

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM
REGULAR MEETING – TUESDAY – APRIL 16, 2019
P&R Room 112 – 5:45 p.m.**

MINUTES

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

Board Members Absent:

Others Present: Megan Battersby, Retirement Administrator/SERS; Chris Kuhn, Investment Consultant/AndCo; Michael VanOverbeke, Legal Counsel/VMT; Peggy Chapman/City Clerk's Office; Austen Michaels and Hanan Azzou/City Financial Services Department

The meeting was called to order at 5:46 p.m. by Julius Maisano, Chair

APPROVAL OF AGENDA

MOTION #S-19-040

Motion by Jubas, supported by Gardella, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, April 16, 2019. Motion Carried Unanimously

APPROVAL OF MINUTES

March 19, 2019 Regular Meeting Minutes

March 28, 2019 Special Meeting Minutes

MOTION #S-19-041

Motion by Mannisto, supported by Jubas, to approve Meeting Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, March 19, 2019 and Meeting Minutes, Southfield Employee Retirement System, Special Meeting, Thursday, March 28, 2019. Motion Carried Unanimously

Austen Michaels and Hanan Azzou from the City's Fiscal Services Department were present at the request of the Board. The agenda was modified so that they wouldn't have to wait until near the end of the meeting to be addressed.

MOTION #S-19-042

Motion by Gardella, supported by Jubas, to move Agenda item VIII.1., Discussion with City Fiscal Services Dept. regarding trust statements review/reconciliation process, to follow Approval of Minutes. Motion Carried Unanimously

UNFINISHED BUSINESS

Discussion ensued to gain a better understanding of the extent of the Fiscal Services Department's trust statement review and reconciliation process. Sue Mannisto asked whether approved invoices were reconciled after they were processed and paid and Mr. Michaels replied that his department doesn't actually do any reconciliation but rather categorizes expenses. Level of detail being reported by Comerica was discussed. The Retirement Administrator was asked to verify with Comerica who has access to online trust statements and request that greater detail be included in line-item reporting. There was discussion about the history of why financial accounting reports are being prepared monthly for the Board and whether the reports are useful to the Board.

CONSENT AGENDA

Informational Items

There were no informational items for the Board.

Financial Accounting Reports

There were no financial accounting reports for the Board.

Applications for Retirement

MOTION #S-19-043

Motion by Mannisto, supported by Jubas, to approve Applications for Retirement from R. Gardella (05/18/2019) and J. Sherrill (05/25/2019). Motion Carried Unanimously, Gardella Abstained

Authorization of Benefits

MOTION #S-19-044

Motion by Mannisto, supported by Lightsey, to approve commencement of benefits to K. Rudolph (03/16/2019). Motion Carried Unanimously

Refund of Contributions

MOTION #S-19-045

Motion by Gardella, supported by Jubas, to approve refund of contributions to A. Grandison. Motion Carried Unanimously

Approval of Bills and Expenses

MOTION #S-19-046

Motion by Gardella, supported by Jubas, to approve payments as follows: Invoice from M. Battersby for Retirement Administration for the period March 2019 in the amount of \$2,500.00; Invoice from Comerica Bank Business card for credit card purchases for the period 03/06/19 – 04/06/19 in the amount of \$182.59; Invoice from AndCo for consulting services and performance evaluation billed quarterly for the period January, 2019 – March, 2019 in the amount of \$16,250.00; Invoice from GRS for Rahn EDRO calculation in the amount of \$825.00; Invoice from Walhausen & Co. for asset management fees for the period January 1, 2019 – March 31, 2019 in the amount of \$13,365.40; Invoice from VanOverbeke Michaud & Timmony for legal services rendered for the period October 1, 2018 through December 31, 2018 in the amount of \$5,130.00; Invoice from Champlain Investment Partners for asset management fees for the period 1st Quarter 2019 in the

amount of \$18,855.73; Invoice from LSV Asset Management for asset management fees for the period January 01 to March 31, 2019 in the amount of \$17,029.00; Invoice from SouthernSun for asset management fees for the period First Quarter 2019 in the amount of \$21,061.00. Motion Carried Unanimously

PUBLIC COMMENT

There were no public comments.

