

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM  
REGULAR MEETING – TUESDAY – SEPTEMBER 10, 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; Michael VanOverbeke, Legal Counsel/VMT

The meeting was called to order at 5:52 p.m. by Julius Maisano, Chair

**APPROVAL OF AGENDA**

**MOTION #S-19-086**

Motion by Jubas, supported by Lightsey, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, September 10, 2019. Motion Carried Unanimously

**APPROVAL OF MINUTES**

1. August 13, 2019 Regular Meeting Minutes

**MOTION #S-19-087**

Motion by Lightsey, supported by Jubas, to approve Meeting Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, August 13, 2019. Motion Carried Unanimously

**CONSENT AGENDA**

- A. Informational Items
  1. Comerica (Memo) Invoices
- B. Reports, Financial Accounting and Cash Account
  1. None
- C. Applications for Retirement
  1. J. Ballhorn (09/01/19)
  2. T. Donnelly (10/19/19)
- D. Authorization of Benefits
  1. J. Ballhorn

E. Refund of Contributions

1. T. Quinones
2. J. Rhodes
3. K. Rothley
4. A. Sturdivant
5. T. Williams

F. Approval of Bills and Expenses

1. Invoice from M. Battersby for Retirement Administration for the period August 2019 in the amount of \$2,500.00
2. Invoice from Comerica Bank Business card for credit card purchases for the period 08/05/19 – 09/05/19 in the amount of \$128.78
3. Invoice from Great Lake Advisors for asset management fees for the period 4/1/2019 through 6/30/19 in the amount of \$7,116.36

**MOTION #S-19-088**

Motion by Hersh, supported by Gardella, 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. Investment Performance Report as of June 30, 2019
4. Matters deemed pertinent

Investment Consultant was not in attendance but provided the following comments to the Board:

Regarding the June 30, 2019 Investment Performance Report, he asked the Trustees to note the Executive Summary on page 11. Additional observations were as follows:

- The Fund's relative performance over the past year has been hindered by the small/mid cap and international weightings, as these segments of the equity market have not performed as well as large caps. Interestingly, large caps face the strongest headwinds from the trade war, but have performed best in the two sell offs (4Q 2018 and May 2019). No change is recommended based on this short-term performance period, but he will continue to monitor.
- QMA has struggled over the past year as have many quantitative managers. He believes this is cyclical and the manager will revert to better performance in coming quarters.

- SouthernSun out performed during the quarter. He will continue to closely monitor this manager.
- WCM continues to perform well – growth bias. LSV has struggled – value bias. The two managers complement one another very well and both out performed over the longer-term.
- Templeton under-performed due to declining rates globally; the manager was positioned for rising rates. He spoke with them recently and they have relented on this position, taking a more balanced approach to the direction of rates in the future.
- Both hedge fund manager performed well during the quarter.

Regarding Market Value Summary, he included updated market values and would like to rebalance the Fund. All necessary correspondence to enact these changes will be drafted once approved by the Board.

**MOTION #S-19-089**

Motion by Jubas, supported by Gardella, to receive and file Investment Consultant Report and to rebalance funds per direction of Investment Consultant as follows: Transfer \$1MM to Cash from WAM; Transfer \$500k to Cash from Champlain; Transfer \$1MM to PIA from WCM; Transfer \$1MM to PIA from AEW. Motion Carried Unanimously

**LEGAL REPORT**

1. Matters deemed pertinent

Legal Counsel did not have any formal comments. He discussed a memo MAPERS sent out on behalf of his office regarding a recent attempt to fraudulently transfer retirement system assets. His office is currently drafting a policy and procedures regarding security procedures.

**MOTION #S-19-090**

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

**RETIREMENT ADMINISTRATOR REPORT**

1. Matters deemed pertinent

Retirement Administrator did not have any formal comments.

**UNFINISHED BUSINESS/PENDING MATTERS**

1. Invoice from City of Southfield: Reimbursement for pension administrator salary and Reimbursement for health care costs  
The Board discussed the invoice received from the City. They questioned what the original language was in the agreement to cover administrator costs and whether fringe benefits were included in addition to salary. Dave Hersh provided detail of a February 17, 2004 motion to authorize reimbursement to the City for 25% of Lauri Siskind’s compensation, effective July 1, 2003. Legal Counsel mentioned statute of limitations, payment to parties

in interest and the fact that the City never billed the Retirement System as things to consider. There was confusion in understanding the health care costs being billed. After much discussion, Legal Counsel concluded that there were two separate charges: one for administrator salary and one for residual payments due the City for payment of retiree health care insurance premiums made on behalf of the SERS retirees.

**MOTION #S-19-091**

Motion by Jubas, supported by Gardella, to acknowledge receipt of the invoice and billing statement from the City for: Reimbursement for pension administrator salary and for Reimbursement for health care costs, and direct Retirement Administrator to request additional detail supporting the numbers. Motion Carried Unanimously

2. Trustee Handbook: Lead/Hersh, Timeframe/TBD  
Dave Hersh passed information to Legal Counsel to categorize and transfer to external hard drives.
3. Retirement Handbook: Lead/Maisano, Timeframe/TBD  
No update/discussion.
4. Pension Calculator: Lead/Maisano, Timeframe/Q3 2019  
No updates/discussion.
5. Pension Eligibility and Calculation Demonstration: Lead/Battersby, Timeframe/Q3 2019  
No update/discussion.
6. Trust Statement Reconciliation Responsibility and Procedure: Lead/TBD, Timeframe/TBD  
No update/discussion.
7. Periodic review of Plan Consultants and Advisors: Lead/TBD, Timeframe/TBD  
No update/discussion.

**NEW BUSINESS**

1. MAPERS Fall Conference Delegates
2. Actuarial Services Comparison

**MOTION #S-19-092**

Motion by Hersh, supported by Mannisto, to designate Mark Jubas and Ed Gardella as primary delegates and Ron Miller and Donna Sanders as alternate delegates for the MAPERS 2019 Fall Conference. Motion Carried Unanimously

Legal Counsel provided information for discussion regarding various actuarial firms that offer actuarial services in Michigan. He indicated that the fees proposed by GRS are in line with fees being charged to other plans of similar size. He stated that the actuarial valuation is one of the most

important reports for which fiduciaries are responsible and it is not an area in which to skimp. He suggested that an RFI could be issued to five or six firms for fees only.

**MOTION #S-19-093**

Motion by Jubas, supported by Mannisto, to direct Legal Counsel to prepare an RFI for actuarial services to determine whether the services received by the Retirement System and the fees paid for those services are reasonable. 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 7:22 p.m.

**MOTION #S-19-094**

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

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on October 15, 2019