

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM
REGULAR MEETING – TUESDAY – February 18, 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

Board Members Absent: Donna Sanders (alternate)

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-20-010

Motion by Hersh, supported by Gardella, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, February 18, 2020, as amended with the change: VI. 2. Retirement Administrator Contract, ***old and new***. Motion Carried Unanimously

APPROVAL OF MINUTES

1. January 21, 2020 Regular Meeting Minutes

MOTION #S-20-011

Motion by Jubas, supported by Gardella, to approve Meeting Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, January 21, 2020, as amended with additional clarifying language regarding contractor vs. employee status, payroll costs, and additional cost to employer. Motion Carried Unanimously

CONSENT AGENDA

A. Informational Items

1. Comerica invoices for the period 10/01/19 – 12/31/19

B. Reports, Financial Accounting and Cash Account

1. None

C. Applications for Retirement

1. M. Courtney, 03/01/2020

D. Authorization of Benefits

1. R. Carter, 01/25/2020
2. M. Halperin, 01/25/2020
3. M. Courtney, 03/01/2020

E. Refund of Contributions

1. None

F. Approval of Bills and Expenses

1. Invoice from Comerica Bank Mastercard Business Card for credit card purchases for the period 01/07/2020 – 02/06/2020 in the amount of \$325.04
2. Invoice from PIA for asset management services for the period October 1, 2019 through December 31, 2019 in the amount of \$7,757.00
3. Invoice from VMT for legal services rendered for the period July 1, 2019 through September 30, 2019 in the amount of \$3,367.85
4. Invoice from VMT for legal services rendered for the period October 1, 2019 through December 31, 2019 in the amount of \$5,018.14
5. Invoice from WCM for asset management services for the period 10/01/2019 to 12/31/2019 in the amount of \$16,840.67

MOTION #S-20-012

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 presented the Investment Performance Review for the Period Ending December 31, 2019, reviewing the letter from Mike Welker and the growth at AndCo. He reviewed the capital markets during the 4th quarter, including the strong performance from equities and the flat returns from fixed income. He reviewed the Fund's compliance pages, asset allocation vs. targets, quarterly financial reconciliation, and performance. The Fund was up 6.6% for the quarter and up 21.5% for the year. He noted the relatively strong results from SouthernSun, Althaus, and WCM.

He distributed updated market values and discussed the recent market volatility. He indicated that Comerica accepted the Retirement System's securities lending repayment plan and has already deducted the first payment.

He distributed the Opportunistic Credit primer and noted that AndCo is still conducting research on several managers in the asset class. He indicated the target was May for a manager search and that he could present the primer at a future meeting.

MOTION #S-20-013

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

LEGAL REPORT

1. RFI for Actuarial Services
2. Retirement Administrator contract, old and new
3. Required action as result of fulltime re-employment of Virginia Robinson
4. Matters deemed pertinent

Last month each Board member was given for review hardcopies of the six RFI for Actuarial Services proposals that were received. Each Board member came prepared with recommendations and differing opinions but all agreed that they place a premium on local presence and experience with Michigan municipalities. It was decided to invite CBIZ, Milliman, and GRS to present to the Board at a special meeting on Wednesday, March 11, at 5:45 p.m. Each firm will be allotted 45 minutes which should include 15 minutes directed to firm information, 15 minutes directed to a sample actuarial valuation and EDRO calculation letter, and 15 minutes for questions and answers. The Board stressed that the actuary/consultant who will be assigned to SERS must be in attendance.

Legal Counsel reminded the Board that it was their consensus in November to extend in perpetuity the contract for Retirement Administrator which had expired as it only covered a one-year period from November 1, 2018 to October 31, 2019 and was not automatically renewable. He is not concerned with the terms and will draft a new contract once all the payroll details have been worked out. Retirement Administrator updated the Board on the difficulties that have been encountered with Gusto (payroll service) and that they are not able to accommodate the entity type SERS is. ADP has been contacted and does not have the limitations that Gusto has. Legal Counsel recommends that SERS obtain their own Employee Identification Number (EIN) rather than using the City's EIN. The Board acknowledged the higher cost of ADP and decided to proceed using them instead of Gusto.

