

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM
REGULAR MEETING – TUESDAY – June 16, 2020
Conference Call – 5:45 p.m.**

MINUTES

Board Members Present: Julius Maisano, Chair; Mark Jubas; Ed Gardella; David Hersh; L. Susan Mannisto; Ron Miller, Donna Sanders

Board Members Absent: Shirley Lightsey

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

The meeting was called to order by Julius Maisano, Chair, at 5:45 p.m. with a roll-call.

APPROVAL OF AGENDA

MOTION #S-20-037

Motion by Mannisto, supported by Jubas, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, June 16, 2020. Motion Carried Unanimously

APPROVAL OF MINUTES

1. May 12, 2020 Regular Meeting Minutes

MOTION #S-20-038

Motion by Jubas, supported by Hersh, to approve Meeting Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, May 12, 2020. Motion Carried Unanimously

CONSENT AGENDA

A. Informational Items

1. Correspondence from Legal Counsel to City Regarding V. Robinson
2. Comerica Account Invoices
3. Cares Act Update Memorandum
4. FOIA Requests Memorandum
5. Cardmember Service Transaction Detail (May/June)

B. Cash Account Report

1. None

C. Applications for Retirement

1. N. Kusch, 06/27/2020

2. A. Toubeaux, 07/04/2020
3. J. Brown, 07/24/2020
4. K. Rosen, 08/01/2020

D. Authorization of Benefits

1. R. Caldwell, 05/01/2020
2. J. Rahaman, 05/16/2020

E. Refund of Contributions

1. D. Young

F. Approval of Bills and Expenses

1. Invoice from VanOverbeke Michaud & Timmony for legal services rendered for the period January 1, 2020 through March 31, 2020 in the amount of \$7,237.50

There was discussion regarding the Comerica quarterly invoice which reflects the cost of monthly confirmation statements that are mailed to retirees. Retirement Administrator was directed to follow-up with Comerica about cost-saving options that could be implemented.

MOTION #S-20-039

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

PUBLIC COMMENT

No public comments were made.

INVESTMENT CONSULTANT REPORT

1. Market Update
2. Asset/Manager Summary
3. SouthernSun request to extend cash level waiver
4. Distressed Debt Review
5. Matters deemed pertinent

Investment Consultant presented the May Market Summary and noted the strong rebound in equities during the month. He distributed updated market values.

He discussed the recent challenges faced by SouthernSun. He also discussed the divergence in equity styles, with growth stocks significantly out performing value stocks, and how this environment makes manager selection more difficult. He recommended transferring the assets in the SouthernSun portfolio to Champlain and Walthausen due to their growth and value biases, respectively. The Trustees asked about Palisade Capital Management; Investment Consultant indicated that AndCo was familiar with the strategy, but that it would take a couple of months for AndCo to complete their review of the Palisade's strategy. In doing so, this would provide time

to review the effects of the growth/value split in performance and the impact on prospective new managers.

MOTION #S-20-040

Motion by Hersh, supported by Jubas, to terminate SouthernSun Asset Management and allocate the assets equally between Walthausen & Co. and Champlain Investment Partners, as recommended by Investment Consultant. Motion Carried Unanimously

Investment Consultant presented the Distressed Debt Overview and Search, providing an example of how companies become stressed/distressed and reviewing the cyclicity of the strategy and AndCo's outlook for these strategies. He reviewed two strategies for consideration – HIG Bayside Loan Opportunity Fund VI and Marathon Distressed Credit Fund. He reviewed the differences between the organizations and strategies. The Board elected to retain Marathon for a \$3 million mandate (approximately 3% of the Total Fund). The allocation will come from the Timberland redemption.

MOTION #S-20-041

Motion by Jubas, supported by Miller, to allocate \$3 million to Marathon Asset Management Distressed Credit Fund to be funded by BPG Pactual Timberlands redemption and, if funds are not yet available when needed, using overweight funds as necessary. Motion Carried Unanimously

MOTION #S-20-042

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

LEGAL REPORT

1. Legal Opinion Re. E. Rae
2. Matters deemed pertinent

Legal Counsel presented an opinion regarding E. Rae who was reemployed as City Attorney after a break in service, is no longer employed by the City, and is due to commence receipt of benefits before year end. He explained that the opinion is subject to attorney/client privilege which can be waived if the Board deems appropriate.

MOTION #S-20-043

Motion by Jubas, supported by Mannisto, to waive attorney/client privilege regarding legal opinion Re: Elizabeth Rae - Review of Service Credit and Eligibility dated June 11, 2020. Motion Carried Unanimously

Legal opinion was discussed with Board and centered around the issue of how a member's various periods of employment combined for both benefit eligibility and benefit calculation purposes when

the benefit provisions in place during the member's various terms of employment are different, and the current provisions are less and/or more restrictive than those in place during the member's previously period of employment.

MOTION #S-20-044

Motion by Jubas, supported by Hersh, to acknowledge receipt of legal opinion from Legal Counsel Re: Elizabeth Rae – Review of Service Credit and Eligibility, dated June 11, 2020 and direct that a copy be provided to Ms. Rae when final benefits are communicated. Motion Carried Unanimously

Legal Counsel mentioned to the Board that his office has a Zoom subscription and he would be happy to host a future meeting if teleconferencing continues. The Board decided that they would like to utilize Zoom for the July meeting.

MOTION #S-20-045

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

RETIREMENT ADMINISTRATOR REPORT

1. Matters deemed pertinent

Retirement Administrator informed the Board that MAPERS Fall Conference information is now available and provided an overview. Legal Counsel reiterated that all virus protocol will be followed and full refunds will be processed if the conference should be cancelled.

NEW BUSINESS

1. Suspension of V. Robinson pension

Legal Counsel gave an overview of what has transpired to date. He indicated that no further action is warranted by the SERS Board. Several Trustees took umbrage with the fact that Ms. Robinson is working 40 hours per week at the pay level in the contract that was approved by City Council, and retroactive to July 1, 2019.

Legal Counsel suggested to the ACS Committee members who are also SERS trustees that perhaps they should ask City Attorney whether she feels she can represent them or whether she feels there is a conflict of interest. He also suggested that perhaps they should go to City Council and state that they are not being addressed and supported appropriately; that they need either a dedicated City Attorney representative or need to hire an independent attorney; that they need to dive into what their responsibilities are and authority is.

There is no action to take now but SERS will closely follow progress of the ACS Committee concerning this matter.

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 8:08 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on July 21, 2020