

**CITY OF SOUTHFIELD  
REGULAR MEETING  
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD  
Tuesday, December 12, 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; Donna Sanders

**SERS Board Members Absent:** James Pierce

**Others Present:** Lauri Siskind, Human Resources Director/SERS Plan Liaison  
Christine Catalanotte, Manager of HR Operations  
Christopher Kuhn, CFA, CAIA; &Co Consulting  
Michael VanOverbeke; VanOverbeke, Michaud & Timmony, PC

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

**AGENDA**

*1. Approval of Agenda.*

**MOTION #S-17-185**

Motion by Jubas supported by Hersh to approve the agenda of the December 12, 2017 SERS Regular meeting.  
Motion carried.

**MINUTES**

*1. Review and approve Minutes of the November 14, 2017 Southfield Employee Retirement System Board Meeting.*

**MOTION #S-17-186**

Motion by Hersh, supported by Jubas to approve the Minutes of the November 14, 2017 Southfield Employee Retirement System Board Meeting.  
Motion carried.

**AUTHORIZATION OF BENEFITS**

*1. Review and approve monthly benefit payment to Stephanie Kiernicki.*

**MOTION #S-17-187**

Motion by Jubas supported by Hersh to approve monthly benefit payments to Stephanie Kiernicki.  
Motion carried.

*2. Review and approve monthly benefit payments to Nancy L. M. Banks.*

**MOTION #S-17-188**

Motion by Jubas, supported by Hersh to approve monthly benefit payments to Nancy L. M. Banks.  
Motion carried.

**INVESTMENT CONSULTANT**

*1) Portfolio Summary Review & Recommendations.*

Mr. Kuhn distributed updated market values showing the portfolio as of this date at \$118MM. He recommended a partial rebalancing, transferring \$1MM from WAM and \$1MM from WCM to the cash account and \$3MM to PIA.

**MOTION #S-17-189**

Motion by Hersh, supported by Lightsey to rebalance the portfolio, transferring \$1MM from the World Asset Management account and \$1MM from the WCM account to the cash account and \$3MM to Pacific Income Advisors.  
Motion carried

2) *Discussion of Large Cap Investments.*

Mr. Kuhn presented a Large Cap Passive Strategy Comparison study that focused on the performance of the S&P 500, S&P Dividend Aristocrats, S&P 500 Equal Weight, and S&P Low Volatility indexes. After discussion of these options and the current portfolio allocations, the Board elected to continue with the current structure, the WAM S&P 500.

**MOTION #S-17-190**

Motion by Jubas, supported by Maisano to receive and file the Southfield Employee Retirement System Investment Performance Review as of December 12, 2017, presented by Christopher Kuhn, AndCo Consulting.  
Motion carried.

3. *Discussion of Sigma Deficiency.*

A notice was received from Comerica Bank regarding the current interest rate environment and potential impact on unpaid Sigma deficiencies and the need for it to be repaid. The Board elected to continue with the program and repay the shortfall with the 60-month interest free payment option. A motion was raised.

**MOTION #S-17-191**

Motion by Jubas, supported by Maisano to authorize the payoff of the \$148,503.67 Sigma Liability balance with the option of a 60-month payment plan of \$2,475.06 with 0% interest.  
Motion carried.

**LEGAL REPORT**

Mr. VanOverbeke reported on the pension task force which began in a lame duck session last year and ended in with a consensus report. Later, draft bills started to circulate which went beyond the task force report in their rules/changes, and were eventually introduced with a fast-track hearing and voting schedule, Mr. VanOverbeke analyzed the bills and presented testimony at the hearings at the House & Senate. The week earlier, there was a rally of 3-4000 public employees at the capital to endorse keeping the task force report action plan. After the hearings, the bills were re-written to reflect the requirements of the task force report, and passed both houses with overwhelming support.

Since the pension reporting (Summary Annual Report) is substantially in place per Act 314, the Treasurer will provide rules and assumptions to standardize reporting going forward. When it gets to the Treasurer, pension plans funded at greater than 60% will pass for the year. If a plan is lower funded, a waiver can be requested. If the Treasurer is not satisfied, the plan sponsor will work with a state-created Municipal Stability Board to create a Corrective Action Plan to address the funding. In addition, the bills require an Actuarial Audit every 7 years and an Actuarial experience study every 5 years to test assumptions.

**MOTION #S-17-192**

Motion by Lightsey, supported by Jubas to receive and file the legal report presented by Michael VanOverbeke, VanOverbeke, Michaud & Timmony, P.C.  
Motion carried.

**FINANCIAL REPORT**

The board reviewed the financial reports for periods ending September 30, 2017 and October 31, 2017, showing a balance of net assets as of the October date of 114,942,474.

**MOTION #S-17-193**

Motion by Hersh, supported by Lightsey to receive and file the SERS financial reports for periods ending September 30, 2017 and October 31, 2017.  
Motion carried.

