

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM
REGULAR MEETING – TUESDAY – NOVEMBER 17, 2020
VIA TELECONFERENCE – 5:45 p.m.**

MINUTES

Board Members Present: Julius Maisano, Chair, Oakland County, MI; Ed Gardella (late arrival), Wayne County, MI; David Hersh, Oakland County, MI; L. Susan Mannisto, Oakland County, MI; Ron Miller, Oakland County, MI; Donna Sanders, Oakland County, MI

Board Members Absent:

Others Present: Megan Battersby, Retirement Administrator/SERS; Chris Kuhn, Investment Consultant/AndCo; Michael VanOverbeke, Legal Counsel/VMT; Jeff Tebeau, Actuary/GRS; Don Treveline and Alison Berman and Marc Shapiro/Palisade Capital; Rick Plawecki and Matt Martinek/Reinhart Partners

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

APPROVAL OF AGENDA

MOTION #S-20-074

Motion by Mannisto, supported by Hersh, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, November 17, 2020. Motion Carried Unanimously

APPROVAL OF MINUTES

1. October 20, 2020 Regular Meeting Minutes

MOTION #S-20-075

Motion by Hersh, supported by Sanders, to approve Meeting Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, October 20, 2020. Motion Carried Unanimously

CONSENT AGENDA

1. Informational Items
 - a. Comerica Invoices
2. Cash Account Report
 - a. Dec-19 through Sep-20
3. Applications for Retirement
 - a. David Boyer, 12/01/2020

4. Authorization of Benefits
 - a. David Boyer, 12/01/2020
5. Refund of Contributions
 - a. Taylor Parks
6. Approval of Bills and Expenses
 - a. Invoice from Great Lakes Advisors for asset management services for the period 7/1/2020 through 09/30/2020 in the amount of \$7,328.09
 - b. Invoice from WCM for asset management services for the period 07/01/2020 to 09/30/2020 in the amount of \$17,844.21
 - c. Invoice from PIA for asset management services for the period July 1, 2020 through September 30, 2020 in the amount of \$8,759.00
 - d. Invoice from GRS for regular actuarial services performed for the period July 1, 2020 through June 30, 2021, including the June 30, 2020 annual actuarial valuation in the amount of \$19,750.00
 - e. Invoice from GRS for GASB Statement Nos. 67 and 68 reporting as of June 30, 2020 plus Michigan PA 2020 disclosures in the total amount of \$9,500.00, with \$1,500 of invoice for GASB Statement No. 68 work to be paid by City of Southfield
 - f. MAPERS 2021 membership renewal in the amount of \$200.00

MOTION #S-20-076

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

PUBLIC COMMENT

No comments were made.

Ed Gardella joined the meeting.

Presentation of draft actuarial valuation and GASB report under New Business by GRS were moved up in the agenda. Jeff Tebeau from GRS presented the June 30, 2020 draft actuarial valuation to the Board. He summarized and discussed the purpose of the valuation, key results, gain/loss experience, and risk measures. Increases in unfunded liability were driven mainly by investment losses. Employer contribution rates were flat due to increase in payroll of 6.4%. The ratio of non-investment cash flow to assets is still stifling asset growth, however, an increase in active members and lower return assumptions should help. An Experience Study is scheduled for 2021 for the period of July 1, 2015 through June 30, 2020.

MOTION #S-20-077

Motion by Mannisto, supported by Miller, to accept and approve draft City of Southfield Employees Retirement System 55th Actuarial Valuation Report as of June 30, 2020 with a computed employer contribution rate of 27.45% and a minimum dollar contribution of \$4,6660909 for the fiscal year beginning July 1, 2021, and direct that the actuary finalize the report. Motion Carried Unanimously

Actuary also presented the draft GASB report as of June 30, 2020 which is based on June 30, 2019 valuation results.

