

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM
REGULAR MEETING – TUESDAY – April 21, 2020
Conference Call – 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; James Meadows/HR Director, John Michrina/Deputy City Administrator, Marcileen Pruitt/Deputy City Attorney, Virginia Robinson/HR Special Projects Advisor

The meeting was called to order at 5:49 p.m. by Julius Maisano, Chair

APPROVAL OF AGENDA

MOTION #S-20-021

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

APPROVAL OF MINUTES

1. February 18, 2020 Regular Meeting Minutes
2. March 11, 2020 Special Meeting Minutes

MOTION #S-20-022

Motion by Hersh, supported by Lightsey, to approve Meeting Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, February 18, 2020. Motion Carried Unanimously

MOTION #S-20-023

Motion by Hersh, supported by Jubas, to approve Meeting Minutes, Southfield Employee Retirement System, Special Meeting, Wednesday, March 11, 2020. Motion Carried Unanimously

CONSENT AGENDA

- A. Informational Items
 1. FOIA letter dated February 24, 2020
 2. Memorandum Re: Public Meetings – COVID 19 dated March 16, 2020

3. Memorandum Re: Remote Participation in Public Meetings dated March 19, 2020
4. Memorandum Re: Remote Public Meetings – COVID 19 dated March 24, 2020
5. Memorandum Re: Coronavirus Aid, Relief, and Economic Security Act dated April 1, 2020
6. Memorandum Re: FOIA Requests During State of Emergency dated April 6, 2020
7. Memorandum Re: Remote Public Meetings – Executive Order 2020-48 dated April 16, 2020

B. Reports, Financial Accounting and Cash Account

1. None

C. Applications for Retirement

1. J. McCracken, 03/14/2020
2. J. Rahaman, 05/16/2020

D. Authorization of Benefits

1. J. McCracken, 03/14/2020

E. Refund of Contributions

1. A. Malott

F. Approval of Bills and Expenses

1. Invoice from Comerica Bank Mastercard Business Card for credit card purchases for the period 02/07/20 – 03/04/20 in the amount of \$1,427.40
2. Invoice from AndCo for investment consulting services for the period January 1, 2020 through March 31, 2020 in the amount of \$17,500.00
3. Expense report from R. Miller
4. Invoice from Walthausen & Co. for asset management services for the period January 1, 2020 – March 31, 2020 in the amount of \$10,911.50
5. Invoice from Comerica Bank Mastercard Business Card for credit card purchases for the period 03/05/20 – 04/03/20 in the amount of \$555.36
6. Invoice from SouthernSun for asset management services for the period First Quarter 2020 in the amount of \$10,792.00
7. Invoice from LSV for asset management services for the period January 01 to March 31, 2020 in the amount of \$16,332.00
8. Invoice from Champlain for asset management services for the period 1st Quarter 2020 in the amount of \$12,861.97

MOTION #S-20-024

Motion by Mannisto, supported by Lightsey, 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 distributed market update as of April 20, 2020. He discussed the changes that have occurred since the prior meeting on March 11, including the shut-down of the economy, the collapse of the equity and corporate bond markets, the decline in interest rates, and the government's responses. He discussed the rebound in the stock market and the impact to the Fund's values. He distributed updated market values and recommended transferring \$400,000 from Templeton Global Bond Fund to cash for upcoming payments. He also recommended starting the process to liquidate the US timberland fund due to basket clause concerns and other opportunities.

Investment Consultant suggested interviewing several of the Fund's investment managers at an upcoming meeting to hear their views on the markets. The Board agreed. He also discussed a request from SouthernSun to hold over 10% in cash and recommended that the Board approve the manager's request.

MOTION #S-20-025

Motion by Hersh, supported by Mannisto, to approve the movement of \$400,000 from Templeton Global Fixed Income Fund to Cash Account. Motion Carried Unanimously

MOTION #S-20-026

Motion by Hersh, supported by Jubas, to approve the full liquidation of BPG Pactual Timberlands Fund and direct Investment Consultant and Retirement Administrator to start the process as soon as administratively feasible. Motion Carried Unanimously

MOTION #S-20-027

Motion by Mannisto, supported by Hersh, to acknowledge and approve the occasional holding of cash in excess of 10% as requested by SouthernSun Small Cap Fund. Motion Carried Unanimously

MOTION #S-20-028

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

LEGAL REPORT

1. Matters deemed pertinent

Legal Counsel noted that his office has distributed numerous memos related to COVID-19 which were included in the Informational Items section of the Agenda and urged Board Trustees to contact him if they had any questions or concerns.

MOTION #S-20-029

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

RETIREMENT ADMINISTRATOR REPORT

1. Payroll setup status
2. Matters deemed pertinent

The Board was informed that payroll for Retirement Administrator has been successfully implemented with Paychex. Additional limitations were encountered with ADP in that they would no longer honor a cost savings as originally quoted. Paychex could provide all required payroll services at a cost lower than the original ADP quote.

MOTION #S-20-030

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

NEW BUSINESS

1. None

OLD BUSINESS

1. Suspension of Retirement Benefits – V. Robinson

At the February meeting, 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. He stated that the appointment appears to clearly be an attempt to circumvent the intent of the retirement ordinance as it does not appear to be a temporary position but rather a career position and an employee contract cannot amend an ordinance. The Board directed Legal Counsel to send notification to City Administrator, ACS Committee, and Virginia Robinson that the SERS Board had 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 would be on the March agenda unless the Board was provided with further information of which they were not aware. Julius Maisano, Chair, sent stated communication and HR Director James Meadows responded and requested an additional 60 days to obtain a legal opinion. Because the March meeting was cancelled due to circumstances surrounding COVID-19, it was determined that the issue would be reviewed at the April meeting, thereby mostly granting the request for additional time.

James Meadows was present at the meeting via teleconference and advised the Board that Ms. Robinson is not working in a SERS covered employment position and has not been added to the City employment at the position approved by City Council. He requested that the SERS Board take no action regarding her pension and that the Board remove the item related to her pension

from the agenda. Various questions were asked of Mr. Meadows such as whether the contract which was offered and approved has been rescinded, which Mr. Meadows would not confirm, or whether Ms. Robinson would work less than 20 hours per week as required for non-career employees, which Mr. Meadows also would not confirm. L. Susan Mannisto, who is also a member of the ACS Committee, stated that the ASC Committee is still waiting for the 1st Quarter, 2020 report of hours worked by non-career employees which they monitor to ensure that employees are working less than 20 hours per week.

Legal Counsel concluded that HR must inform both ACS Committee and SERS Board that hours being worked by Ms. Robinson are within the guidelines for a non-career employee and that he will follow-up with correspondence directing this. He said that no further action was necessary and that the item could be removed from future agendas unless the Board became aware of additional information that would cause the item to be readdressed.

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.

TRUSTEE COMMENT/OPEN FORUM

No comments were made.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 6:35 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on May 12, 2020