INVESTMENT CONSULTANT REPORT

Portfolio Review

Asset/Manager Summary – April 2019

The Investment Consultant presented the March Capital Market Update and current market values. He reviewed the markets during the month and for the quarter, highlighting the strong gains from the equity markets. He also distributed the Fed Fund History handout and discussed the relatively flat yield curve and growing concerns about a possible recession in the near future.

MOTION #S-19-047

Motion by Hersh, supported by Gardella, to receive and file Investment Consultant Report.
Motion Carried Unanimously

LEGAL REPORT

TerraCap Legal Opinion

Legal Counsel presented a legal opinion regarding the pending investment in TerraCap. He explained that a legal opinion is usually rendered to address how the investment will comply with Act 314 when the investment is not standard. This investment will be categorized under the real estate section of the act and all documents have been reviewed.

MOTION #S-19-048

Motion by Jubas, supported by Mannisto, to receive and file legal opinion Re: TerraCap Partners IV (Institutional) LP Compliance with Public Act 314 of 1965, as amended, dated April 12, 2019. Motion Carried Unanimously

Revised Draft Governance Policies and Procedures (Bylaws)

Legal Counsel indicated that he is in the process of incorporating various components into the document which should be completed by next meeting. He addressed the revised agenda format and indicated that it is simply a recommendation. It should be used to help determine what works best for the Board. The agenda is a roadmap for the meeting and the Board needs to determine what format they prefer. He explained that the consent agenda should include routine items that don't require detailed discussion. Unfinished business is business to come before the Board for action. Pending matters are not action items and he recommended that the Board consider attending to them via a separate list that is not part of the agenda. Sue Mannisto took exception to these comments and indicated that she wanted pending matters/projects shown under the unfinished business section each month until they were fully addressed and resolved. No action was taken.

MOTION #S-19-049

Motion by Gardella, supported by Jubas, to receive and file Legal Report. Motion Carried Unanimously

RETIREMENT ADMINISTRATOR REPORT**Business cards**

The Retirement Administrator indicated that business cards, without the official City seal, can be purchased through the City. There was discussion regarding what information should be standard on all cards.

MOTION #S-19-050

Motion by Mannisto, supported by Jubas, to approve the purchase of business cards for all Trustees and the Retirement Administrator and allow that they contain specific individual information as each deems appropriate. Motion Carried Unanimously

NEW BUSINESS

There was no new business to come before the Board.

TRUSTEE COMMENT/OPEN FORUM

Items on the Pending Matters/Projects list were discussed as follows:

1. Reconciliation of City Services to SERS: Lead/Zorn, Timeframe/ASAP
Ed Gardella will contact Fred Zorn regarding this item.
2. Necessities for Board Members (product, process and intent):Lead/Hersh, Timeframe/TBD
Dave Hersh is working on pulling documents together in a Trustee handbook. Ed Gardella will contact Fred Zorn regarding the status of the development of a universal site to house a trustee handbook.
3. Retirement Handbook: Lead/Maisano, Timeframe/TBD
Julius Maisano will contact HR to determine the status.
4. Separation of Personnel and Pension Files: Lead/TBD, Timeframe/TBD
Shirley Lightsey would like the HR Director to attend future meetings and address the status of separation of personnel and pension files; Julius Maisano indicated that he would extend an invitation to him to attend the next meeting in May.
5. Review of all Policies and Procedures: Lead/VanOverbeke, Timeframe/TBD
Legal Counsel indicated that review of policies and procedures is ongoing and he is not aware of any specific outstanding issues.
6. Record Retention Policy Compliance: Lead/TBD, Timeframe/TBD
Legal Counsel indicated that Record retention policy compliance is something that can be addressed in the future as time permits.
7. Pension Calculator: Lead/Maisano, Timeframe/Q3 2019
Julius Maisano believes that a working version of the pension calculator is close and suggested a timeframe of Q3, 2019.
8. Pension Eligibility and Calculation Demonstration: Lead/Battersby, Timeframe/Q3 2019
Demonstration of a pension calculation for the Board is still targeted for Q3 2019.

9. Trust Statement Reconciliation Responsibility and Procedure: Lead/TBD, Timeframe/TBD
This item was discussed under Unfinished Business.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 8:40 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on May 14, 2019