

**CITY OF SOUTHFIELD**  
**MINUTES OF THE REGULAR MEETING**  
**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM**  
**Tuesday, November 13, 2018**  
**Council Study – Main Municipal Building**  
26000 Evergreen Road, Southfield, MI

Board Members Present: L. Susan Mannisto; Edward Gardella; David Hersh; Mark Jubas; Shirley Lightsey; Julius Maisano; Ronald Miller; Donna Sanders  
*(Alternate)*

Board Members Absent:

Others Present: Lauri Siskind, HR Director/SERS Administrator; Megan Battersby, SERS Retirement Administrator; Penelope Scharmberg, HR/LR/SERS Secretary; Christine Catalanotte, HR Manager; Chris Kuhn, Investment Consultant/AndCo; Michael VanOverbeke, Legal Counsel/VMT; Fred Zorn, City Administrator

The meeting was called to order at 5:45 p.m. by Chair Mannisto.

**APPROVAL OF AGENDA**

**MOTION #S-18-158**

Motion by Lightsey, supported by Miller, to approve Tentative Agenda, Southfield Employee Retirement System Board, Regular Meeting, Tuesday, November 13, 2018, with the modification of moving Actuarial Matters to immediately following Minutes.  
MOTION CARRIED UNANIMOUSLY

**MINUTES**

*Review and approve Minutes of the October 23, 2018 Southfield Employee Retirement System Board Meeting*

**MOTION #S-18-159**

Motion by Hersh, supported by Jubas, to approve Minutes, Special Meeting, Southfield Employee Retirement System Board, Tuesday, October 23, 2018. MOTION CARRIED UNANIMOUSLY

**ACTUARIAL MATTERS**

*Approval of June 30, 2018 Actuarial Valuation Report*

A draft Actuarial Valuation as of June 30, 2018 was presented to the Board by Jeff Tebeau, the SERS actuary from Gabriel, Roeder, Smith & Co (GRS), at the October meeting. There was discussion regarding the reported asset information furnished for the valuation which showed \$564,369 due to the primary government and \$33,827 expended for administrative expenses. Ms.

Siskind was to seek clarification and explanation from the City Accounting Department which she did not receive prior to this meeting. The valuation was approved but the item will be on the agenda again in December to address the outstanding questions.

**MOTION #S-18-160**

Motion by Hersh, supported by Gardella, to approve the City of Southfield Employees Retirement System 53<sup>rd</sup> Actuarial Valuation Report as of June 30, 2018, acknowledge the October 2018 presentation by GRS and the computed City contribution rate for the 2020 fiscal year of 23.22% and minimum dollar contribution of \$3,561,281, and direct that a copy of the valuation be forwarded to the City. MOTION CARRIED UNANIMOUSLY

*Review of Correspondence regarding Uniform Actuarial Assumptions under PA 202*

Ms. Siskind reviewed a letter from GRS regarding PA 202 services. It was noted that GRS indicated they were unable to certify that the current valuation assumptions and/or methods used by the System match or fall in the range of uniform assumptions established by the Treasurer for PA 202 reporting purposes. Therefore, the results of the valuation would most likely not be suitable for the reporting requirements. GRS could either: 1) Perform calculations based on a different set of assumptions consistent with the Treasurer's established uniform assumptions for PA 202 reporting purposes; or 2) Discuss with the Board the suitability of using the Treasurer's established assumptions for funding purposes if policymakers wish to consider that change. Fees associated with either approach would be based on the complexity of the assignment. Discussion ensued regarding who would be responsible for paying the additional fees that may be incurred.

**MOTION #S-18-161**

Motion by Jubas, supported by Gardella, to receive and file correspondence dated October 24, 2018 from GRS Re: Michigan PA 202 Services Related to MI Form 5572 (Retirement System Annual Report). MOTION CARRIED UNANIMOUSLY

**APPLICATION FOR RETIREMENT**

1. *Review and approve Application for Receipt of Early Deferred Vested Pension Benefits from Gail Yunker, effective 11/14/18*
2. *Review and approve Revised Application for Retirement from Lauri Siskind, Human Resources Director, effective 12/01/18*
3. *Review and approve Application for Retirement from David DuChene, Parks and Recreation, effective 12/22/18*

