

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM
REGULAR MEETING – TUESDAY – June 18, 2019
P&R Room 112 – 5:45 p.m.**

MINUTES

Board Members Present: Julius Maisano, Chair; Ed Gardella; David Hersh; Shirley Lightsey;
L. Susan Mannisto; Donna Sanders

Board Members Absent: Mark Jubas, Ron Miller

Others Present: Megan Battersby, Retirement Administrator/SERS; Chris Kuhn,
Investment Consultant/AndCo; Michael VanOverbeke, Legal
Counsel/VMT

The meeting was called to order at 5:45 p.m. by Julius Maisano, Chair

APPROVAL OF AGENDA

MOTION #S-19-061

Motion by Mannisto, supported by Gardella, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, June 18, 2019, with movement of Investment Consultant Report to after Approval of Minutes. Motion Carried Unanimously

APPROVAL OF MINUTES

1. May 14, 2019 Regular Meeting Minutes

MOTION #S-19-062

Motion by Hersh, supported by Gardella, to approve Meeting Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, May 14, 2019. Motion Carried Unanimously

INVESTMENT CONSULTANT REPORT

1. Market Update
2. Asset/Manager Summary

The Investment Consultant distributed the May Capital Market Summary and updated market values; he reviewed the poor equity market performance in May and the rebound in June associated with changes in investor's expectations from the Federal Reserve next policy move. All allocations were near targets and no action was recommended.

The Investment Consultant also provided a review of Bloomfield II, a direct lending fund in the Retirement System's portfolio. The fund is currently in the wind down stage and will be returning capital to the Retirement System in the coming quarters. The manager has foreclosed on one

property in their portfolio and is actively managing the asset to maximize the value for investors in the fund. Bloomfield indicated that this investment may take longer to monetize due to some complexities associated with the property and other collateral associated with this loan. Overall the fund has performed well.

The Board discussed providing Comerica with standing instructions to sweep all cash in the Line Item account to the Cash account going forward.

MOTION #S-19-063

Motion by Hersh, supported by Mannisto, to approve the recommendation of the Investment Consultant to direct the Custodian to automatically sweep cash from the Line Item Account to the Cash Account at the end of each month. Motion Carried Unanimously

MOTION #S-19-064

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

Chris Kuhn exited the meeting at 6:30 p.m.

CONSENT AGENDA

A. Informational Items

1. The Seminole Companies Information Sheets

B. Reports, Financial Accounting and Cash Account

1. None

C. Applications for Retirement

1. None

D. Authorization of Benefits

1. J. Rahn, 05/02/2019
2. J. Bald, 05/04/2019
3. D. Rice, 05/04/2019
4. R. Gardella, 05/18/2019
5. J. Sherrill, 05/25/2019
6. L. Kiernicki, 06/01/2019, surviving spouse of S. Kiernicki (DOD 05/16/2019)
7. J. Wardell, beneficiary of S. Sandeen (DOD 04/28/2019)
8. M. Wardell, beneficiary of S. Sandeen (DOD 04/28/2019)

E. Refund of Contributions

1. None

F. Approval of Bills and Expenses

1. Invoice from M. Battersby for Retirement Administration for the period May 2019 in the amount of \$2,500.00

2. Invoice from Comerica Bank Business card for credit card purchases for the period 05/07/19 – 06/05/19 in the amount of \$2,121.81
3. Invoice from WCM Investment Management for asset management fees for the period 10/01/2018 to 12/31/2018 in the amount of \$16,523.24
4. Expense report from E. Gardella for 2019 MAPERS Spring Conference
5. Expense report from D. Hersh for 2019 MAPERS Spring Conference
6. Expense report from M. Jubas for 2019 MAPERS Spring Conference
7. Expense report from J. Maisano for 2019 MAPERS Spring Conference
8. Expense report from L. Susan Mannisto for 2019 MAPERS Spring Conference
9. Expense report from R. Miller for 2019 MAPERS Spring Conference
10. Expense report from D. Sanders for 2019 MAPERS Spring Conference
11. Invoice from AndCo for consulting services and performance evaluation for Q2, 2019 in the amount of \$17,500.00

There was discussion regarding expense reports. The Retirement Administrator was instructed that no expense report should be submitted, paid or put on the agenda for approval without signature. L. Susan Mannisto stated that historically RHC has paid for one Trustee (usually Maisano) and the SERS Board had not made any decision to change that practice. Both the Retirement Administrator and the Board Chair were asked to follow up with the RHC Administrator and RHC Board Chair.

