

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM
REGULAR MEETING – TUESDAY – May 12, 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; Penny Scharmberg/HR

The meeting was called to order with a roll-call at 5:46 p.m. by Julius Maisano, Chair.

APPROVAL OF AGENDA

MOTION #S-20-031

Motion by Miller, supported by Mannisto, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, May 12, 2020. Motion Carried Unanimously

APPROVAL OF MINUTES

1. April 21, 2020 Regular Meeting Minutes

MOTION #S-20-032

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

CONSENT AGENDA

- A. Informational Items
 1. FOIA response dated May 11, 2020
- B. Cash Account Report
 1. August 2019 – April 2020
- C. Applications for Retirement
 1. P. Scharmberg, 05/30/2020
- D. Authorization of Benefits
 1. None

E. Refund of Contributions

1. B. Dowell

F. Approval of Bills and Expenses

1. Invoice from Comerica Bank Mastercard Business Card for credit card purchases for the period 04/04/20 – 05/05/20 in the amount of \$0.00
2. Expense report from E. Gardella
3. Expense report from S. Lightsey
4. Expense report from J. Maisano
5. Invoice from WCM for asset management services for the period 01/01/2020 to 03/31/2020 in the amount of \$16,135.71
6. Invoice from PIA for asset management services for the period January 1, 2020 through March 31, 2020 in the amount of \$7,223.00

MOTION #S-20-033

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

PUBLIC COMMENT

Retirement Administrator asked the Board if she should continue to prepare expense reports when there was no reimbursement involved and they agreed that it was a good practice to maintain.

INVESTMENT CONSULTANT REPORT

1. Investment Performance Report for Period Ending March 31, 2020
2. Market Update
3. Asset/Manager Summary
4. Matters deemed pertinent

Investment Consultant presented the Investment Performance Report for the period ending March 31, 2020. He reviewed the capital markets during the 1st quarter, including the dramatic decline in global equities due to the impact of the coronavirus. He also discussed the strong returns from Treasuries and losses in corporate bonds. He reviewed the Fund's compliance pages, asset allocation vs. targets, quarterly financial reconciliation, and performance. The Fund was down 17% for the quarter and down 6% for the year. He reviewed the performance of the individual managers and discussed the long-term underperformance of SouthernSun. He indicated that the market has not favored their style–value/industrial focus and that he would have a formal recommendation at the June meeting regarding this manager.

Investment Consultant next reviewed the April Market Summary and noted the strong rebound in equities during the month. He distributed updated market values and indicated that Templeton should be used for future cash needs.

He indicated that several of his clients are reviewing distressed debt as a potential new investment for their fund. He indicated that he would distribute the Distressed Debt Overview AndCo has

prepared with two potential investment managers for consideration. He suggested meeting in small groups to review the asset class and managers due to the difficulties associated with meeting electronically. The Board agreed to meet in small groups to review the asset class and managers and that discussion would take place during the June meeting.

MOTION #S-20-034

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

LEGAL REPORT

1. Secure Act Memorandum
2. Electronic Signatures Memorandum
3. Matters deemed pertinent

Legal Counsel discussed a memo from his office regarding the SECURE Act and its provisions which substantially affect private sector retirement plans but also pertain to governmental retirement plans. The most significant change applicable to governmental plans affects required minimum distribution rules. A sample updated safe-harbor rollover notice was presented and discussed.

MOTION #S-20-035

Motion by Mannisto, supported by Hersh, to acknowledge receipt of memorandum from Legal Counsel Re: SECURE Act dated May 1, 2020 and approve revised IRC Section 402 notice as presented. Motion Carried Unanimously

An additional memo from Legal Counsel office dated May 7, 2020 regarding Electronic Signatures – Executive Order 2020-74, which extended provisions of Executive Order 2020-41 until June 30, 2020 and concerned authorization and rules for performing temporary remote notarizations and the use of electronic signatures was discussed.

Legal Counsel also informed the Board that his office has submitted a records request regarding an investment in the Retirement System’s portfolio. He has had discussion with the Board Chair who has authorized his office to proceed with investigating whether there was a breach of fiduciary duty.

Legal Counsel acknowledged that he still needs to send follow-up correspondence to HR Director regarding re-employment of retiree V. Robinson and will do so immediately. It was brought to the Board’s attention that Ms. Robinson was still labelled as a non-career employee but was working approximately 40 hours per week and recently received a substantial pay raise which was retroactive to July 1, 2019. Discussion ensued and it was the common consensus of the Board that they felt they were being deceived and that HR was trying to manipulate the rules to achieve their desired result of having Ms. Robinson as a full-time, career employee without suspension of her SERS monthly pension. Board Trustees that also serve on the ASC Committee expressed their concern and dismay about the situation and stated that they would be reviewing non-career work hours for the first quarter of 2020 at their next meeting and would be demanding an explanation from HR Director and City Administrator.

MOTION #S-20-036

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

RETIREMENT ADMINISTRATOR REPORT

1. Matters deemed pertinent

Retirement Administrator informed the Board that the FOIA response in Informational Items, while correct in text, had inadvertently been sent on F&P letterhead. She apologized for the error and indicated that a revised version had already been sent.

NEW BUSINESS

1. None

OLD BUSINESS

1. None

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 6:52 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on June 16, 2020