

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM
REGULAR MEETING – TUESDAY – NOVEMBER 12, 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

Board Members Absent: Donna Sanders (alternate)

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

The meeting was called to order at 5:50 p.m. by Julius Maisano, Chair

APPROVAL OF AGENDA

MOTION #S-19-103

Motion by Mannisto, supported by Lightsey, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, November 12, 2019 as amended by moving IX.1. Actuarial Valuation as of June 30, 2019 to follow III. Consent Agenda. Motion Carried Unanimously

APPROVAL OF MINUTES

1. October 15, 2019 Regular Meeting Minutes

MOTION #S-19-104

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

CONSENT AGENDA

A. Informational Items

1. Memo invoice from WAM for asset management services for the period 07/01/2019 – 09/30/2019 in the amount of \$3,185.30

B. Reports, Financial Accounting and Cash Account

1. Cash Account through October 2019

C. Applications for Retirement

1. None

D. Authorization of Benefits

1. S. Deckard, 10/07/19
2. T. Donnelly, 10/18/19

E. Refund of Contributions

1. None

F. Approval of Bills and Expenses

1. Invoice from M. Battersby for Retirement Administration for the period October 2019 in the amount of \$2,500.00
2. Invoice from Comerica Bank Mastercard Business Card for credit card purchases for the period 10/07/19 – 11/05/19 in the amount of \$140.66
3. Invoice from Pacific Income Advisors for asset management services for the period July 1, 2019 through September 30, 2019 in the amount of \$7,566.00
4. Invoice from Great Lakes Advisors for asset management services for the period 7/1/2019 through 9/30/2019 in the amount of \$7,566.33
5. Invoice from WCM Investment Management for asset management services for the period 07/01/2019 to 09/30/2019 in the amount of \$17,305.09
6. Invoice from GRS for regular actuarial services performed for the period July 1, 2019 through June 30, 2020, including the June 30, 2019 actuarial valuation in the amount of \$20,750.00
7. Invoice from MAPERS for 2020 membership renewal in the amount of \$200.00

MOTION #S-19-105

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

NEW BUSINESS

1. Actuarial Valuation Report as of June 30, 2019

Jeff Tebeau from GRS was present to review the revised draft actuarial valuation recognizing the increase in employee contribution rates effective June 29, 2020. He also reviewed a letter to the Board dated November 1, 2019 which addressed the comparison of 7.00%, 7.25% and 7.50% assumed rates of return. There was considerable discussion which also included lowering the amortization period and/or changing the normal cost method. It was decided that a change in assumed rate of return from 7.50% to 7.00% is a good first step toward increasing funding and improving the System's cash flow needs.

MOTION #S-19-106

Motion by Mannisto supported by Jubas, to lower the actuarial assumed rate of return from 7.5% to 7.0% for the June 30, 2019 actuarial valuation. Motion Carried Unanimously

PUBLIC COMMENT

No comments were made.

INVESTMENT CONSULTANT REPORT

1. Market Update
2. Asset/Manager Summary
3. Investment Performance Review as of September 30, 2019
4. Matters deemed pertinent

Investment Consultant presented the 3Q Performance Report. He reviewed the capital markets during the 3rd quarter, including the volatile swings in the equity market, the further inversion of the yield curve in August, and the rally to end the quarter. The Fund was up 0.25% for the quarter and 2.01% for the year. He reviewed the results from the individual managers, including the performance reversals from QMA and SouthernSun. The relative weak results from Franklin, Titan, and Magnitude were also discussed. He noted that he would be reviewing the portfolio and possibly recommending some changes to the global fixed income and hedge fund allocations.

Investment Consultant also addressed the PCCP proposed amendments which are on the agenda under Legal Report. He had no objections to any of the proposed amendments nor did Legal Counsel.

MOTION #S-19-107

Motion by Jubas supported by Gardella, to acknowledge receipt of PCCP Proposed Amendments to Amended and Restated Limited Partnership Agreement of the Partnership and Investment Consultants recommendation, and direct that the document be signed and returned. Motion Carried Unanimously

MOTION #S-19-108

Motion by Mannisto, supported by Lightsey, to receive and file Investment Consultant Report. Motion Carried Unanimously

LEGAL REPORT

1. RFI for Actuarial Services
2. Trustee Handbook
3. PCCP Proposed Amendments
4. Matters deemed pertinent

Legal Counsel reviewed a draft RFI for Actuarial Services and timeline. He indicated that it is substantial enough that, if the Board decides to interview potential candidates, they can easily proceed to the next step without having to issue something more. Legal Counsel will coordinate production and issuance within the next few weeks.

Trustee Handbook flash drives were distributed to each Trustee and Administrator. Any future material will be emailed so that it can be easily added to the flash drive.

PCCP proposed amendments were addressed under Investment Consultant Report.

Legal Counsel did not have any further formal comments. He does not anticipate pension activity in Lansing before the holidays as the primary focus is on budget and road issues.

MOTION #S-19-109

Motion by Jubas, supported by Hersh, to receive and file Legal Counsel 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
Balance sheets from 2005-2009 actuarial valuations were reviewed. Legal Counsel explained that SERS previously was the funding vehicle for retiree health (401(h)) benefits. When RHC Plan was established, the City started drawing down the 401(h) balance in the SERS Plan. As of June 30, 2007, the reserve for health insurance was \$0, therefore, no funds are available to transfer to RHC Plan. Regarding administrator salary, Legal Counsel recommended that payment for the last six years of salary as shown in the detail from the City would be reasonable. He will draft a letter for Board review at the next meeting which acknowledges the invoice and responds accordingly.
1. Retirement Handbook: Lead/Maisano, Timeframe/TBD
No updates/discussion.
2. Pension Calculator: Lead/Maisano, Timeframe/TBD
No updates/discussion.
3. Pension Eligibility and Calculation Demonstration: Lead/Battersby, Timeframe/TBD
No update/discussion.
4. Trust Statement Reconciliation Responsibility and Procedure: Lead/TBD, Timeframe/TBD
No update/discussion.
5. Periodic review of Plan Consultants and Advisors: Lead/TBD, Timeframe/TBD
No update/discussion.

NEW BUSINESS

2. Retirement Administrator Contract
3. 2020 Meeting Schedule

Retirement Administrator's contract has expired as it only covered a one-year period from November 1, 2018 to October 31, 2019 and was not automatically renewable. The Board consensus was to extend the contract.

MOTION #S-19-110

Motion by Jubas, supported by Lightsey, to extend in perpetuity contract for Retirement Administrator. Motion Carried Unanimously

It was agreed upon to keep meetings on Tuesday at 5:45 p.m. for 2020.

MOTION #S-19-111

Motion by Jubas, supported by Lightsey, to acknowledge 2020 meeting dates as follows: January 21, February 18, March 17, April 21, May 12, June 16, July 21, August 18, September 8, October 20, November 17, and December 15. Motion Carried Unanimously

TRUSTEE COMMENT/OPEN FORUM

Sue Mannisto asked about the status of inquiry as to why RHC wasn't paying for one Trustee to attend MAPERS. It will be brought up for discussion at the December RHC meeting and acted upon accordingly.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 7:40 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on December 10, 2019