

**CITY OF SOUTHFIELD
REGULAR MEETING
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD
Tuesday, November 14, 2017
Council Conference Room – Main Municipal Building
26000 Evergreen Road, Southfield, MI**

MINUTES

SERS Board Members Present: L. Susan Mannisto, Chair; David Hersh; Shirley Lightsey; Mark Jubas; Julius Maisano; Ronald Miller; James Pierce; Donna Sanders

Others Present: Lauri Siskind, Human Resources Director/SERS Plan Liaison
Penelope Scharmberg, Administrative Assistant HR/LR/SERS Secretary
Christopher Kuhn, CFA, CAIA; &Co Consulting
Aaron L. Castle; VanOverbeke, Michaud & Timmony, PC
Christine Catalanotte, Manager of HR Operations
Jeffrey Tebeau, Gabriel Roeder Smith & Co.

The meeting was called to order at 5:47 p.m.

AGENDA

1. *Approval of Agenda.*

MOTION #S-17-163

Motion by Jubas supported by Hersh to approve the agenda of the November 14, 2017 SERS Regular meeting.
Motion carried.

MINUTES

1. *Review and approve Minutes of the October 17, 2017 Southfield Employee Retirement System Board Meeting.*

MOTION #S-17-164

Motion by Jubas, supported by Pierce to approve the Minutes of the October 17, 2017 Southfield Employee Retirement System Board Meeting.
Motion carried.

ACTUARIAL VALUATION REPORT

Jeff Tebeau of Gabriel Roeder Smith & Co. reviewed the 52nd Actuarial Valuation Report as of June 30, 2017, beginning with an explanation of the actuarial objective as background information for the new board members. Fund experience was more favorable than assumed during the year, due to high investment returns and retiree demographic experience. The valuation process includes a smoothing method which recognizes investment gains and losses over a 5-year period. 20% of this year's gain is recognized in this year's funding value of assets. Gains and losses from the prior 4 years was then combined with the gain from this year resulted in a rate of return on the systems funding value of assets of 9.6%. Contribution rates are expected to trend upward over the next 4 years due to a recognition of investment losses.

Capital market assumptions for future investment returns continue to decline and expectations for inflation continue to decrease, which affect the investment return assumption. The current assumption of 7.5% is at the top end of what is considered reasonable and based on the general trend in capital market assumptions, there is expectation that the board may need to lower the it in the future. Mr. Tebeau noted that the current actuarial cost method accounts for the anticipated gain based on future turnover to a fully-Tier II plan membership. The computed employer contribution rate starting July 1, 2018 is 23.83%, with a noted "minimum dollar contribution" of \$3,333,224. After discussion and questions, the board accepted the draft with no changes.

MOTION #S-17-165

Motion by Jubas, supported by Pierce to acknowledge receipt of the actuarial valuation report dated June 30, 2017 and the presentation by the Actuary, approve the contribution rate for July 1, 2018 of 23.83%, and direct that a copy be provided to the plan sponsor.
Motion carried.

APPROVAL OF RETIREMENT

1. *Review and approve Application for Normal Retirement from Nancy L. M. Banks, City Clerk, effective November 21, 2017.*

MOTION #S-17-166

Motion by Jubas, supported by Maisano to approve the Application for Normal Retirement from Nancy L. M. Banks, City Clerk, effective November 21, 2017.
Motion carried.

2. *Review and approve Application for Normal Retirement from James B. Pierce, Accounting Department, effective January 6, 2018.*

MOTION #S-17-167

Motion by Jubas, supported by Maisano to approve the Application for Normal Retirement from James B. Pierce, Accounting Department, effective January 6, 2018.
Motion carried.

3. *Review and approve Application for Normal Retirement from Sally Price, Engineering Department, effective January 6, 2018.*

MOTION #S-17-168

Motion by Jubas, supported by Maisano to approve the Application for Normal Retirement from Sally Price, Engineering Department, effective January 6, 2018.
Motion carried.

4. *Review and approve Application for Normal Retirement from Cynthia Cares, Southfield Public Library, effective January 14, 2018.*

MOTION #S-17-169

Motion by Jubas, supported by Maisano to approve the Application for Normal Retirement from Cynthia Cares, Southfield Public Library, effective January 14, 2018.
Motion carried.

5. *Review and approve Application for Disability Retirement (CLOSED SESSION)*

MOTION #S-17-170

Motion by Jubas, supported by Hersh that pursuant to Section 8(h) of the Open Meetings Act the Southfield Employee Retirement System Board Meeting of November 14, 2017, adjourn to a Closed Session for the purpose of considering material exempt from discussion or disclosure by state or federal statute.

A roll call vote was taken.

YEA: Mannisto, Hersh, Lightsey, Pierce, Maisano, Miller, Jubas, Sanders.

NAY: None.

ABSTAIN: None.

ABSENT: None.

Motion carried.

MOTION #S-17-171

Motion by Hersh, supported by Pierce that the Closed Session of the Southfield Employee Retirement System Board Regular Meeting of November 14, 2017, does hereby reconvene to Open Session.

Motion carried.

A motion was raised to grant Ms. Kiernicki a non-duty related disability retirement.

MOTION #S-17-172

Motion by Hersh, supported by Pierce to acknowledge receipt of the report following examination of the applicant and relevant documents, and the determination from the Medical Director, Henry A. Shevitz, M.D., that finds Stephanie Kiernicki to be mentally or physically totally disabled for duty in the employ of the City of Southfield, and such incapacity probably will be permanent. Further, that it is the Medical Director's opinion that the applicant's disability is not a result of causes directly related to the member's actual performance of duty while an employee of the City. Therefore, the Southfield Employee Retirement System board does hereby grant Stephanie Kiernicki a non-duty disability retirement, effective December 5, 2017.