**MOTION #S-18-162**

Motion by Hersh, supported by Gardella, to approve the Application for Retirement benefits from Gail Yunker effective 11/14/18. MOTION CARRIED UNANIMOUSLY

**MOTION #S-18-163**

Motion by Hersh, supported by Gardella, to approve the Application for Retirement benefits Lauri Siskind effective 12/01/18. MOTION CARRIED UNANIMOUSLY

**MOTION #S-18-164**

Motion by Hersh, supported by Gardella, to approve the Application for Retirement benefits from David DuChene effective 12/22/18. MOTION CARRIED UNANIMOUSLY

**AUTHORIZATION OF BENEFITS**

1. *Review and approve commencement of pension benefits to Nadine Ouellette*
2. *Review and approve monthly benefit payments to Judy Wozniak, surviving spouse of Stanley Wozniak*
3. *Review and approve monthly benefit payments to Dianne Comerford, surviving spouse of Kerry Comerford*
4. *Review and approve monthly benefit payments to Gloria Beren, surviving spouse of Ernest Beren*

**MOTION #S-18-165**

Motion by Hersh, supported by Jubas, to approve payment of monthly pension benefits to Nadine Ouellette. MOTION CARRIED UNANIMOUSLY

**MOTION #S-18-166**

Motion by Hersh, supported by Jubas, to approve payment of monthly pension benefits to Judy Wozniak. MOTION CARRIED UNANIMOUSLY

**MOTION #S-18-167**

Motion by Hersh, supported by Jubas, to approve payment of monthly pension benefits to Dianne Comerford. MOTION CARRIED UNANIMOUSLY

**MOTION #S-18-168**

Motion by Hersh, supported by Jubas, to approve payment of monthly pension benefits to Gloria Beren. MOTION CARRIED UNANIMOUSLY

**REFUND OF CONTRIBUTIONS**

1. *Review and approve refund of contributions to Benjamin Vineburg*
2. *Review and approve refund of contributions to Glenn Vary*

**MOTION #S-18-169**

Motion by Jubas, supported by Maisano, to approve refund of contributions to Benjamin Vineburg. MOTION CARRIED UNANIMOUSLY

**MOTION #S-18-170**

Motion by Jubas, supported by Maisano, to approve refund of contributions to Glenn Vary. MOTION CARRIED UNANIMOUSLY

Agenda Item, Investment Consultant, was delayed awaiting arrival of the investment consultant.

**LEGAL REPORT**

Mr. VanOverbeke indicated that he appreciated the prompt feedback from the Board regarding the Retirement Administrator contract. The contract has been executed and the F&P Board reaffirmed at their meeting earlier in the day their approval of the offer to and acceptance of the offer by their Retirement Program Director.

Legal counsel indicated that there are several weeks of legislative session to go before year end. There are two anti-defined benefit bills being pushed that would close rolling or open amortization periods in plans and that would seek to codify the State Treasurer's proposed actuarial assumptions for reporting purposes into legislation, which would effectively take away a new treasurer's ability to modify or make recommendations. He has pending meetings and will further update the Board in December.

The Ordinance change that makes the SERS Board the overseer of the assets and investments should be put on the December agenda for review.

A prior agenda item regarding Investment Policy Statement was revisited. Mr. Jubas inquired about when a manager should be put on watch. He also indicated that the Investment Policy stated that all managers are expected to rank in the top 50<sup>th</sup> percentile for both the three and five-year investment periods and wanted to know what liability the Board might be exposed to by not adhering to this or by not placing a manager on watch or even terminating them. Legal counsel replied that Trustees need to prudently rely upon their investment consultant using fiduciary best practices. As an example, the Board will be focusing on SouthernSun in December, scrutinizing their underperformance and listening to their investment consultant's recommendations.

### **RETIREMENT ADMINISTRATOR TRANSITION**

Ms. Siskind indicated that she is in the process of transitioning work to Ms. Battersby and obtaining access to the payroll system for her. A pension office has been secured in HR but will need furniture, a computer, and file access. The City will allow Ms. Siskind continued access to her computer files, email, etc. so she will be available to continue with transition questions after her retirement. The SERS Board indicated that they may not want to allow continuing access and will revisit the transition progress in January. Ms. Battersby should be added to the Comerica signature authorization form.

