

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM  
REGULAR MEETING – TUESDAY – FEBRUARY 19, 2019  
P&R Room 112 – Main Municipal Building – 5:45 p.m.**

**MEETING MINUTES**

Board Members Present: Mark Jubas, Vice Chair; Edward Gardella; David Hersh; Shirley Lightsey; L. Susan Mannisto, Ronald Miller; Donna Sanders (alternate)

Board Members Absent: Julius Maisano

Others Present: Megan Battersby, Retirement Administrator; Chris Kuhn, Investment Consultant/AndCo; Michael VanOverbeke, Legal Counsel/VMT; Kelly Weller and John Bright/Great Lakes Advisors; Johanna Vogel and Jason Marino/Mass Mutual

The meeting was called to order at 5:50 p.m. by Mark Jubas, Vice Chair

**APPROVAL OF AGENDA**

*February 19, 2019 Regular Meeting Agenda*

**MOTION #S-19-012**

Motion by Lightsey, supported by Gardella, to approve Regular Meeting Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, February 19, 2019.  
Motion Carried Unanimously

**APPROVAL OF MINUTES**

*January 15, 2019 Regular Meeting Minutes*

There was considerable discussion regarding the draft minutes. L. Susan Mannisto asked that comments be added regarding the following: Board discussion of Comerica account statements and what reconciliation process was in place; that the Investment Consultant will review investment manager invoices against contracts for reasonableness and that the Retirement Administrator will review all other invoices; and Board discussion about Necessities for Board Members and where the documents would reside and in what form: hardcopy, electronically, or a web-based forum. Approval of the minutes was tabled until the March meeting.

**INFORMATIONAL ITEMS**

*Meeting Venue*

P&R Room 112 has been booked for all remaining 2019 scheduled meetings.

*Comerica invoices for the period 10/01/2018 – 12/31/2018 (Administration/\$2,336.15; Champlain/\$1,059.91; Line Item/\$2,718.69; Pacific/\$1,387.90; SouthernSun/\$1,349.51; Wallhausen/\$752.84; WCM/\$1,179.04)*

Comerica invoices were reviewed and discussed. Overall administrative charges were scrutinized for reasonableness. The Investment Consultant stated that he had reviewed the account charges and the Retirement Administrator stated that she had reviewed the administrative charges. There was extended discussion regarding how each investment was held and accounted for by Comerica.

### **FINANCIAL REPORT**

No report was provided by the City Accounting Department. The Board discussed the history of these reports and Legal Counsel stated that the Board should determine what value the reports contain, why they want them going forward, and that perhaps it should be a question for the auditors regarding best practices. The Investment Consultant added that the Asset/Manager Summary presented each month provides asset values as of the most recent available date. L. Susan Mannisto voiced her concerns about “reconciliation” of the trust statements and accounting for every entry (debit or credit) to ensure that all are accounted for. She would like an item added to “Other Matters” section of the agenda regarding trust statement reconciliation procedures and follow-up with the auditors.

### **INVESTMENT MATTERS**

*Small/Mid Cap Interview – Great Lakes Advisors, OFI Global*

The Board interviewed Great Lake Advisors and Mass Mutual (Oppenheimer) for Small / Mid Cap equities. The search was initiated to evaluate potential replacements for SouthernSun (due to poor performance). The managers reviewed firm structure, PM team, investment process, and performance. After the presentations, the Trustees selected Great Lakes (relatively unanimously). The Investment Consultant recommended the Board split the current SouthernSun allocation, transferring \$5.5MM to Great Lakes and retaining SouthernSun to manage the balance (~\$5.5MM). He also indicated that SouthernSun proposed reducing fees for this mandate.

Ed Gardella exited the meeting at 7:00 p.m..

Ed Gardella re-entered the meeting at 7:35 p.m.

#### **MOTION #S-19-013**

Motion by Mannisto, supported by Gardella, to retain the services of Great Lakes Advisors to manage a small cap mandate of \$5.5 million funded from SouthernSun, subject to legal review. Motion Carried Unanimously

### **APPLICATIONS FOR RETIREMENT**

*Review and approve Application for Retirement from D. Bostick as of February 22, 2019*

*Review and approve Application for Retirement from D. Jones as of March 9, 2019*

*Review and approve Application for Retirement from K. Rudolph as of March 16, 2019*

#### **MOTION #S-19-014**

Motion by Mannisto, supported by Gardella, to approve Application for Retirement from D. Bostick as of February 22, 2019; Application for Retirement from D. Jones as of March 9, 2019; Application for Retirement from K. Rudolph as of March 16, 2019. Motion Carried Unanimously

## **AUTHORIZATION OF BENEFITS**

*Review and approve commencement of benefits to C. Smith effective December 6, 2018*

*Review and approve commencement of benefits to W. Frost effective December 29, 2018*

*Review and approve commencement of benefits to K. Kapchonick effective January 29, 2019*

**MOTION #S-19-015** Motion by Mannisto, supported by Lightsey, to approve commencement of benefits to C. Smith effective December 6, 2018; W. Frost effective December 29, 2018; K. Kapchonick effective January 29, 2019. Motion Carried Unanimously

## **REFUND OF CONTRIBUTIONS**

*Review and approve refund of contributions to D. Vandenbosch*

### **MOTION #S-19-016**

Motion by Mannisto, supported by Gardella, to approve refund of contributions to D. Vandenbosch. Motion Carried Unanimously

## **INVESTMENT MATTERS**

### *Portfolio Review*

The Investment Consultant distributed updated market values and provided a brief update on the markets. He recommended shifting \$3 million from WAM to PIA to bring the Fund back into compliance with the IPS. He also reminded the Board that there are standing instructions to Comerica to cover all benefit payment shortages from PIA.

