

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM  
REGULAR MEETING – TUESDAY – OCTOBER 15, 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; Austen Michaels and Hanan Azzou/City Fiscal  
Services; Jeff Tebeau/GRS

The meeting was called to order at 5:47 p.m. by Julius Maisano, Chair

**APPROVAL OF AGENDA**

**MOTION #S-19-095**

Motion by Lightsey, supported by Mannisto, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, October 15, 2019. Motion Carried Unanimously

**APPROVAL OF MINUTES**

1. September 10, 2019 Regular Meeting Minutes

**MOTION #S-19-096**

Motion by Mannisto, supported by Sanders, to approve Meeting Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, September 10, 2019. Motion Carried Unanimously

**OLD BUSINESS**

1. Invoice from City of Southfield: Reimbursement for pension administrator salary and Reimbursement for health care costs (Austen Michaels)

Austen Michaels was in attendance to answer Board questions regarding the invoice received from the City. There was considerable discussion regarding why the City never billed the Retirement System until now and the origin and validity of the figures used. Legal Counsel questioned whether there was a remaining 401(h) balance owed to the City and stated that research was needed as to how past actuarial valuations tracked the balance. The Trustees have a fiduciary responsibility to the Plan and need to challenge the invoice to their satisfaction. The Board deferred further discussion so as not to delay the attending actuary's presentation of the draft valuation.

## **NEW BUSINESS**

1. Draft Actuarial Valuation Report as of June 30, 2019 (Jeff Tebeau)
2. Draft 2019 GASB 67/68 Report as of June 30, 2019

Jeff Tebeau was in attendance to present the draft actuarial valuation as of June 30, 2019. He reviewed valuation assets and unfunded actuarial accrued liability, derivation of experience gain (loss) and the history and trends of computed employer contributions. The high retiree liability level is indicative of a mature plan. The decreasing funded ratio was discussed as was the assumed rate of return which is currently 7.5% and at the very top of the recommended range. The increase in employee contribution rates by 1% for all groups effective June 29, 2020 will be reflected in the final report. The actuary suggested a variety of options the Board could consider which would increase the funding level of the Plan such as lowering the assumed rate of return, shortening the amortization period and/or changing the normal cost method utilized for funding. The Board asked the actuary to model funding using assumed rates of return of 7.5% and 7.0% for comparison.

### **MOTION #S-19-097**

Motion by Gardella, supported by Mannisto, to acknowledge presentation by GRS of Draft Actuarial Valuation Report as of June 30, 2019. Motion Carried Unanimously

### **MOTION #S-19-098**

Motion by Mannisto, supported by Gardella, to receive and file Draft GASB Statement Nos. 67 and 68 Accounting and Financial Reporting for Pensions, June 30, 2019 and direct that GRS issue a final report. Motion Carried Unanimously

## **CONSENT AGENDA**

### A. Informational Items

1. GLA memo invoice from Comerica Bank

### B. Reports, Financial Accounting and Cash Account

1. None

### C. Applications for Retirement

1. D. Wawrzyniak, 11/02/19
2. J. Wenderlich, 12/19/19

### 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 September 2019 in the amount of \$2,500.00

2. Invoice from Comerica Bank Mastercard Business Card for credit card purchases for the period 09/06/19 – 10/06/19 in the amount of \$2,580.38
3. Invoice from AndCo for consulting services and performance evaluation for the period 7/1/2019 through 9/30/19 in the amount of \$17,500.00
4. Expense report from E. Gardella for MAPERS 2019 Fall Conference expenses
5. Expense report from D. Hersh for MAPERS 2019 Fall Conference expenses
6. Expense report from R. Miller for MAPERS 2019 Fall Conference expenses
7. Expense report from D. Sanders for MAPERS 2019 Fall Conference expenses
8. Expense report from M. Jubas for MAPERS 2019 Fall Conference expenses
9. Expense report from S. Lightsey for MAPERS 2019 Fall Conference expenses
10. Invoice from Walthausen & Co. for asset management services for the period July 1, 2019 – September 30, 2019 in the amount of \$14,045.84
11. Invoice from Champlain Investment Partners for asset management services for the period 3<sup>rd</sup> Quarter 2019 in the amount of \$15,034.30
12. Invoice from LSV Asset Management for asset management services for the period July 1 to September 30, 2019 in the amount of \$17,215.00
13. Invoice from SouthernSun Asset Management for asset management services for the period Third Quarter 2019 in the amount of \$11,768.00
14. Invoice from GRS for services performed during the period from July 1, 2019 to September 30, 2019 with regards to GASB 67/68 Plan Reporting and Accounting Schedules and PA 202 required disclosures in the total amount of \$13,250.00
15. Expense report from J. Maisano for MAPERS 2019 Fall Conference expenses

**MOTION #S-19-099**

Motion by Mannisto, supported by Sanders, 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. Bloomfield Capital Fund IV Amended and Restated Certificate of Creation of Series A
4. Matters deemed pertinent

Investment Consultant distributed the September Capital Market Summary and updated market values. He reviewed the volatile equity markets and shifts in Fed policy during the 3<sup>rd</sup> quarter with no action recommended.

Investment Consultant discussed the request from Bloomfield Capital to extend the fund-raising period for Fund V, Series A. He stated that the additional time will allow the manager to increase the diversification within the portfolio and spread the fixed administrative costs across a larger asset base and recommended the Board approve this request.

**MOTION #S-19-100**

Motion by Hersh, supported by Gardella, to approve Bloomfield Capital Fund V request for extension of the capital raise period closing from 11/16/19 to 11/15/20. Motion Carried Unanimously

**MOTION #S-19-101**

Motion by Lightsey, 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 indicated that the RFI for actuarial services that his office was directed to prepare as well as the Trustee Handbook compilation will both be ready for the November meeting.

**RETIREMENT ADMINISTRATOR REPORT**

1. Matters deemed pertinent

Retirement Administrator did not have any formal comments.

**UNFINISHED BUSINESS/PENDING MATTERS**

1. Trustee Handbook: Lead/Hersh, Timeframe/TBD  
Legal Counsel will have Trustee Handbook compiled by Dave Hersh ready for distribution at November meeting.
2. Retirement Handbook: Lead/Maisano, Timeframe/TBD  
Julius Maisano is still in discussions with City HR Department.
3. Pension Calculator: Lead/Maisano, Timeframe/TBD  
No updates/discussion.
4. Pension Eligibility and Calculation Demonstration: Lead/Battersby, Timeframe/TBD  
No update/discussion.
5. Trust Statement Reconciliation Responsibility and Procedure: Lead/TBD, Timeframe/TBD  
No update/discussion.
6. Periodic review of Plan Consultants and Advisors: Lead/TBD, Timeframe/TBD  
No update/discussion.

## **TRUSTEE COMMENT/OPEN FORUM**

The Board discussed what action needed to be taken regarding the invoice from the City for reimbursement of pension administrator salary and reimbursement for health care costs. Concerning the health care charges, Legal Counsel questioned whether there were even funds left in SERS to transfer to RHC. He and the Retirement Administrator will locate 2003-2010 actuarial valuations to investigate whether an amount was being tracked and reflected; absent finding substantiation of an amount, the Retirement System cannot legally payout any funds. Concerning the administrator charges, administrative services were being provided and the charges appear to be valid. The Board should consider what amount would be reasonable to pay (e.g. last six years only) given no invoices have been submitted until now.

## **ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 7:50 p.m.

### **MOTION #S-19-102**

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

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on November 12, 2019