

**CITY OF SOUTHFIELD  
REGULAR MEETING  
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD  
Tuesday, September 13, 2016  
Council Conference Room – Main Municipal Building  
26000 Evergreen Road, Southfield, MI**

**MINUTES**

**SERS Board Members Present:** L. Susan Mannisto, Chair; David Hersh; Jeannie Jackson (*telephonically*); Mark Jubas; Shirley Lightsey; Julius Maisano

**SERS Board Members Absent:** Coretta Houge; James Pierce

**Others Present:** Lauri Siskind, Human Resources Director/SERS Plan Liaison  
Christopher Kuhn, CFA, CAIA; The Bogdahn Group  
Michael VanOverbeke; VanOverbeke, Michaud & Timmony, PC  
Penelope Scharmberg, Administrative Assistant HR/LR; SERS Secretary

The meeting was called to order at 5:52 p.m.

**AGENDA**

1. *Approval of Agenda.*

**MOTION #S-16-149**

Ms. Siskind requested the addition of an Authorization of Benefits to Diana Williams be added as Item D-4. Motion by Jubas, supported by Hersh to approve the agenda of the September 13, 2016 SERS Regular meeting, with the addition of Authorization of Benefits to Diana Williams, noted above.  
Motion carried.

**MINUTES**

1. *Review and approve Minutes of the Southfield Employee Retirement System Board Regular Meeting of August 16, 2016.*

**MOTION #S-16-150**

Motion by Hersh, supported by Maisano to approve the Minutes of the Southfield Employee Retirement System Board Regular Meeting of August 16, 2016.  
Motion carried.

**APPLICATIONS FOR RETIREMENT**

1. *Review and approve Application for Early Retirement from Harold Shriman, Human Services, effective September 10, 2016.*

**MOTION # S-16-151**

Motion by Jubas, supported by Hersh to approve the Application for Early Retirement from Harold Shriman, Human Services, effective September 10, 2016.  
Motion carried.

2. *Review notice of retraction of Application for Normal Retirement from Louise Carr, Community Relations Department.*

**MOTION # S-16-152**

Motion by Jubas, supported by Hersh to authorize the retraction of Application for Normal Retirement from Louise Carr, Community Relations Department.  
Motion carried.

3. *Review and approve Application for Normal Retirement from Linda Hindman, Code Enforcement, effective October 15, 2016.*

**MOTION # S-16-153**

Motion by Jubas, supported by Hersh to approve the Application for Normal Retirement from Linda Hindman, Code Enforcement, effective October 15, 2016.

Motion carried.

**AUTHORIZATION OF BENEFITS**

1. *Review and approve monthly benefit payment to Yvonne Helfer.*

**MOTION #S-16-154**

Motion by Hersh, supported by Jubas to approve monthly benefit payment to Yvonne Helfer.

Motion carried.

2. *Review and approve monthly benefit payment to Mary Steflja.*

**MOTION #S-16-155**

Motion by Hersh, supported by Jubas to approve monthly benefit payment to Mary Steflja.

Motion carried.

3. *Review and approve distribution of 10 Year and Certain lump sum benefit and accumulated contributions to beneficiaries of Richard Granzotto.*

**MOTION #S-16-156**

Motion Hersh, supported by Jubas to approve distribution of residual 10 Year and Certain lump sum benefit and accumulated contributions to beneficiaries of Richard Granzotto.

Motion carried.

4. *Review and approve monthly benefit payment to Diana Williams.*

**MOTION #S-16-157**

Motion by Hersh, supported by Jubas to approve monthly benefit payment to Diana Williams.

Motion carried.

**DISCUSSION OF FIVE YEAR ACTUARIAL EXPERIENCE STUDY RESULTS**

Judy Kermans and Jeff Tebeau discussed their findings on the comparison of present and alternate assumptions on the computed city contribution rates as of June 30, 2015, in accordance with Actuarial standards. Contribution rates were shown based on amortizing the unfunded actuarial accrued liabilities over the current period of 25 years, in accordance with SERS actuarial funding policy. Ms. Kermans relayed that the amortization period could be lengthened however, they wished to be on record that GRS prefers a shorter amortization. The city requested them to compute the employer rate using a 30 year period. While GRS gave some consideration of the board's request to consider 7.75% Rate of Return, they were unable to do so and sign off on the report. They were willing to hold off on the actuarial method change, recognizing that implementing all the proposed changes at one time is difficult. Their final proposal that they'd find acceptable would be to change the assumed rate of return to 7.50%, use 3.0% wage inflation, and keep the current actuarial cost method and move to the 30 year amortization.