MOTION #S-19-065

Motion by Hersh, supported by Sanders, to approve the Consent Agenda as presented.
Motion Carried Unanimously

PUBLIC COMMENT

No comments were made.

LEGAL REPORT

1. Final Board Governance Policies & Procedures
2. PCCP Equity VII, LP Legal Opinion

Legal Counsel reviewed a legal opinion prepared by his office regarding PCCP and compliance with P.A. 314. It summarized background information on the investment and, among other things, noted that the investment was qualified under P.A. 314 and subject to a 20% investment limit.

MOTION #S-19-066

Motion by Hersh, supported by Gardella, to acknowledge receipt of legal opinion Re: PCCP Equity VIII, LP Compliance with Public Act 314 of 1965, as amended, dated May 21, 2019. Motion Carried Unanimously

Legal Counsel distributed a copy of MAPERS 2019 Spring Conference Recent Legal Issues and Decisions which contained brief summaries of recent legal decisions of interest to Michigan public retirement plans. He also distributed a Michigan Case Update Memorandum Re: Kendzierski, et. al. v. Macomb County. In this case, after back and forth through lower courts, the Michigan

Supreme Court ruled that there was no lifetime promise of health care benefits. This decision is noteworthy in that it is one of the first departures from the Tackett decision.

Legal Counsel distributed a final draft of Board Governance Policies & Procedures. Several items and corresponding minor changes were discussed and will be incorporated into the final document.

MOTION #S-19-067

Motion by Mannisto, supported by Gardella, to approve Board Governance Policies & Procedures and Rules of Procedure final copy dated June 16, 2019 with changes as discussed. Motion Carried Unanimously

RETIREMENT ADMINISTRATOR REPORT

1. GRS Proposed Services and Actuarial Fee letter
2. June 30, 2019 actuarial valuation

The Retirement Administrator reported that she received the 2019 fee letter from GRS dated June 17, 2019. The item was tabled until next month while she locates the fee letter from last year for comparison. She also indicated that she has received the June 30, 2019 valuation data request. L. Susan Mannisto recommended that the Retirement Administrator set up a meeting with HR to discuss their role in providing data updates for active employees. She also recommended that Julius Maisano, as Chair, be included in the meeting so that he could ensure that HR is aware of their responsibilities in the process.

MOTION #S-19-068

Motion by Gardella, supported by Hersh, to receive and file Retirement Administrator Report. Motion Carried Unanimously

UNFINISHED BUSINESS/PENDING MATTERS

1. Reconciliation of City Services to SERS: Lead/Zorn, Timeframe/ASAP
Julius Maisano indicated that the City Administrator and Fiscal Services Director still need to discuss this item.
2. Trustee Handbook: Lead/Hersh, Timeframe/TBD
Dave Hersh indicated that he will soon have all documents that he is aware of except employee contracts. He will put the final format up for discussion next month.
3. Retirement Handbook: Lead/Maisano, Timeframe/TBD
No comments.
4. Pension Calculator: Lead/Maisano, Timeframe/Q3 2019
No comments.
5. Pension Eligibility and Calculation Demonstration: Lead/Battersby, Timeframe/Q3 2019
No comments.
6. Trust Statement Reconciliation Responsibility and Procedure: Lead/TBD, Timeframe/TBD
L. Susan Mannisto distributed a spreadsheet draft, Pension Plan Trust Reconciliation, that she and Donna Sanders had compiled for January – April 2019. She would like to discuss whether it should be maintained and by whom next month.

L. Susan Mannisto would like an item #7 added regarding the periodic review of plan consultants and advisors including: Legal Counsel, Investment Consultant, Custodial Bank, Actuary, and Medical Director.

NEW BUSINESS

1. NCPERS Pension Fund Membership Information

MOTION #S-19-069

Motion by Lightsey, supported by Mannisto, to approve membership in NCPERS, National Conference on Public Employee Retirement Systems, at an annual cost of \$250.00. Motion Carried Unanimously

TRUSTEE COMMENT/OPEN FORUM

No comments were made.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 7:35 p.m.

MOTION #S-19-070

Motion by Hersh, supported by Mannisto, to adjourn the meeting. Motion Carried Unanimously

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on July 16, 2019