#### **MOTION #S-18-171**

Motion by Hersh, supported by Gardella, to approve the addition of Megan Battersby as an authorized signatory for Comerica Bank. MOTION CARRIED UNANIMOUSLY

### **2019 PUBLIC MEETING NOTICE**

#### **MOTION #S-18-172**

Motion by Jubas, supported by Maisano, to approve the 2019 meeting schedule with meetings to be held on Tuesdays at 5:45 p.m. on the following dates in 2019: January 15, February 19, March 19, April 16, May 14, June 18, July 16, August 13, September 10, October 15, November 12 and December 10. MOTION CARRIED UNANIMOUSLY

## **FINANCIAL MATTERS**

1. *Review and approve payment to Pacific Income Advisors for investment management services during the period 7/1/18 – 9/30/18 in the amount of \$7,943.00*
2. *Review and approve payment to WCM Investment Management for investment management services during the period 7/1/18 – 9/30/18 in the amount of \$18,349.50*

### **MOTION #S-18-173**

Motion by Hersh, supported by Gardella, to approve payment to Pacific Income Advisors for investment management services during the period 7/1/18 – 9/30/18 in the amount of \$7,943.00. MOTION CARRIED UNANIMOUSLY

### **MOTION #S-18-174**

Motion by Hersh, supported by Gardella, to approve payment to WCM Investment Management for investment management services during the period 7/1/18 – 9/30/18 in the amount of \$18,349.50. MOTION CARRIED UNANIMOUSLY

## **PUBLIC COMMENT**

No comments were made.

## **OTHER BUSINESS DEEMED NECESSARY**

### *Necessities for New Board Members*

A thumb drive of policies and procedures was provided by legal counsel last month. Mr. Hersh asked about a notebook for new Board members and what should be included such as the Ordinance, Act 314, contracts, etc. He volunteered to be the keeper of all hardcopy materials. There was discussion regarding a retirement handbook draft from 2001 that was never published. There was also discussion regarding how best to separate pension files from current personnel files, who should do it, and what access will be granted to the new Retirement Administrator. Legal counsel reminded the Board that various recommendations were discussed at the September meeting. He will work with the Administrator to determine which policies are most important and will prepare drafts for Board review.

### **MOTION #S-18-175**

Motion by Jubas, supported by Gardella, to adopt Policy Resolution Re: Record Retention and Disposal Schedule as presented. MOTION CARRIED UNANIMOUSLY

It was noted that the agenda should contain an additional section for pending items needing future attention.

The Board recognized and thanked Lauri Siskind, SERS Administrator, who will be retiring at the end of the month as well as Penny Scharmberg, Board Secretary, for their dedication and service to the Retirement System. Ms. Siskind thanked the Board and said that SERS administration was a labor of love and her bright spot in each day.

## **INVESTMENT CONSULTANT**

### *Quarterly Investment Review*

Mr. Kuhn presented the 3Q Performance Report. He reviewed the capital markets during the 3<sup>rd</sup> quarter, highlighting the strong returns from domestic equities and the relatively flat results from international equities and bonds. He reviewed the Fund's compliance with IPS objectives, asset allocation vs. targets, and performance. The Fund was up 3.1% for the quarter and up 8.6% for the year. They discussed the performance of the individual managers, noting strong results from Champlain, WCM, and Templeton and weaker returns from SouthernSun and QMA. He distributed updated market values and recommended the Board transfer \$1.2MM from cash to Pacific Income.

The Board discussed the more recent results from SouthernSun and Mr. Kuhn indicated that he would be conducting a search to replace the manager. The search will be presented at the January meeting, due to the other items on the December agenda.

### *Consultant's Recommendations*

#### **MOTION #S-18-176**

Motion by Jubas, supported by Hersh, to transfer \$1.2 million from Cash Account to Pacific Fixed Income Fund as soon as administratively possible. MOTION CARRIED UNANIMOUSLY

### **TO DO LIST**

1. *Actuarial Valuation* – Outstanding questions to be answered by Accounting Department
2. *Ordinance* – Review changes and discuss fiduciary responsibility
3. *Administrator Transition* – Status update
4. *Investment Consultant* – 2019 plan of action, domestic equities manager search to replace SouthernSun

Meeting adjourned at 7:42 p.m.

Prepared by Megan Battersby, SERS Retirement Administrator

Approved by Board Motion on December 11, 2018