**MOTION #S-16-158**

Motion by Jubas, supported by Hersh to acknowledge the presentation given by Judy Kermans and Jeff Tebeau of Gabriel Roeder Smith & Company, and accept the change of investment return assumption from 7.75% to 7.5% with 3.0% wage inflation and reset the amortization period to 30 years.

Motion carried.

A final version of the 5-year Actuarial Experience Study will be forthcoming from GRS.

**INVESTMENT CONSULTANT**

***1. Manager Summary***

Mr. Kuhn reviewed the market value of assets held in the portfolio currently at \$106,061,000.

## 2. **Consultant Updates**

- Mr. Kuhn mentioned that two senior managers had left World Asset Management at Comerica during their massive cost reduction which has raised concern. He would be monitoring them closely. He was unaware of any custody personnel changes.
- The RMK change from a closed to open ended fund was approved by the City Council therefore the contract will be distributed for endorsement.
- Comerica Bank forwarded a letter regarding Securities Lending Program Collateral Reinvestment Guidelines. The new SEC rules on money market reforms have affected prime money market funds requiring a floating net asset value (NAV) and no longer valued at a stable \$1 NAV. This has resulted in Comerica moving out of the prime money market funds and investing in the Comerica Short Term Fund (STIF) which is exempt from SEC registration and thus not impacted by the SEC rules. STIF is a conservative prime market fund with similar investment guidelines as a prime money market fund, but is structured to maintain a stable \$1 NAV.

### **MOTION #S-16-159**

Motion by Jubas, supported by Lightsey to receive and file the correspondence from Comerica Bank on their Securities Lending Program and information provided by Christopher Kuhn, the Bogdahn Group.  
Motion carried

## **LEGAL REPORT**

Mr. VanOverbeke informed the board that there was pending legislation in this lame duck session that could impact defined benefit pensions and he was monitoring emails regarding movement on possible bills. There is a bill to move teachers to a defined contribution plan and a bill in Somerville's committee to limit the amount of FAC one could claim.

### **MOTION #S-16-160**

Motion by Hersh, supported by Jubas to receive and file the presentation from Michael VanOverbeke, VanOverbeke, Michaud & Timmony, P.C.  
Motion carried.

## **FINANCIAL REPORT**

The board reviewed the Investment Summary prepared by Comerica Bank for September 13, 2016, showing the market value of assets ending at \$108,062,552.02; however there was a \$2M error in their report due to a double reporting, which will be reported to the bank.

### **MOTION #S-16-161**

Motion by Hersh, supported by Jubas to receive and file the Comerica Bank Investment Summary for SERS as of September 13, 2016, with the error above noted.  
Motion carried.

## **PUBLIC COMMENTS**

Pamela Gerald, P.O. Box 155, Southfield, Michigan inquired if the city had to make up the difference on an underfunded pension plan. Mr. VanOverbeke stated that plans are required to show their unfunded liabilities, but are not required to make the payments in a specified period. Very few pension plans are fully funded. Funding is a mix of investment returns and the adoption of appropriate contributions.

Ms. Gerald also asked if elected employees were part of the pension system, or if their pension credits stopped when they assumed elective office. Mr. VanOverbeke informed her that the City Clerk and Treasurer are members of the pension plan by ordinance.

She also questioned if part-time employees received pension benefits. Mr. VanOverbeke stated that part-time career employees are eligible for pension benefits as the SERS plan makes no distinction between full-time and part-time. One year of service as career part-time or full-time count as a year of pension service credit. Adjustments may show in the FAC due to lower compensation received by the part time.

Ms. Gerald asked if a person does not get a raise, will it affect their pension. She was informed that pensions are based on percentage of pay.

**To Do List**

- Service Provider Review – Actuarial RFI (JBP & LS)
- Service Provider Review – Attorney
- Pending Board Policies: (may be part of other policies)
  - Record Retention
  - Proxy Voting/Corporate Governance
  - Ordinance Overlooked Matters

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

**MOTION #S-16-162**

Motion by Lightsey, supported by Hersh to adjourn the Southfield Employee Retirement System Board's September 13, 2016 Regular Meeting at 6:42 p.m.  
Motion carried.

*Approved this 18<sup>th</sup> day of October 2016  
L. Susan Mannisto, Chair  
Southfield Employee Retirement System Board*