

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

MINUTES

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

Board Members Absent: Mark Jubas

Others Present: Megan Battersby, Retirement Administrator/SERS; Chris Kuhn, Investment Consultant/AndCo; Michael VanOverbeke, Legal Counsel/VMT; Peggy Chapman/City Clerk's Office

The meeting was called to order at 5:55 p.m. by Julius Maisano, Chair

APPROVAL OF AGENDA

March 19, 2019 Regular Meeting Agenda

MOTION #S-19-024

Motion by Mannisto, supported by Lightsey, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, March 19, 2019.

Motion Carried Unanimously

APPROVAL OF MINUTES

January 15, 2019 Regular Meeting Minutes

MOTION #S-19-025

Motion by Mannisto, supported by Gardella, to approve Meeting Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, January 15, 2019.

Motion Carried Unanimously

February 19, 2019 Regular Meeting Minutes

L. Susan Mannisto asked for the following edits: 1) that the minutes indicate that Ed Gardella exited the meeting at 7:00 p.m. and re-entered the meeting at 7:35 p.m. 2) that reconciliation of trust statements be added to "Other Matters" on the agenda, and 3) that checking of calculations be added back to "Other Matters" on the agenda. Item 1 will be added; Item 2 was already reflected under "Financial Report" in the minutes and was added to March 19 Agenda, "Other Matters" so no action is necessary; Item 3 was already addressed under "Other Matters" in the minutes and removed based on the response of Fred Zorn in the January 22 minutes so no action is necessary.

MOTION #S-19-026

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

INFORMATIONAL ITEMS

Payment of invoice previously approved but not paid to VMT for Q4, 2015 in the amount of \$2,988
Payment of invoice previously approved but not paid to VMT for Q3/4, 2017 in the amount of \$3,042

Outstanding invoices were researched, verified and paid.

Final Authorized Signatories Resolution

A final, signed copy was provided for informational purposes.

FINANCIAL REPORT

For the period ending July 31, 2018

For the period ending August 31, 2018

For the period ending September 30, 2018

For the period ending October 31, 2018

For the period ending November 30, 2018

For the period ending December 31, 2018

For the period ending January 31, 2019

L. Susan Mannisto stated that the City prepares these reports because they have a vested interest in funding the Retirement System and stated that there is a need to review and reconcile trust statements and ask the City what reports are created and what their purpose is. She said that Trustees need to have a better understanding of what goes in and out of the Trust. Legal Counsel suggested that the City Fiscal Director come to a future meeting to address the Board and discuss what their responsibility is in the reconciliation process and what the purpose is of the financial reports. He also indicated that it is part of the responsibilities of the auditor to verify and reconcile trust statements. Julius Maisano stated that he would contact the Fiscal Director and request his presence at the April meeting.

MOTION #S-19-027

Motion by Lightsey, supported by Hersh, to receive and file seven monthly Financial Reports for the periods July 31, 2018 through January 31, 2019.

Motion Carried Unanimously

APPLICATIONS FOR RETIREMENT

Review and approve Application for Retirement from J. Rahn effective May 2, 2019

Review and approve Application for Retirement from J. Bald effective May 4, 2019

Review and approve Application for Retirement from D. Rice effective May 4, 2019

MOTION #S-19-028

Motion by Hersh, supported by Gardella, to approve Application for Retirement from J. Rahn effective May 2, 2019; Application for Retirement from J. Bald effective May 4, 2019; Application for Retirement from D. Rice effective May 4, 2019.

Motion Carried Unanimously

AUTHORIZATION OF BENEFITS

Review and approve commencement of benefits to D. Bostick effective February 22, 2019

L. Susan Mannisto again stated her concern that all data used in calculations be audited and verified. Discussion ensued about how that should be accomplished and who should be responsible. The Retirement Administrator stated that all final calculations are being checked with data verified. Ms. Mannisto stated that HR needs to sign-off that every piece of data that is being used is accurate and correct. Legal Counsel stated that these are just applications notifying the Board of a retirement.

MOTION #S-19-029

Motion by Mannisto, supported by Lightsey, to approve commencement of benefits to D. Bostick effective February 22, 2019.

Motion Carried Unanimously

REFUND OF CONTRIBUTIONS

Review and approve refund of contributions to N. Laquiere

Review and approve refund of contributions to C. Lyons

MOTION #S-19-030

Motion by Mannisto, supported by Gardella, to approve refund of contributions to N. Laquiere and C. Lyons.