MOTION #S-20-078

Motion by Hersh, supported by Sanders, to accept and approve draft City of Southfield Employees Retirement System GASB Statement Nos. 67 and 68 Accounting and Financial Reporting for Pensions as of June 30, 2020 and direct that the actuary finalize the report. Motion Carried Unanimously

INVESTMENT CONSULTANT REPORT

1. Investment Manager Interviews
2. Market Update
3. Asset/Manager Summary
4. Investment Performance Report for the Period Ending September 30, 2020
5. Bloomfield Capital Fund V
6. Matters deemed pertinent

Palisades and Reinhart presented their small cap core strategies. Each group reviewed their organizational structure, investment team, portfolio process, and historical performance. After some debate, the Board elected to retain Reinhart. The decision was partially attributed to their fit with the other managers and their weak recent performance.

MOTION #S-20-079

Motion by Mannisto, supported by Gardella, to award a 5% fund allocation to Reinhart Partners, subject to review by Legal Counsel, to be funded equally from Champlain and Walhausen. Motion Carried Unanimously

Investment Consultant presented the 3Q Performance Report. He reviewed the continued rebound in stocks and slight gains from bonds. He reviewed the Fund's asset allocation, quarterly reconciliation, and performance. The Fund was up 4.6% for the quarter and 5.2% for the year. We reviewed the performance of the individual managers, noting the strong results from Great Lakes and WCM and weak results from QMA, Walhausen, and Templeton.

Investment Consultant provided a recap of the markets in October and distributed updated market values. He also reviewed the request from Bloomfield to rollover the unfunded commitment from Series A to Series B. He informed the Trustees that he would be submitting a formal memo after AndCo completes due diligence on this request.

MOTION #S-20-080

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

LEGAL REPORT

1. Matters deemed pertinent

Legal Counsel discussed the request for approval of contractual services agreement with Mrs. Virginia Robinson to be effective November 1, 2020, which was on the City Council meeting agenda for November 9, 2020. He is concerned that the last communication with HR Director, James Meadows, indicated that he would advise the Board if Mrs. Robinson's employment status changes and the Board has received no further information. Legal Counsel advised the Board that he will send a follow-up letter to Mr. Meadows requesting an update on the status and capacity of Mrs. Robinson's employment with the City.

RETIREMENT ADMINISTRATOR REPORT

1. Board Trustee Changes
2. Matters deemed pertinent

Retirement Administrator asked for clarification regarding the departure of two Trustees, Mark Jubas and Shirley Lightsey. Mr. Jubas informed the Board on November 6, 2020 that he needed to resign immediately because, as a Registered Investment Advisor, he is switching broker-dealers and his new broker-dealer is prohibiting him from serving as a Trustee on a pension board due to a conflict of interest. Ms. Lightsey informed her fellow trustees that she has submitted her resignation from the ASC Commission to the City.

Mr. Jubas is an appointee of the Mayor and, thus, the Mayor will need to appoint a new SERS representative. Ms. Lightsey is a Council appointed ACS Commissioner who served on the SERS Board by that appointment. Donna Sanders currently serves as an alternate to the ACS Commission and, thus, as an alternate to the SERS Board. Ms. Sanders will assume a regular board member role until City Council appoints a replacement for Ms. Lightsey. It was decided that the Board Chair should send a letter to City Council recommending that Ms. Sanders be considered as a replacement for Ms. Lightsey and that a new alternate be appointed.

NEW BUSINESS

1. Draft GASB Report
2. Draft Actuarial Valuation
3. 2021 Meeting Schedule

The Board reviewed the proposed 2021 meeting schedule dates.

MOTION #S-20-081

Motion by Mannisto, supported by Gardella, to acknowledge 2021 meeting dates on Tuesdays at 5:45 p.m. as follows: January 19, February 16, March 16, April 20, May 11, June 15, July 20, August 17, September 14, October 19, November 16, and December 14.
Motion Carried Unanimously

OLD BUSINESS

1. None

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 8:45 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on December 15, 2020