

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

MINUTES

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

Board Members Absent:

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

The meeting was called to order at 6:06 p.m. by Julius Maisano, Chair

APPROVAL OF AGENDA

MOTION #S-19-071

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

APPROVAL OF MINUTES

1. June 18, 2019 Regular Meeting Minutes

MOTION #S-19-072

Motion by Jubas, supported by Gardella, to approve Meeting Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, June 18, 2019. Motion Carried Unanimously

CONSENT AGENDA

A. Informational Items

1. None

B. Reports, Financial Accounting and Cash Account

1. None

C. Applications for Retirement

1. None

D. Authorization of Benefits

1. None

E. Refund of Contributions

1. None

F. Approval of Bills and Expenses

1. Invoice from M. Battersby for Retirement Administration for the period June 2019 in the amount of \$2,500.00
2. Invoice from Comerica Bank Business card for credit card purchases for the period 06/06/19 – 07/05/19 in the amount of \$447.07
3. Invoice from VanOverbeke, Michaud & Timmony, P.C. for legal services rendered for the period January 1, 2019 through March 31, 2019 in the amount of \$9,576.00
4. Invoice from Walthausen & Co. for asset management fees for the period April 1, 2019 – June 30, 2019 in the amount of \$14,045.15
5. Invoice from SouthernSun Asset Management for asset management fees for the period Second Quarter 2019 in the amount of \$17,298.00
6. Invoice Champlain Investment Partners for asset management fees for the period 2nd Quarter 2019 in the amount of \$16,215.33

L. Susan Mannisto asked Investment Consultant how many investment manager invoices were still outstanding for second quarter 2019. Investment Consultant responded about half. She then questioned how line item funds that billed and were paid directly from their funds were checked for accuracy. Investment Consultant responded that the auditor reviews those charges annually.

MOTION #S-19-073

Motion by Gardella, supported by Jubas, to approve Consent Agenda as presented. Motion Carried Unanimously

PUBLIC COMMENT

No comments were made.

INVESTMENT CONSULTANT REPORT

1. Market Update
2. Asset/Manager Summary
3. Matters deemed pertinent

Investment Consultant distributed the June Capital Market Summary and updated market values; he reviewed the strong results from the equity and fixed income market during the month, due in part to the expectation of a rate cut from the Federal Reserve at the end of July. He reviewed the current economic conditions and the Fed's reaction to the financial markets as well as economic indicators. He noted that all allocations were near targets and no action was recommended.

MOTION #S-19-074

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

LEGAL REPORT

1. Matters deemed pertinent

Legal Counsel did not have any formal comments. He stated that, with reference to verification of annual asset management fees, the Summary Annual Report or Service Provider Disclosures were good sources. Retirement Administrator was asked to research whether there was a Service Provider Disclosures Policy.

MOTION #S-19-075

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

RETIREMENT ADMINISTRATOR REPORT

1. GRS Proposed Services and Actuarial Fee letter
2. NCPERS membership update
3. Comerica cash sweep fee adjustment
4. Early release of bank statements
5. Matters deemed pertinent

The actuarial fee letter from GRS was presented with a comparison to 2018 fees. L. Susan Mannisto stated that she thinks the fee increase should be challenged and GRS should be asked what the Retirement System or GRS could do to create greater efficiencies to lower costs. There was discussion as to whether an RFP should be issued for actuarial services. Legal Counsel and Investment Consultant will work together to compile a comparison of fees paid by similar size clients and report back to the Board.

Retirement Administrator informed the Board that, with the concurrence of the Chair, she has not yet submitted the NCPERS membership request because the organization does not pro-rate annual dues. She was advised that if membership was applied for after 2020 renewals were sent out in October that membership could be immediately processed at the annual rate with no additional cost for the remainder of 2019.

Retirement Administrator provided background regarding the Comerica Cash Sweep Fee Adjustment – Comerica STIF letter. Letter was originally dated December 28, 2017 and sent to prior Retirement Administrator but was never signed and returned. 25 basis points fee was to be effective February 1, 2018 but did not occur. The Board wants a new letter with a current effective date (i.e. not retroactive to February 1, 2018) and directed Investment Consultant to follow up with Comerica for greater clarity.

The Board discussed the early release of fiscal year-end bank statements as requested by (Southfield) Fiscal Services. Comerica has indicated that early release of statements, as directed by prior Retirement Administrator last year, only applied to monthly statements and that they will need a new directive applicable to early release of year-end statements. They stressed that once statements are released, no adjustments can be made. Retirement Administrator contacted Actuary and they indicated that they do not need financial reports until mid-August. Investment Consultant indicated that while early release was implemented to improve efficiencies in monthly reporting,

early release of year-end statements would create an issue. Comerica has indicated that, as of Monday, nine fund manager statements were still outstanding.

MOTION #S-19-076

Motion by Jubas, supported by Mannisto, to direct Investment Consultant to contact the managers who have outstanding statements regarding expected timing so that he can gauge when Custodian can be instructed to release fiscal year-end statements and direct Retirement Administrator to authorize Custodian to release the statements based on the recommendation of Investment Consultant, to obtain the most accurate values as possible while still honoring Fiscal Services request. Motion Carried Unanimously

Retirement Administrator reported to Board that she contacted the RHC Administrator and the RHC Board President regarding the RHC System paying for the 2019 MAPERS Spring Conference expenses for one SERS Board Trustee who also serves on the RHC Board. RHC Administrator indicated that it wouldn't occur and RHC President stated that each System should pay for the expenses of their respective members. Julius Maisano also stated that he conferred with RHC President and that it didn't make sense for an underfunded RHC System to absorb additional expenses. The Board discussed this logic and the history of how this past practice developed.

L. Susan Mannisto raised the question of whether the Board would authorize attendance and cover expenses for the one-day annual meeting of the regional institutional investor community of which City Treasurer informed them.

MOTION #S-19-077

Motion by Gardella, supported by Jubas, to approve attendance of all SERS Trustees and staff at the Markets Group Michigan Institutional Forum in East Lansing, MI on October 10, 2019. Motion Carried Unanimously

MOTION #S-19-078

Motion by Gardella, supported by Lightsey, 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 this item is still unresolved pending discussion between City Administrator and Fiscal Services Director.
2. Trustee Handbook: Lead/Hersh, Timeframe/TBD
Dave Hersh indicated that he has obtained copies of the latest collective bargaining contracts and now has complete materials. The next step is to get Legal Counsel input on how the information should be organized. As there is still no common City site available, there was discussion regarding how information should be distributed.
3. Retirement Handbook: Lead/Maisano, Timeframe/TBD
No current update; item is still being discussed with Human Resources Department.
4. Pension Calculator: Lead/Maisano, Timeframe/Q3 2019
No updates. Q3 2019 is still being targeted.

5. Pension Eligibility and Calculation Demonstration: Lead/Battersby, Timeframe/Q3 2019
This is still on target for Q3 2019.
6. Trust Statement Reconciliation Responsibility and Procedure: Lead/TBD, Timeframe/TBD
An update will be provided next month.
7. Periodic review of Plan Consultants and Advisors: Lead/TBD, Timeframe/TBD
There was discussion about obtaining the most recent contracts for service providers.

NEW BUSINESS

1. None

TRUSTEE COMMENT/OPEN FORUM

No comments were made.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 7:30 p.m.

MOTION #S-19-079

Motion by Miller, supported by Gardella, to adjourn the meeting. Motion Carried Unanimously

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on August 13, 2019