

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM
REGULAR MEETING – TUESDAY – FEBRUARY 15, 2022
COUNCIL STUDY – 5:45 p.m.**

MINUTES

Board Members Present: Julius Maisano, Chair; Chris Diaz; L. Susan Mannisto; Ron Miller; Donna Sanders

Board Members Absent:

Others Present: Lauri Siskind, Trustee/SERS (via phone); Megan Battersby, Retirement Administrator/SERS; Chris Kuhn, Investment Consultant/AndCo; Frank Judd, Legal Counsel/VMT;

The meeting was called to order by Julius Maisano, Chair, at 5:51 p.m. Legal Counsel provided an overview of the Open Meetings Act as it applied to Lauri Siskind who phoned in to the meeting. He advised that she could participate in Board discussion but could not act in an official capacity by making motions or voting.

APPROVAL OF AGENDA

MOTION #S-22-001

Motion by Sanders, supported by Miller, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, February 15, 2022. Motion Carried Unanimously

APPROVAL OF MINUTES

1. December 14, 2021 Regular Meeting Minutes

MOTION #S-22-002

Motion by Mannisto, supported by Diaz, to approve Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, December 14, 2021. Motion Carried Unanimously

CONSENT AGENDA

1. Informational Items
 - a. Invoice for B. Stewart Medical Records
 - b. Board Election Guidelines/Past Motions
 - c. Comerica Invoices
 - d. SAV – PST Proposals
2. Cash Account Report
 - a. None

3. Applications for Retirement
 - a. D. Carroll, 01/06/2022
 - b. K. Bounds, 01/25/2022
 - c. L. Clower, 01/25/2022
 - d. M. Rothenberg, 01/25/2022
 - e. T. Skierski, 01/25/2022
 - f. D. Leppala, 02/07/2022
 - g. B. Figueroa, 03/04/2022
 - h. D. Morgan, 03/12/2022
 - i. L. Wittfeldt, 03/12/2022

4. Authorization of Benefits
 - a. V. Riley (surviving spouse)
 - b. H. Moss (surviving spouse)
 - c. J. Stephenson
 - d. D. Morgan
 - e. D. Carroll
 - f. K. Bounds
 - g. L. Clower

5. Refund of Contributions
 - a. G. Christmon
 - b. J. Kelley
 - c. J. Thurston
 - d. L. Horne

6. Approval of Bills and Expenses
 - a. Invoice from AndCo for consulting services and performance evaluation for the period October 1, 2021 through December 31, 2021 in the amount of \$17,500.00
 - b. Invoice from LSV Asset Management for asset management services for the period October 1, 2021 to December 31, 2021 in the amount of \$21,100.00
 - c. Invoice from Reinhart Partners for asset management services for the period Quarter 4, 2021 in the amount of \$22,008.00
 - d. Invoice from Waltheusen & Co. for asset management services for the period October 1, 2021 through December 31, 2021 in the amount of \$26,758.29
 - e. Invoice from Champlain Investment Partners for asset management services for the period October 1, 2021 to December 31, 2021 in the amount of \$24,878.40
 - f. Invoice from WCM for asset management services for the period 10/01/2021 to 12/31/2021 in the amount of \$21,094.89
 - g. Invoice from Pacific Income Advisors for asset management services for the period October 1, 2021 through December 31, 2021 in the amount of \$13,202.00

Ron Miller questioned the difference between Comerica invoices for a fund and the invoice directly from the same fund; Investment Consultant explained Comerica's custodial service and the cost associated with it. Lauri Siskind inquired whether the SAV proposals had been adopted

by the City; proposals were send directly from GRS and there has been no notification regarding them from the City.

MOTION #S-22-003

Motion by Mannisto, supported by Diaz, to approve Consent Agenda as presented. Motion Carried Unanimously

PUBLIC COMMENT

No comments were made.

INVESTMENT CONSULTANT REPORT

1. Market Update
2. Asset/Manager Summary
3. Introduction to Private Equity

Investment Consultant presented the 4Q Performance Report. He reviewed the letter from AndCo President, Mike Welker, and the updated organizational chart. He reviewed the capital markets during the 4th quarter including the rebound in equities and the flat returns from fixed income. He reviewed the asset allocation, financial reconciliation, and performance. The Fund was up 5.02% during the quarter and 17.77% for the year. He reviewed the performance of the individual managers, noting the strong results from several of the active managers.

Investment Consultant distributed the January Capital Market Summary and updated market values. He discussed the decline in stocks and bonds and the anticipated change in Fed policy in 2022.