MOTION #S-20-014

Motion by Gardella, supported by Jubas, to proceed with setting up payroll for Retirement Administrator through ADP effective January 1, 2020, and hereby direct that Legal Counsel establish an Employee Identification Number for SERS, draft a contract for Retirement Administrator consistent with all that has been discussed, and assist in establishing payroll with ADP. Motion Carried Unanimously

Legal Counsel addressed the recent appointment of current SERS retiree Virginia Robinson to the position of Human Resources Manager of Operations. He stated that while she may have an employee contract, she is not an independent contractor and clearly meets the definition of

employee: full-time, career, and part of the management group. When this issue arose in the past, the City was classifying re-hired SERS retirees as non-career or seasonal. This appointment appears to clearly be an attempt to circumvent the intent of the retirement ordinance as this does not appear to be a temporary position but rather a career position and an employee contract cannot amend an ordinance.

MOTION #S-20-015

Motion by Mannisto, supported by Hersh, to direct Legal Counsel to send notification to City Administrator, ACS Committee, and Virginia Robinson that the SERS Board has become aware of Ms. Robinson’s appointment to the position of Human Resources Manager of Operations, that an employment contract does not amend an ordinance, and that suspension of benefits will be on the March agenda unless the Board is provided with further information of which they are not aware. Motion Carried Unanimously

MOTION #S-20-016

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

RETIREMENT ADMINISTRATOR REPORT

1. Update on LSV underpayment charge
2. Update on Securities Lending liability
3. Retirement Administrator payroll setup issues
4. Request for Legal Opinion for Beth Rae – Review of Service Credit and Eligibility
5. Summary Annual Report Budget
6. Matters deemed pertinent

Retirement Administrator informed the Board that the additional charge of \$172 on the LSV fourth quarter invoice due to underpayment of second quarter, 2019 invoice was a valid charge.

At the last meeting, Retirement Administrator was asked to verify whether there is still an outstanding securities lending liability with Comerica and the amount of the liability. She discovered that there is still an outstanding liability of \$148,503.67; the Board authorized payoff of the balance with a 60-month payment plan of \$2,475.06 per month with 0% interest on December 12, 2017 but the necessary paperwork was never returned to Comerica. Retirement Administrator completed the payoff election form per direction of the December 12, 2017 motion and the payment plan commenced February 1, 2020.

The Board was updated on employee payroll issues under Legal Report.

Retirement Administrator requested that Legal Counsel review service credit and eligibility for Elizabeth Rae, former City Attorney, and issue a legal opinion which includes how to consider all of Ms. Rae’s service, which benefit provisions should apply to her service, and in what manner, as she will be eligible for an unreduced pension later in the year.

MOTION #S-20-017

Motion by Jubas, supported by Hersh, to direct Legal Counsel to prepare a legal opinion regarding former employee Ms. Elizabeth Rae. Motion Carried Unanimously

Retirement Administrator presented a suggested 2019-2020 Annual Budget to the Board for approval, since one of the requirements of a Summary Annual Report (SAR) is an itemized budget. Upon review, it was decided to increase Education & Training amount from \$25,000 to \$30,000 and Investment Management amount from \$720,000 to \$800,000. She is also waiting for the Financial Accounting Report as of June 30, 2019 which the City Accounting Department had indicated they would still prepare but which has not been forthcoming. The final budget to be considered is as follows:

ANNUAL BUDGET 2019-2020

ACTUARIAL FEES	\$ 31,500
CUSTODIAL FEES	\$ 64,000
EDUCATION & TRAINING (incl. travel)	\$ 30,000
FIDUCIARY INSURANCE	\$ 13,000
INVESTMENT CONSULTANT	\$ 70,000
INVESTMENT MANAGEMENT	\$ 800,000
LEGAL	\$ 20,000
MEDICAL DIRECTOR	\$ 5,000
MEETING EXPENSES	\$ 2,200
MEMBERSHIP DUES	\$ 500
OTHER EXPENSES	\$ 1,000
PENSION BENEFITS	\$12,000,000

MOTION #S-20-018

Motion by Jubas, supported by Miller, to approve the Annual Budget 2019-2020 as presented with changes. Motion Carried Unanimously

Retirement Administrator informed the Board that MAPERS Spring Conference information has just been released. The Board confirmed that any Trustees and Retirement Administrator who wish to attend can do so consistent with approval of past conferences.

MOTION #S-20-019

Motion by Jubas, supported by Hersh, to receive and file Retirement Administrator Report. Motion Carried Unanimously

UNFINISHED BUSINESS/PENDING MATTERS

1. Retirement Handbook: Lead/Maisano, Timeframe/TBD
No updates/discussion.

2. Pension Calculator: Lead/Maisano, Timeframe/TBD
Julius Maisano informed the Board that the acting Information Technologies Director was appointed as the permanent Director so he is hopeful that a revised version of the pension calculator will be forthcoming soon.
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. 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 8:15 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on March 17, 2020