

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM  
REGULAR MEETING – WEDNESDAY – JUNE 14, 2023  
COUNCIL STUDY – 6:00 p.m.**

**MINUTES**

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

Board Members Absent: Ari Gelberman/Alternate

Others Present: Megan Battersby, Retirement Administrator/SERS; Michael  
VanOverbeke, Legal Counsel/VMT

The meeting was called to order by Ron Miller, Chair, at 6:01 p.m.

**APPROVAL OF AGENDA**

**MOTION #S-23-030**

Motion by Sanders, supported by Mannisto, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Wednesday, June 14, 2023. Motion Carried Unanimously

**APPROVAL OF MINUTES**

1. May 16, 2023, Regular Meeting Minutes

**MOTION #S-23-031**

Motion by Diaz, supported by Siskind, to approve Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, May 16, 2023. Motion Carried Unanimously

**CONSENT AGENDA**

1. Informational Items
  - a. Comerica Invoices
  - b. GRS fee letter
2. Cash Account Report
  - a. None
3. Applications for Retirement
  - a. None
4. Authorization of Benefits
  - a. L. Carr
  - b. B. Staniforth
  - c. D. Jaques

5. Refund of Contributions

- a. None

6. Approval of Bills and Expenses

- a. Statement from Elan Financial Services for credit changes for the period 05/05/2023 to 06/05/2023 in the amount of \$2,062.63
- b. Expense report from D. Sanders for MAPERS 2023 Spring Conference
- c. Expense report from R. Miller for MAPERS 2023 Spring Conference
- d. Expense report from J. Maisano for MAPERS 2023 Spring Conference
- e. Expense report from C. Diaz for MAPERS 2023 Spring Conference

**MOTION #S-23-032**

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

**PUBLIC COMMENT**

No comments were made.

**INVESTMENT CONSULTANT REPORT**

- 1. Asset/Manager Summary
- 2. Market/Allocation Review

Investment Consultant provided a written summary and his standard monthly report for the Board because of his absence due to a meeting conflict due to the rescheduling of the June meeting. He indicated that the month of May featured two major capital market topics, 1) the debt ceiling debate in Washington, and 2) the Fed's possible pause. Investors anticipated a compromise on the debt ceiling and were proven correct. He indicated that the Federal Reserve is meeting this week to discuss interest rate policy and expectations are that they will not make any moves. Earlier this year expectations were that the Fed was done with raising rates by the June meeting; however, the new outlook is for them to pause this month but keep open the option to raise rates in the future (depending on the inflation data). Strong returns from a handful of stocks have driven the US equity market this year, particularly in the 2<sup>nd</sup> quarter; companies associated with artificial intelligence have been the big winners. Accordingly, Large Growth performed exceptionally well in May and 2023 (Russell 1000 Growth up 4.6% in May and 20.8% in 2023). Value has struggled this year due in part to a lack of big tech and more banks (Russell 1000 Value down 3.9% in May and 1.4% in 2023); Small Cap (Russell 2000) has also struggled in recent months. Fixed Income suffered a loss this month (Bloomberg US Agg -1.1%) as interest rates rose due to comments from the Fed about pausing instead of stopping. Overall, returns were very concentrated in May. The Fund declined slightly from last month due largely to the May benefit payments. No action was recommended at this time.

**MOTION #S-23-033**

Motion by Mannisto, supported by Siskind, to acknowledge all correspondence received from Investment Consultant. Motion Carried Unanimously

## **LEGAL COUNSEL REPORT**

1. Update on inclusion of Management Group
2. Retirement Handbook
3. Other matters deemed pertinent

Legal Counsel discussed a memo he sent to HR Director on May 30, 2023 addressing his questions and concerns with the recently adopted ordinance regarding the inclusion of management group in SERS and the purchase of past service credit. He did not receive a response to the memo but did have a productive meeting with the city on June 13 and stated that the city agreed to do some clean-up of the ordinance language. He provided a rollover form to be used by all employees purchasing past service credit. He recommended that the Board adopt the form and the policy resolution acknowledging the ability of employees to use different source plans for the rollover of funds to purchase past service credit as follows:

### **SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM**

#### **P O L I C Y   R E S O L U T I O N**

**Re:   Election to Purchase Service Credit**

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**WHEREAS**, the Board of Trustees of the City of Southfield Employees Retirement System (“SERS”) is vested with the authority and fiduciary responsibility for the administration, management and operation of the Retirement System, and

**WHEREAS**, the Retirement System provides benefits in accordance with the applicable provisions of Retirement System Ordinance, as amended; collective bargaining agreements; and state and federal laws, and

**WHEREAS**, pursuant to the terms of a recent ordinance amendment, eligible management group employees that are enrolled in the City’s Defined Contribution Plan and thereby excluded from SERS membership, are permitted an option to opt into membership in the SERS and the option to purchase service credit for prior active service in the city, and

**WHEREAS**, the Board is of the opinion that the establishment of a formal policy with respect to the administration of the purchase of service credit is in the best interest of the Retirement System, therefore be it

**RESOLVED**, that the Board shall administer the purchase of service credit consistent with the following:

1. A member shall submit an approved application in writing to the Retirement Administrator requesting to purchase service credit. The member shall make application prior to the expiration of the window period established by the City.

2. The member shall provide the Retirement Administrator with appropriate documentation in support of such request.
3. The actuarial determined cost to purchase the eligible service shall be the rate reflected in the actuary's valuation report for the individual member, which report shall also reflect the corresponding amount of service to be purchased.
4. In the event a member elects to purchase service credit, the full payment shall be payable in full to the City of Southfield Employee Retirement System prior to the expiration of the window period. Upon the Retirement System's receipt of the total purchase amount, the member shall receive credit for said time.
5. The Retirement System will accept a direct trustee-to-trustee transfer of assets for the purpose of purchasing service credit from a qualified plan described in: (i) Internal Revenue Code sections 401(a), 401(k), 403(a), 403(b), 408(a), 408(b) or 457(b); or (ii) a Simple IRA that does not contain any after-tax contributions.
6. Service time with the City which has not been purchased, shall not be credited or recognized by the Retirement System for any retirement qualification or benefit purposes (e.g., vesting, retirement eligibility, benefit calculation, etc.).
7. All purchases of service credit shall be reported to the Actuary and shall be included in future actuarial reports and determinations.

**RESOLVED**, that the application for the purchase of service credit shall be made via form(s) as approved by the Board of Trustees, and further

**RESOLVED**, that by making the election, the member fully acknowledges and agrees to the terms and conditions of purchase, and further

**RESOLVED**, all purchases of service credit must be approved by the Board and shall be contingent upon the Retirement System's receipt of all appropriate purchase amounts and requisite documentation, and further

**RESOLVED**, that a copy of this resolution shall be made available to interested members and forwarded to the appropriate City representatives.

**MOTION #S-23-034**

Motion by Mannisto, supported by Siskind, to approve Policy Resolution Re: Election to Purchase Service Credit and Service Credit Purchase Via Rollover form as presented.  
Motion Carried Unanimously

Retirement Administrator was directed to request a list of all management employees that are being offered the opportunity to purchase past service credit. The Board will approve the purchase of credited service, as applicable, at the July and August meetings.

Legal Counsel provided two drafts of retirement handbooks, one providing a summary and explanation of provisions and the other written in question-and-answer format. He asked that each Board member review the drafts and provide feedback to him.

### **RETIREMENT ADMINISTRATOR REPORT**

1. Matters deemed pertinent

Retirement Administrator did not have a formal report for the Board.

### **OLD BUSINESS**

1. Update on Retirement Administrator/HR roles discussion

Ron Miller believes that this has been resolved, as HR has agreed to direct all pension questions to the SERS Retirement Administrator, and can be removed from future agendas.

### **NEW BUSINESS**

1. None

### **PENDING MATTERS**

1. Pre-Retirement Workshop

This topic will be further addressed after the retiree handbook is published.

### **TRUSTEE COMMENT/OPEN FORUM**

The Board discussed changing future meeting times from 5:30 p.m. to 5:00 p.m. at the request of L. Susan Mannisto.

#### **MOTION #S-23-035**

Motion by Siskind, supported by Sanders, to approve the amendment of time for all remaining 2023 scheduled meetings from 5:30 p.m. to 5:00 p.m. Motion Carried Unanimously

### **ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 7:07 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on July 18, 2023