

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM  
REGULAR MEETING – TUESDAY – January 21, 2020  
Council Study – 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; 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-20-001**

Motion by Jubas, supported by Mannisto, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, January 21, 2020. Motion Carried Unanimously

**APPROVAL OF MINUTES**

1. December 10, 2019 Regular Meeting Minutes

**MOTION #S-20-002**

Motion by Jubas, supported by Gardella, to approve Meeting Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, December 10, 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. M. Halperin, 01/25/2020
2. P. Scharmberg, 01/25/20 **RESCINDED**

D. Authorization of Benefits

1. B. Sawinski, beneficiary of A. Sawinski, deceased 12/11/2019
2. D. Sawinski, beneficiary of A. Sawinski, deceased 12/11/2019

E. Refund of Contributions

1. K. Cheaney
2. C. Catalanotte

F. Approval of Bills and Expenses

1. Invoice from M. Battersby for Retirement Administration for the period December 2019 in the amount of \$2,500.00
2. Invoice from Comerica Bank Mastercard Business Card for credit card purchases for the period 12/05/19 – 01/06/20 in the amount of \$133.21
3. Invoice from AndCo for investment consulting services for the period October 1, 2019 through December 31, 2019 in the amount of \$17,500.00
4. Invoice from Walthausen & Co. for asset management services for the period October 1, 2019 – December 31, 2019 in the amount of \$15,241.73
5. Invoice from LSV Asset Management for asset management services for the period October 01 to December 31, 2019 in the amount of \$19,118.00
6. Invoice from Champlain Investments for asset management services for the period 4<sup>th</sup> Quarter 2019 in the amount of \$16,019.70
7. Invoice from SouthernSun for asset management services for the period Fourth Quarter 2019 in the amount of \$12,415.00

**MOTION #S-20-003**

Motion by Hersh, supported by Jubas, to approve Consent Agenda as presented with the withdrawal of Application for Retirement from P. Scharmberg and validation of the LSV additional charge for underpayment of Q2-2019 invoice. 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 December capital market summary and updated market values and discussed the current market environment. He indicated that he continues to review the alternatives in the portfolio for possible changes.

**MOTION #S-20-004**

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

## **LEGAL REPORT**

1. RFI for Actuarial Services Responses
2. Matters deemed pertinent

Legal Counsel indicated that six submissions were received in response to the RFI for Actuarial Services that was distributed in December. Hardcopies were available for each Board member and all responses should be in the same format for easy comparison. There was discussion regarding review formats and procedures and which factors were most important to the Board. The Board was asked to be prepared with recommendations for the next meeting.

### **MOTION #S-20-005**

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

## **RETIREMENT ADMINISTRATOR REPORT**

1. BTG Pactual/PCCP follow-up
2. MAPERS One Day Seminar
3. Contractor vs. Employee Status/Payroll Cost
4. Securities Lending Program Updates
5. Matters deemed pertinent

Retirement Administrator informed the Board that BGT Pactual advised that passports were received and that the account will stay compliant and PCCP confirmed that, upon receipt of the requested information, there are no longer any outstanding items for SERS.

### **MOTION #S-20-006**

Motion by Mannisto, supported by Gardella, to approve attendance at all MAPERS sponsored events during 2020 for all Board Trustees and Retirement Administrator. Motion Carried Unanimously

As directed at the December meeting, Retirement Administrator presented research regarding contractor vs. employee determination as well as a comparison of the cost of two different payroll providers, Gusto and ADP, with Gusto being approximately the same cost as ADP in the first year but approximately 40% less in the second year. Board discussion ensued regarding status determination and that it was more appropriate to treat the Retirement Administrator as an employee. The Board was pleased with the services provided after a one-year trial and had voted to extend the contract last month, and the previous Retirement Administrator was an employee. The added cost to employer and reduced cost to employee associated with employee status was also discussed. Mark Jubas provided an approximate annual additional cost to the Retirement System of \$2,745 for social security, medicare and unemployment taxes.

### **MOTION #S-20-007**

Motion by Gardella, supported by Hersh, to approve changing the status of Retirement Administrator from independent contractor to part-time employee effective January 1, 2020. Motion Carried Unanimously

**MOTION #S-20-008**

Motion by Jubas supported by Gardella, to direct Chair and Retirement Administrator to proceed with establishing payroll through Gusto. Motion Carried Unanimously

Retirement Administrator received a letter from Comerica regarding Securities Lending Program updates, specifically replacement of the securities lending subagent and a new borrower list. Investment Consultant indicated that it is typical for the custodian to annually review the borrower list and he has no objection to the subagent replacement. There was discussion regarding whether Comerica was still carrying a securities lending liability from some years ago. Investment Consultant believes that the negative balance is reflected in the Cash Account and Legal Counsel asked Retirement Administrator to verify that as well as the amount of the liability.

**MOTION #S-20-009**

Motion by Mannisto, supported by Hersh, to approve Comerica Bank Securities Lending Borrower List, January 2020 and direct that the Chair sign and Retirement Administrator return the document. Motion Carried Unanimously

**UNFINISHED BUSINESS/PENDING MATTERS**

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.

**NEW BUSINESS**

1. Election of Board Officers

Retirement Administrator was reminded that Board elections in January 2019 were for two-year terms, therefore, no action is needed.

**TRUSTEE COMMENT/OPEN FORUM**

No comments were made.

**ADJOURNMENT**

There being no further business to come before the Board, the meeting was adjourned at 6:55 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on February 18, 2020