### **MOTION #S-19-017**

Motion by Hersh, supported by Miller, to approve the Investment Consultant's recommendation to transfer \$3 million from WAM to PIA. Motion Carried Unanimously

### *Investment Performance Report, Quarter Ending December 31, 2018*

Investment Performance Report, Quarter Ending December 31, 2018 was tabled until the March meeting.

### *Real Estate Search Book*

Real Estate Search was tabled until the March meeting.

### *SouthernSun: NFX/ECA*

The Investment Consultant informed the Board that SouthernSun had notified him that an acquisition may occur that results in the holding of a foreign company.

### **MOTION #S-19-018**

Motion by Mannisto, supported by Hersh, to allow SouthernSun to hold a Canadian stock in their portfolio. Motion Carried Unanimously

## **LEGAL MATTERS**

### *Signatory Resolution*

A draft resolution in which authorization was broken into categories of instruction was reviewed. Each category, including transfers of funds or trading instructions; disbursement of funds including payment of benefits, payment of invoices, expenses and disbursements and payment of capital calls; direction to investment managers, investment consultants or custodial bank; and execution of legal documents was discussed.

### **MOTION #S-19-019**

Motion by Hersh, supported by Mannisto, to approve the Authorized Signatories Resolution as presented and amended. Motion Carried Unanimously

### *Comerica Authorization List*

It was decided that authorized signers for Comerica should be the three Officers and the Retirement Administrator.

### **MOTION #S-19-020**

Motion by Mannisto, supported by Gardella, to approve Comerica authorized signers of Julius Maisano, Mark Jubas, Ed Gardella and Megan Battersby. Motion Carried Unanimously

### *Bylaws and Rules of Procedure*

Bylaws and Rules of Procedure were tabled until the March meeting.

### *Amendments to Investment Management Agreements*

Legal Counsel indicated that investment agreements previously executed by the City are being reviewed and amended. Currently, QMA, Champlain, Wallhausen and LSV are ready for signature.

### **MOTION #S-19-021**

Motion by Mannisto, supported by Gardella, to acknowledge that investment management agreements previously signed by the City need to be amended for signature by the Board and authorize that ongoing contract updates be signed as they are completed. Motion Carried Unanimously

## **FINANCIAL MATTERS**

*Review and approve payment of invoice from M. Battersby for Retirement Administration for the period January 1, 2019 – January 31, 2019 in the amount of \$2,500.00*

*Review and approve payment of invoice from Pacific Income Advisers for asset management fees for the period October 1, 2018 through December 31, 2018 in the amount of \$6,776.00*

*Review and approve payment of invoice from Comerica Bank Business card for credit card purchases for the period 01/05/19 – 02/05/19 in the amount of \$274.15*

*Review and approve payment of invoice from SouthernSun Asset Management for asset management fees For The Period Fourth Quarter 2018 in the amount of \$27,038.00*

There was more discussion regarding review of invoices. The Investment Consultant clarified that when he reviews an investment invoice he will review the invoice against the signed investment agreement for completeness and accuracy. Likewise, the Retirement Administrator clarified that she reviews all other invoices for completeness and accuracy.

**MOTION #S-19-022**

Motion by Gardella, supported by Hersh, to approve payment of invoices as follows: to M. Battersby for Retirement Administration for the period January 1, 2019 – January 31, 2019 in the amount of \$2,500.00; to Pacific Income Advisers for asset management fees for the period October 1, 2018 through December 31, 2018 in the amount of \$6,776.00; to Comerica Bank Business card for credit card purchases for the period 01/05/19 – 02/05/19 in the amount of \$274.15; to SouthernSun Asset Management for asset management fees For The Period Fourth Quarter 2018 in the amount of \$27,038.00. Motion Carried Unanimously

**MOTION #S-19-023**

Motion by Hersh, supported by Gardella, to approve the amendment of payment amount to Comerica Bank Business card for credit card purchases for the period 01/05/19 – 02/05/19 to \$236.07 as the previous balance was paid and the fees charged was waived. Motion Carried Unanimously

**OTHER MATTERS**

L. Susan Mannisto asked whether the letter to AndCo praising the services of Chris Kuhn had been sent yet and was informed that it had not.

*Administrator transition/limiting of former Administrator access: Lead/Mannisto, Timeframe/Jan 2019*

This item has been completed and can be removed from future agendas.

*Reconciliation of City services to SERS: Lead/Zorn, Timeframe/ASAP*

*Necessities for Board Members (product, process and intent):Lead/Hersh, Timeframe/TBD*

*Retirement Handbook: Lead/TBD, Timeframe/TBD*

*Separation of Personnel and Pension files: Lead/TBD, Timeframe/TBD*

*Review of all Policies and Procedures: Lead/VanOverbeke, Timeframe/TBD*

*Record Retention Policy Compliance: Lead/TBD, Timeframe/TBD*

*Pension Calculator: Lead/Maisano, Timeframe/TBD*

*Pension eligibility and calculation demonstration: Lead/Battersby, Timeframe/Q3 2019*

*Review of final pension calculations: Lead/Zorn, Timeframe/ASAP*

This item has been addressed and can be removed from future agendas.

**PUBLIC COMMENT**

There were no public comments.

Meeting adjourned at 8:58 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on March 19, 2019