

**SOUTHFIELD EMPLOYEE RETIREMENT SYSTEM  
REGULAR MEETING – TUESDAY – NOVEMBER 16, 2021  
VIA TELECONFERENCE – 5:45 p.m.**

**MINUTES**

Board Members Present: Julius Maisano, Chair, Wayne County, MI; Chris Diaz, Oakland County, MI; L. Susan Mannisto, Oakland County, MI; Ron Miller, Oakland County, MI; Lauri Siskind, 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

The meeting was called to order by Julius Maisano, Chair, at 5:47 p.m. with a roll-call.

**APPROVAL OF AGENDA**

**MOTION #S-21-070**

Motion by Siskind, supported by Sanders, to approve Agenda, Southfield Employee Retirement System, Regular Meeting, Tuesday, November 16, 2021, with amendment to move IX. New Business items 1. and 2. being presented by Jeff Tebeau, Actuary/GRS, to following IV. Public Comment. Motion Carried Unanimously

**APPROVAL OF MINUTES**

1. October 19, 2021 Regular Meeting Minutes

**MOTION #S-21-071**

Motion by Siskind, supported by Miller, to approve Minutes, Southfield Employee Retirement System, Regular Meeting, Tuesday, October 19, 2021. Motion Carried Unanimously

**CONSENT AGENDA**

1. Informational Items
  - a. FOIA response dated October 25, 2021
  - b. Comerica Q1 2021 Invoices
  - c. Comerica Q2 2021 Invoices
  - d. Comerica Q3 2021 Invoices
2. Cash Account Report
  - a. None

3. Applications for Retirement
  - a. M. Carey
4. Authorization of Benefits
  - a. None
5. Refund of Contributions
  - a. B. Hector
6. Approval of Bills and Expenses
  - a. Invoice from Champlain Investment Partners for asset management services for the period July 01 to September 30, 2021 in the amount of \$24,596.49
  - b. Invoice from PIA for asset management services for the period July 1, 2021 through September 30, 2021 in the amount of \$13,151.00
  - c. Invoice from WCM Investment Management for asset management services for the period 07/01/2021 to 09/30/2021 in the amount of \$20,728.44
  - d. Invoice from MAPERS for 2022 Membership Renewal in the amount of \$200.00
  - e. Invoice from GRS for regular actuarial services for the period July 1, 2020 through June 30, 2021 including the June 30, 2021 annual actuarial valuation in the amount of \$19,750.00
  - f. Invoice from GRS for GASB Statement No. 67 Reporting and Accounting Schedules as of June 30, 2021 in the amount of \$6,500.00
  - g. Invoice from Great Lakes Advisors for asset management services for the period 7/1/2021 through 9/30/2021 in the amount of \$12,255.54

**MOTION #S-21-072**

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

**PUBLIC COMMENT**

No comments were made.

**NEW BUSINESS**

1. Draft Actuarial Valuation Report as of June 30, 2021
2. Draft GASB Report as of June 30, 2021

Jeff Tebeau, Actuary from GRS, was present to discuss the draft actuarial valuation as of June 30, 2021. He explained that the purpose of the annual valuation is to compute the contribution rate and measure funding. He noted that an experience study was recently performed and that the Board adopted most of the recommended assumption changes. He reviewed key valuation results, analyzed gain/loss experience, and reviewed funded ratio history.

Investment gains were the main driver in the decrease of the System's unfunded liability. \$13.3 mill in unrecognized gains will put downward pressure on the City's contribution rate over the next four years. Removal of the ultimate normal cost method and accelerated amortization

increased the City's contribution by approximately 1.8% and will help mitigate negative cash flow. The employer contribution rates increased more than expected due to decrease in payroll of 0.3%.

**MOTION #S-21-073**

Motion by Siskind, supported by Mannisto, to accept and approve draft City of Southfield Employee Retirement System Fifty-Sixth Actuarial Valuation Report as of June 30, 2021 with a computed employer contribution rate of 28.76% and a minimum dollar contribution of \$4,648,973 for the fiscal year beginning July 1, 2022, and direct that the actuary finalize the report. Motion Carried Unanimously

Actuary also presented the draft GASB report as of June 30, 2021 which is based on June 30, 2020 valuation results but incorporates changes adopted from the experience study and reviewed the executive summary contained in the report.