**FINANCIAL MATTERS**

1. *Review and approve payment to Gabriel, Roeder Smith & Company for actuarial services performed for the period 7/1/17 – 6/30/18, including the 6/30/17 annual actuarial valuation for SERS, in the amount of \$19,990.00.*

**MOTION #S-17-194**

Motion by Hersh, supported by Maisano to approve payment to Gabriel, Roeder Smith & Company for actuarial services performed for the period 7/1/17 – 6/30/18, including the 6/30/17 annual actuarial valuation for SERS, in the amount of \$19,990.00.  
Motion carried.

2. *Review and approve payment to Gabriel, Roeder, Smith & Company for preparation of GASB Statement No. 67 Plan Reporting and Accounting Schedules as of June 30, 2017 for \$10,000 and noting work for GASB No. 68 Accounting Schedules to be paid by City of Southfield for \$2,500.00.*

**MOTION #S-17-195**

Motion by Hersh, supported by Maisano to approve payment to Gabriel, Roeder, Smith & Company for preparation of GASB Statement No. 67 Plan Reporting and Accounting Schedules as of June 30, 2017 for \$10,000 and noting work for GASB No. 68 Accounting Schedules to be paid by City of Southfield for \$2,500.00.

Motion carried.

3. *Review and approve payment to VanOverbeke, Michaud & Timmony, P.C. for legal services provided during the period 4/1/17 - 6/30/17, in the amount of \$3,420.00.*

**MOTION #S-17-196**

Motion by Hersh, supported by Maisano to approve payment to VanOverbeke, Michaud & Timmony, P.C. for legal services provided during the period 4/1/17 - 6/30/17, in the amount of \$3,420.00.

Motion carried.

4. *Review and approve payment to SouthernSun Asset Management for investment management services provided during the period 7/1/17 – 9/30/17, in the amount of \$32,931.00.*

**MOTION #S-17-197**

Motion by Hersh, supported by Maisano to approve payment to SouthernSun Asset Management for investment management services provided during the period 7/1/17 – 9/30/17, in the amount of \$32,931.00.

Motion carried.

### **2018 ANNUAL CALENDAR**

The board members reviewed the Southfield Employee Retirement System Board 2018 meeting calendar presented and decided the September meeting would be held on Wednesday the 12<sup>th</sup>, to accommodate the RHC & previously scheduled ACS meetings.

**MOTION #S-17-198**

Motion by Jubas, supported by Hersh to approve the 2018 Southfield Employee Retirement System Board Public Meeting Schedule, with a day change on September 12, 2018 date. (*Appendix "A"*)

Motion carried.

### **PUBLIC COMMENTS**

Pamela Gerald, P.O. Box 155, Southfield, MI 48037 addressed the board with questions regarding pension benefits for career part-time employees; what the city was doing regarding the underfunded status of the pension system; whether members could withdraw their pension contributions and invest them in a personal investment account; reimbursements to the SERS Administrator; and the status of the City Treasurer. Mr. VanOverbeke addressed some of the comments and explained that the plan provides service credit based on the plan document: years of service X compensation X multiplier.

Debra Rice, Public Safety Technician Union President, questioned why retirees are allowed to come back as part-time employees and still collect their pensions, and whether the plan provision on Suspension of Pension benefits when re-employed in a position covered by the pension system was being addressed. Concern was raised that 23 positions had not been filled with full time employees who would contribute to the pension system.

Mr. VanOverbeke commented that the employee contributions of 5% of pay are not what is sustaining the pension system, as the employer contributes the entire shortfall of the required contribution. He stated that while some of the issues raised are labor issues, from the board's perspective he would receive clarification from Human Resources on the list and their classification. He would review each job and produce a legal opinion by the February meeting. Notification would be made to Ms. Rice when it will be back on the agenda.

### **OTHER MATTERS**

1. *Presentation to Former SERS Members.*

Ms. Siskind advised the board she had obtained plaques in commemoration of the service board members Houge, Jackson, and Pierce had given to the city. They would be mailed to the recipients.

2. *Discussion of Authorized Signers List.*

With the retirement of James Pierce, Comerica Bank was in need of a new Authorized Signers List. Mr. Pierce would be replaced by Julius Maisano.

**MOTION #S-17-199**

Motion by Jubas, supported by Lightsey to approve the updated Authorized Signers List for Comerica Bank as of December 12, 2017.

Motion carried.

**To Do List**

- *Website Pension Calculator* – Posting necessary.

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

**MOTION #S-17-200**

Motion by Maisano, supported by Hersh to adjourn the Southfield Employee Retirement System Board's December 12, 2017 Regular Meeting at 8:00 p.m.

Motion carried.

*Approved this 16<sup>th</sup> day of January 2018  
L. Susan Mannisto, Chair  
Southfield Employee Retirement System Board*