Investment Consultant presented an Introduction to Private Equity. He reviewed the current capital market assumptions and the challenges facing Funds to achieve their assumed rate of return. He reviewed the investment cycle for private equity investments, providing some detail about venture capital, growth equity, buyouts, and distressed/turnarounds. He indicated that Private Equity would be viewed as a return enhancer for the Fund. He reviewed the importance of manager selection and vintage year diversification. He reviewed the different approaches to investing in private equity, including Co-Investment Funds, Direct Funds, Fund of Funds, and Secondaries. He also reviewed the different return patterns for these approaches. He suggested reviewing Private Equity Secondary strategies at an upcoming meeting as a potential first investment into this asset class.

MOTION #S-22-004

Motion by Mannisto, supported by Sanders, to receive and file Investment Consultant Report. Motion Carried Unanimously

LEGAL COUNSEL REPORT

1. Matters deemed pertinent

Legal Counsel provided additional information regarding when an actuarial peer review audit was required. PA 202 which was adopted in July 2018 requires an actuarial peer review or replacement of the actuary within eight years. Therefore, the Plan does not need to act until 2026, but he advised not to wait that long. The MAPERS One Day Seminar in March will have a session on this topic.

RETIREMENT ADMINISTRATOR REPORT

1. Comerica Bank Securities Lending Borrower List
2. MAPERS One Day Seminar
3. Other matters deemed pertinent

Comerica has provided their annual Securities Lending Borrowers List for approval. Investment Consultant indicated that neither the Board nor AndCo has the expertise to evaluate the creditworthiness of the borrowers in the program and that Comerica and the bank's partners are relied upon to conduct those evaluations. However, they are comfortable with the Retirement System approving the list, as presented, if there are no conflicts which Board members can identify.

MOTION #S-22-005

Motion by Mannisto, supported by Sanders, to approve Comerica Bank Securities Lending Borrower List dated February 2022 with the understanding that neither the Board nor the Investment Consultant has the expertise to evaluate the creditworthiness of the borrowers in the program. Motion Carried Unanimously

MOTION #S-22-006

Motion by Mannisto, supported by Miller, to approve the attendance of Board members and staff at 2022 MAPERS One Day Seminar and any other MAPERS seminars and conferences that are held in 2022. Motion Carried Unanimously

OLD BUSINESS

1. None

NEW BUSINESS

1. Stewart non-duty disability review
2. Board Officer Elections

The Stewart disability medical report has been received from the Medical Director. The recommendation of the examining physician is that the member is not totally disabled for duty, that any incapacity is not permanent, and that the member could perform some other full-time work for the City other than their current job.

MOTION #S-22-007

Motion by Mannisto, supported by Sanders, to move into closed session to discuss confidential disability retirement application from Barbara Stewart. Roll-call vote was taken and Motion Carried Unanimously

MOTION #S-22-008

Motion by Diaz, supported by Sanders, to return to open session following discussion of confidential disability retirement application from Barbara Stewart. Motion Carried Unanimously

MOTION #S-22-009

Motion by Mannisto, supported by Sanders, to acknowledge receipt of Medical Director's report dated January 12, 2022 and based upon the Medical Director's findings, recommendations and certification, review of medical records, and other evidence deemed appropriate and relevant by the Board, the Board resolves to deny the disability retirement to Barbara Stewart accordingly. Motion Carried Unanimously

Board officer elections were discussed. In summary, the Board's final governance policy was adopted June 18, 2019 but was introduced in January 2019 and Board officer elections were held immediately. On January 15, 2019 elections were held for a term of two years. No elections were held in January 2020. On January 19, 2021 elections were again held for a term of two years. The Vice Chair subsequently retired and the Secretary died. Elections for replacements for those two positions were held April 20, 2021 for a partial term expiring January 2022. It is the desire of the Board to allow the Vice Chair and Secretary to fill the original term period that will expire in January 2023 and to amend the governance policy to allow elected officers to serve two-year terms.

MOTION #S-22-010

Motion by Mannisto, supported by Sanders, to extend the current terms of the Vice Chair and Secretary to fill the original term periods expiring January 2023. Motion Carried Unanimously

MOTION #S-22-011

Motion by Sanders, supported by Diaz, to amend BOARD GOVERNANCE POLICIES & PROCEDURES AND RULES OF PROCEDURE Adopted: June 18, 2019, Article IV – BOARD OFFICERS, to reflect the desire of the Board that elected officers serve two (2) year terms. Motion Carried Unanimously

PENDING MATTERS

1. Retirement Handbook: Lead/Maisano, Timeframe/TBD
No update/discussion.
2. Pension Calculator: Lead/Maisano, Timeframe/TBD
Julius Maisano indicated that he has renewed discussion with the Director of Tech Services to create a working pension calculation model that employees can use.
3. Pension Eligibility and Calculation Demonstration: Lead/Battersby, Timeframe/TBD
No update/discussion.

4. Trust Statement Reconciliation Responsibility and Procedure: Lead/TBD,
Timeframe/TBD
No update/discussion.

TRUSTEE COMMENT/OPEN FORUM

No comments were made.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 7:45 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on March 15, 2022