Motion Carried Unanimously

INVESTMENT MATTERS

Portfolio Review

Investment Performance Report, Quarter Ending December 31, 2018

The Investment Consultant presented the 4Q Performance Report. He reviewed the letter from Mike Welker, President/CEO of AndCo, thanking the Board for the continued support, informing them of AndCo's reinvestment into the firm, and letting them know of the upcoming survey. He reviewed the capital markets during the 4th quarter, including the sharp drop in equities due to the continuing trade war with China, slowing global economy, and potential rate increases from the Fed. He reviewed the Fund's compliance pages, asset allocation vs. targets, quarterly financial reconciliation, and performance. The Fund was down 10.4% for the quarter and down 6.0% for the year.

MOTION #S-19-031

Motion by Mannisto, supported by Gardella, to receive and file Investment Performance Review, Period Ending December 31, 2018.

Motion Carried Unanimously

The Investment Consultant highlighted the mixed results from the active managers versus expectation during the difficult quarter. He distributed updated market values and noted the growth of the Fund and the under allocation to fixed income.

MOTION #S-19-032

Motion by Hersh, supported by Gardella, to receive and file Asset/Manager Summary – March 2019.

Motion Carried Unanimously

Real Estate Search Book

The Investment Consultant presented Core Plus and Value Added Real Estate searches. Core Plus included American, Brookfield, JP Morgan, PGIM, and Principal. Value Added included Equus, Invesco, PCCP, and TerraCap. The Board elected to invite two managers from each search to present to the Board. The Value Added managers will present at a special meeting to be held on Thursday, March 28, at 5:45 p.m. and the other two managers will present at the regularly scheduled April meeting.

MOTION #S-19-033

Motion by Mannisto, supported by Lightsey, to receive and file two search reports, Open-end, Core Plus and Value-add Real Estate Manager Analysis, June 30, 2018 and Value-add and Opportunistic Real Estate Commit Pacing and Manager Analysis, September 30, 2018.

Motion Carried Unanimously

LEGAL MATTERS

Bylaws and Rules of Procedure

Legal Counsel explained that, like a corporate body, the Retirement System Board needs a document that governs its actions. He distributed a draft Bylaws and Rules of Procedure for review and suggested that the title be changed to Governance Policies and Procedures with Rules of Procedure. He stated that he views governance policies as falling under three areas: Board Governance, Benefits Administration and Investment of Plan Assets. The entire document was reviewed and discussed with the intention of establishing a working framework. All edits will be incorporated into a revised draft for presentation at the next meeting.

Chris Kuhn exited the meeting.

Election of Active Member

The election process was initiated and there was only one SERS member to declare his candidacy. Therefore, that member is declared the elected member to the Board and the remaining election procedures are waived.

MOTION #S-19-034

Motion by Hersh, supported by Mannisto, to adopt Certification of Election of Active Member of the Southfield Employee Retirement System as follows:

**CERTIFICATION OF ELECTION
OF ACTIVE MEMBER OF THE
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM BOARD**

WHEREAS, the Southfield Employee Retirement System ordinance specifies the composition and term of office of the Board; and

WHEREAS, the Southfield Employee Retirement System ordinance authorizes the Board to establish Election Procedures for those Board Members who are elected by the membership; and

WHEREAS, the Southfield Employee Retirement System Board adopted Election Procedures to fill the vacant Active Employee Member seat on the Board; and

WHEREAS, only Edward Gardella, submitted a Candidate Declaration Form to fill the Active Member seat for the period ending March 31, 2019 to March 31, 2023, which was vacant due to expiration of his former term; and

WHEREAS, according to established Election Procedures, when only one eligible Active Member submits a Candidate Declaration Form, such member shall be declared the elected member to the Board, and the remaining election procedures will be waived.

NOW, BE IT RESOLVED THAT, Edward Gardella is hereby declared the elected Retiree Member on the Board of the Southfield Employee Retirement System, to serve for the period March 31, 2019 through March 31, 2023.

Motion Carried Unanimously

Election of Retiree Member

The election process was initiated and there was only one retired employee member to declare his candidacy. Therefore, that member is declared the elected member to the Board and the remaining election procedures are waived.

