

**CITY OF SOUTHFIELD
REGULAR MEETING
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD
Tuesday, July 18, 2017
Council Conference Room, Main Municipal Building
26000 Evergreen Road, Southfield, MI**

MINUTES

SERS Board Members Present: L. Susan Mannisto, Chair; David Hersh; Coretta Houge;
Mark Jubas; Shirley Lightsey; Julius Maisano; James Pierce

SERS Board Members Absent: Jeannie Jackson

Others Present: Lauri Siskind, Human Resources Director/SERS Plan Liaison (*Telephonically*)
Penelope Scharmberg, Administrative Assistant HR/LR/SERS Secretary
Christopher Kuhn, CFA, CAIA; &Co Consulting
Michael VanOverbeke; VanOverbeke, Michaud & Timmony, PC
Christine Catalanotte, HR Manager of Operations

The meeting was called to order at 5:53 p.m.

AGENDA

1. *Approval of Agenda.*

MOTION #S-17-107

Motion by Jubas supported by Pierce to approve the agenda of the July 18, 2017 SERS Regular meeting.
Motion carried.

MINUTES

1. *Review and approve Minutes of the June 20, 2017 Southfield Employee Retirement System Board Meeting.*
Mr. Kuhn informed the board of a few corrections needed in his presentation noted in the minutes.

MOTION #S-17-108

Motion by Houge, supported by Pierce to approve the Minutes of the June 20, 2017 Southfield Employee Retirement System Board Meeting, with corrections noted.
Motion carried.

APPROVAL OF RETIREMENT

1. *Review and approve Application for Retirement from Steven Malaney, DPW/Water Department, effective July 8, 2017.*

MOTION #S-17-109

Motion by Pierce, supported by Jubas to approve the Application for Retirement from Steven Malaney, DPW/Water Department, effective July 8, 2017.
Motion carried.

2. *Review and approve application for Survivor Pension Benefits from Peggy Poole, surviving spouse of Phillip Poole.*

MOTION #S-17-110

Motion by Pierce, supported by Jubas to approve the Application for Survivor Pension Benefits from Peggy Poole, surviving spouse of Phillip Poole, effective June 8, 2017.
Motion carried.

AUTHORIZATION OF BENEFITS

1. *Review and approve monthly benefit payment to Anne Kabel.*

MOTION #S-17-111

Motion by Pierce, supported by Hersh to approve monthly benefit payment to Anne Kabel.
Motion carried.

INVESTMENT CONSULTANT***I. Portfolio Summary Review***

Mr. Kuhn distributed updated market values of \$112MM as of today and hinted at good news for the 6/30/17 actuarial numbers. He reviewed the recent transition from Munder Mid Cap to Champlain Mid Cap and QMA Mid Cap. He also reviewed the recent rebalancing, including the transfers of \$1MM from World Asset Management and \$1MM from Munder Capital Management to Pacific Income Advisors and \$3MM from the Line Item account to the Cash account for benefit payments. There were no current recommendations.

A motion was raised to receive and file the consultant's report.

MOTION #S-17-112

Motion by Pierce, supported by Jubas to receive and file the Southfield Employee Retirement System Asset/Manager Summary for July 2017, presented by Christopher Kuhn, AndCo Consulting.

Motion carried.

LEGAL REPORT

Mr. VanOverbeke informed the board that the Task force recommendations for unfunded pension and retiree health care liabilities was presented to the Governor this morning, and a copy of the report was emailed to all board members. The four priorities proposed for the State of Michigan are:

1. Greater reporting and transparency must be required of all local units to ensure a full understanding of the size and scope of the problem, as well as where the biggest challenges exist. This includes reporting using uniform financial assumptions to allow for better comparisons.
2. A pension and OPEB fiscal stress test system for local governments should be created to alert and assist local units in crafting solutions to best position them to continue to serve their residents, while funding their obligations and protecting benefits for employees and retirees. This system should identify and focus action on the local units experiencing the greatest fiscal stress.
3. This system, along with the creation of a new Municipal Stability Board (MSB), should assist in the review of a local unit's finances and the development of a corrective action plan. The MSB should also provide research, training and technical assistance.
4. In addition to meeting existing constitutional and statutory requirements to pay pension costs, going forward all local governments should meet a minimum requirement to pay OPEB normal costs for new hires if offered, for example by prefunding new active employees current-year obligations

Unfortunately, the existing lack of revenue from the State is a major cog in repair of the OPEB wheel and it is not being addressed.

FINANCIAL REPORT

Financial reports for April and May 2017 were reviewed showing a net asset value of \$111,129,418 at the end of May.

MOTION #S-17-113

Motion by Pierce, supported by Hersh to receive and file the 2017 April & May Financial Reports for the Southfield Employee Retirement System.

Motion carried.

FINANCIAL MATTERS

1. *Review and approve payment to Victory Capital Management for investment management services provided during the period 4/1/17 – 6/20/17, in the amount of \$24,244.00.*

MOTION #S-17-114

Motion by Pierce, supported by Jubas to approve payment Victory Capital Management for investment management services provided during the period 4/1/17 – 6/20/17, in the amount of \$24,244.00.

Motion carried.

2. *Review and approve payment to SouthernSun Asset Management for investment management services provided during the period 4/1/17 – 6/30/17, in the amount of \$31,653.00.*
MOTION #S-17-115
Motion by Pierce, supported by Jubas to approve payment to SouthernSun Asset Management for investment management services provided during the period 4/1/17 – 6/30/17, in the amount of \$31,653.00.
Motion carried.
3. *Review and approve payment to Walthausen & Co. for investment management services provided during the period 4/1/17 -6/30/17, in the amount of \$15,684.05.*
MOTION #S-17-116
Motion by Pierce, supported by Jubas to approve payment to Walthausen & Co. for investment management services provided during the period 4/1/17 – 6/30/17, in the amount of \$15,684.05.
Motion carried.
4. *Review and approve payment to LSV Asset management for investment management services provided during the period 4/1/17 – 6/30/17, in the amount of \$19,534.00.*
MOTION #S-17-117
Motion by Pierce, supported by Jubas to approve payment to LSV Asset management for investment management services provided during the period 4/1/17 – 6/30/17, in the amount of \$19,534.00.
Motion carried.
5. *Review and approve payment to Comerica Bank Cardmember Service for activity during the period 6/6/17 – 7/6/17.*
MOTION #S-17-118
Motion by Pierce, supported by Jubas to approve payment to Comerica Bank Cardmember Service for activity during the period 6/6/17 – 7/6/17.
Motion carried.

PUBLIC COMMENTS

No member of the public was present at the meeting.

OTHER MATTERS

1. MAPERS Registration

Mr. Hersh, Mr. Maisano and Ms. Mannisto verified their attendance to the MAPERS 2017 Fall Conference, 9/16/17 – 9/19/17, at Shanty Creek in Bellaire, Michigan. Ms. Houge, Mr. Jubas and Ms. Lightsey asked Ms. Siskind to secure rooms for them as well. Ms. Jackson will be contacted as to her inclination to attend.

2. Special Meeting

Ms. Siskind informed the board that a special meeting may have to be scheduled on a pending disability retirement matter should all necessary paperwork be returned prior to the next meeting.

To Do List

- *Service Provider Review* – Custodial Bank – Check fees by end of June (LS)
- *Website Pension Calculator* – Update mortality tables by next meeting (LS)
- *Board Policies* – Review for any needed/missed/updated

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

MOTION #S-17-119

Motion by Pierce, supported by Jubas to adjourn the Southfield Employee Retirement System Board's July 18, 2017 Regular Meeting at 6:25 p.m.
Motion carried.