Motion carried.

Mr. Jubas excused himself from the meeting at this time.

AUTHORIZATION OF BENEFITS

1. *Review and approve monthly benefit payment to Randall Jones.*

MOTION #S-17-173

Motion by Pierce supported by Hersh to approve monthly benefit payments to Randall Jones.

Motion carried.

INVESTMENT CONSULTANT

1. *Portfolio Summary Review*

Chris Kuhn reviewed the SERS Investment Performance Review for the period 6/30/17-9/30/17, as well as a thorough review of the capital markets and their impact on the fund and investment strategies. This year proved to be the first year since 2007 economics were up; corporate earnings were up, and international rates will probably increase. The returns for the current quarter continue the strong performance of the fund. The quarterly return of 4.02% compared to the policy return of 3.47%. For the year ending 9/30/17, the fund was up 15.77%, compared to the policy return of 12.96%. The SERS fund continued to show very high peer group rankings (top 13th percentile for the quarter and top 2nd percentile for the year).

Mr. Kuhn had no current recommendation on reallocation. Next month the large cap/passive strategy will be discussed. A motion was raised to receive and file the consultant's report.

MOTION #S-17-174

Motion by Pierce, supported by Maisano to receive and file the Southfield Employee Retirement System Investment Performance Review as of September 30, 2017, presented by Christopher Kuhn, AndCo Consulting.

Motion carried.

LEGAL REPORT

Mr. Castle updated the board on the Retirement Reform Task Force for local government unfunded pension and retiree health care liabilities, noting nothing was expected to come out of the legislature until the end of the year.

MOTION #S-17-175

Motion by Pierce, supported by Maisano to receive and file the legal report presented by Aaron L. Castle, VanOverbeke, Michaud & Timmony, P.C.

Motion carried.

FINANCIAL REPORT

The board reviewed the financial reports for periods ending July 31, 2017 and August 31, 2017, showing a balance of net assets as of the August date of \$111,767,806.

MOTION #S-17-176

Motion by Pierce, supported by Hersh to receive and file the SERS financial reports for periods ending July 31, 2017 and August 31, 2017.

Motion carried.

FINANCIAL MATTERS

1. *Review and approve payment to Walthausen & Company for investment management services provided during the period 7/1/17 – 9/30/17, in the amount of \$16,323.69.*

MOTION #S-17-177

Motion by Pierce, supported by Hersh to approve payment to Walthausen & Company for investment management services provided during the period 7/1/17 – 9/30/17, in the amount of \$16,323.69.

Motion carried.

2. *Review and approve payment to Pacific Income Advisors for investment management services provided during the period 7/1/17 – 9/30/17, in the amount of \$7,195.00.*

MOTION #S-17-178

Motion by Pierce, supported by Hersh to approve payment to Pacific Income Advisors for investment management services provided during the period 7/1/17 – 9/30/17, in the amount of \$7,195.00.

Motion carried.

3. *Review and approve payment to WCM Investment Management for investment management services provided during the period 7/1/17 - 9/30/17, in the amount of \$17,948.37.*

MOTION #S-17-179

Motion by Pierce, supported by Hersh to approve payment to WCM Investment Management for investment management services provided during the period 7/1/17 - 9/30/17, in the amount of \$17,948.37.

Motion carried.

4. *Review and approve reimbursement to the City of Southfield Fire & Police Retirement System for the SERS portion of the International Foundation of Employee Benefit Plans annual membership dues for the period 1/1/18 – 12/31/118, in the amount of \$170.83.*

MOTION #S-17-180

Motion by Pierce, supported by Hersh to approve reimbursement to the City of Southfield Fire & Police Retirement System for the SERS portion of the International Foundation of Employee Benefit Plans annual membership dues for the period 1/1/18 – 12/31/118, in the amount of \$170.83.

Motion carried.

5. *Review and approve payment to MAPERS for annual membership dues for the period 1/1/18 – 12/31/18, in the amount of \$100.00.*

MOTION #S-17-181

Motion by Pierce, supported by Hersh to approve payment to MAPERS for annual membership dues for the period 1/1/18 – 12/31/18, in the amount of \$100.00.

Motion carried.

6. *Review and approve payment to Med Source Services/Consulting Physicians for exam and report evaluation on non-duty disability retirement, in the amount of \$650.00.*

MOTION #S-17-182

Motion by Pierce, supported by Hersh to approve payment to Med Source Services/Consulting Physicians for exam and report evaluation on non-duty disability retirement, in the amount of \$650.00.

Motion carried.

PUBLIC COMMENTS

No member of the public was present.

OTHER MATTERS

1. *With the retirement of Mr. Pierce scheduled for January, an election must be held to fill his soon to be vacated seat on the board.*

MOTION #S-17-183

Motion by Hersh, supported by Lightsey to authorize an election to fill the unexpired term of James Pierce as Active Employee Representative, with a term expiration of March 31, 2019.

Motion carried.

2. *The board requested letters be sent to Jeannie Jackson and Coretta Houge for their years of service on the SERS board.*

To Do List

- *Website Pension Calculator* – Posted on-line by next meeting.

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

MOTION #S-17-184

Motion by Pierce, supported by Hersh to adjourn the Southfield Employee Retirement System Board's November 14, 2017 Regular Meeting at 7:45 p.m.

Motion carried.

*Approved this 12th day of December 2017
L. Susan Mannisto, Chair
Southfield Employee Retirement System Board*