MOTION #S-19-035

Motion by Mannisto, supported by Gardella, to adopt Certification of Election of Retiree Member of the Southfield Employee Retirement System as follows:

**CERTIFICATION OF ELECTION
OF RETIREE MEMBER OF THE
SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM**

WHEREAS, the Southfield Employee Retirement System ordinance specifies the composition and term of office of the Board, and

WHEREAS, the Southfield Employee Retirement System ordinance authorizes the Board to establish Election Procedures for those Board Members who are elected by the membership, and

WHEREAS, the Southfield Employee Retirement System Board adopted Election Procedures to fill the vacant Retiree Member seat on the Board, and

WHEREAS, only David Hersh, submitted a Candidate Declaration Form to fill the Retiree Member seat for the period ending March 31, 2019 to March 31, 2021, which was vacant due to expiration of his former term; and

WHEREAS, according to established Election Procedures, when only one eligible Retiree Member submits a Candidate Declaration Form, such member shall be declared the elected member to the Board, and the remaining election procedures will be waived.

NOW, BE IT RESOLVED THAT, David Hersh is hereby declared the elected Retiree Member on the Board of the Southfield Employee Retirement System, to serve for the period March 31, 2019 through March 31, 2021.

Motion Carried Unanimously

FINANCIAL MATTERS

Review and approve payment of invoice from M. Battersby for Retirement Administration for the period February 2019 in the amount of \$2,500.00

Review and approve payment of invoice from Comerica Bank Business card for credit card purchases for the period 02/06/19 – 03/06/19 in the amount of \$3,555.20

Review and approve payment of petty cash request from Lauri Siskind for miscellaneous expenses dated 06/12/2017 in the amount of \$31.45

Expense report from E. Gardella for MAPERS One Day Seminar on March 1, 2019

Expense report from J. Maisano for MAPERS One Day Seminar on March 1, 2019

Expense report from S. Lightsey for MAPERS One Day Seminar on March 1, 2019

MOTION #S-19-036

Motion by Mannisto, supported by Hersh, to approve payments as follows: Invoice from M. Battersby for Retirement Administration for the period February 2019 in the amount of \$2,500.00; Statement from Comerica Bank Business card for credit card purchases for the period 02/06/19 – 03/06/19 in the amount of \$3,555.20; Petty cash reimbursement from Lauri Siskind for miscellaneous expenses dated 06/12/2017 in the amount of \$31.45;

Expense reimbursement from E. Gardella for MAPERS One Day Seminar on March 1, 2019; Expense reimbursement from J. Maisano for MAPERS One Day Seminar on March 1, 2019; Expense reimbursement from S. Lightsey for MAPERS One Day Seminar on March 1, 2019.

Motion Carried Unanimously

OTHER MATTERS

1. *Reconciliation of City Services to SERS: Lead/Zorn, Timeframe/ASAP*
2. *Necessities for Board Members (product, process and intent):Lead/Hersh, Timeframe/TBD*
3. *Retirement Handbook: Lead/TBD, Timeframe/TBD*
4. *Separation of Personnel and Pension Files: Lead/TBD, Timeframe/TBD*
5. *Review of all Policies and Procedures: Lead/VanOverbeke, Timeframe/TBD*
6. *Record Retention Policy Compliance: Lead/TBD, Timeframe/TBD*
7. *Pension Calculator: Lead/Maisano, Timeframe/TBD*
8. *Pension Eligibility and Calculation Demonstration: Lead/Battersby, Timeframe/Q3 2019*
9. *Trust Statement Reconciliation Responsibility and Procedure: Lead/TBD, Timeframe/TBD*

L. Susan Mannisto asked about updated investment contracts and which were still outstanding. Legal Counsel responded that only two are outstanding: Comerica and WAM.

Julius Maisano stated that he spoke with HR regarding Retirement Handbook and he is hopeful that they will start working on an update soon. He also indicated that he received a revised Pension Calculator from Tech Services but there are still bugs to work out.

Business cards were discussed and whether new cards should be ordered for all Board members and the Retirement Administrator.

PUBLIC COMMENT

Peggy Chapman from the Clerk's Office asked when minutes and agendas are being posted to the website. The Retirement Administrator indicated that minutes are posted the day after approval, a Tentative Agenda is posted on the Thursday before a meeting and the final Agenda is posted on the Tuesday morning of a meeting. She also stated that she had been advised by the Clerk's Office to no longer send approved minutes to them but rather post them to the website and provide a copy to HR for posting to the intranet. Ms. Chapman said that she would follow-up as to whether that was the correct procedure.

Meeting adjourned at 8:45 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on April 16, 2019