval, as Ms. Battersby has a concurrent contract with that board for these services.

MOTION #S-18-155

Motion by Jubas, supported by Gardella to offer a one-year independent contractor contract for Administrative Services to the Southfield Employee Retirement System, in the amount of \$2,500/month, with no benefits, to Megan Battersby, contingent upon concurrence of the Police & Fire Retirement Board.

Motion carried.

It was agreed that the Chair would sign the contract once accepted.

MOTION #S-18-156

Motion by Gardella, supported by Lightsey to authorize the Chair of the Southfield Employee Retirement System Board to sign the one-year contract for Administrative Services with Megan Battersby.

Motion carried.

To Do List

1. *Minutes* – To board within 10 days
2. *SERS Handbook* – Place on Agenda
3. *Results of LS pension from Actuary to Director of Fiscal Services for review*

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

MOTION #S-18-157

Motion by Maisano supported by Jubas to adjourn the Southfield Employee Retirement System Board Special Meeting of October 23, 2018 at 9:10 p.m.

Motion carried.