**MOTION #S-21-074**

Motion by Siskind, supported by Mannisto, to accept and approve draft City of Southfield Employee Retirement System GASB Statement Nos. 67 and 68 Accounting and Financial Reporting for Pensions as of June 30, 2021 and direct that the actuary finalize the report. Motion Carried Unanimously

**INVESTMENT CONSULTANT REPORT**

1. Investment Performance Report for the Period Ending September 30, 2021
2. Market Update
3. Asset/Manager Summary
4. Great Lakes Monthly Performance Report
5. Introduction to Private Equity

Investment Consultant presented the 3Q Investment Performance Report. He reviewed the capital markets during the 3<sup>rd</sup> quarter including the selloff in equities during September and the flat returns from fixed income. He reviewed the asset allocation, financial reconciliation, and performance. The Fund was up 0.79% during the quarter and 26.12% for the year and ranked in the top decile of its peer group for both periods. He reviewed the performance of the individual managers, noting the strong results from Champlain and Reinhart and weaker results from Great Lakes.

Investment Consultant distributed the October Capital Market Summary and updated market values. He discussed the rebound in the equity markets and the increase in the Total Fund market value. He discussed the continued under performance of Great Lakes and recommended transferring the assets from the manager to the other small and mid-cap strategies (Champlain, Reinhart, and Walthausen). He also recommended using the termination to rebalance the Fund toward targets and transfer the remainder of the Great Lakes portfolio (about \$1.3 mill) to Pacific Income. He further recommended transferring \$1 mill from WAM to Cash for benefits. The Board approved both recommendations.

Investment Consultant distributed an Intro to Private Equity, however, due to time constraints the report was tabled until a future meeting.

**MOTION #S-21-075**

Motion by Diaz, supported by Mannisto, to transfer \$1 mill from WAM S&P 500 to Cash, and to terminate Great Lakes Equity and transfer proceeds as follows: \$1 mill to Champlain, \$3 mill to Walthausen, \$4 mill to Reinhart, and the remainder to Pacific Income Advisers, as recommended by Investment Consultant. Motion Carried Unanimously

**MOTION #S-21-076**

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

Lauri Siskind requested that Investment Consultant provide a written recommendation to the Board to terminate Great Lakes Equity.

**LEGAL COUNSEL REPORT**

1. Matters deemed pertinent

Legal Counsel indicated that amendments to the Open Meeting Act have been introduced via HB 5427 and referred to sub-committee. Pre-Covid, trustees could call into a meeting but Covid amendments strictly limited that provision. The legislation, which has been fine-tuned to only apply to retirement and health care boards, is expected to pass but not before year end. Therefore, the Board needs to be ready for live meetings for at least January and February.

Lauri Siskind asked if Legal Counsel had any information about new audit requirements for pension funds. He did not.

**MOTION #S-21-077**

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

**RETIREMENT ADMINISTRATOR REPORT**

1. Disability application update
2. BS&A conversion update
3. Matters deemed pertinent

Retirement Administrator indicated that there was nothing to report on the disability retirement application as the member is awaiting his appointment with the Medical Director. Regarding the new payroll system, the conversion team is still working on being able to extract historical pensionable wages and is optimistic that it is possible.

Retirement Administrator informed the Board that a retiree died in June but that the Retirement System did not become aware of it until November. As the July payment in the approximate amount of \$223 cannot be recalled because the account has been closed, mail is returned as undeliverable, and there is no next of kin information, she asked how to proceed. Legal Counsel directed that an attempt to collect the funds should be made by sending a letter to the attention of the deceased retiree's estate at the last known address of record.

## **OLD BUSINESS**

1. None

## **NEW BUSINESS**

3. 2022 Meeting Schedule

This item was not addressed.

## **PENDING MATTERS**

1. Retirement Handbook: Lead/Maisano, Timeframe/TBD  
No update/discussion.
2. Pension Calculator: Lead/Maisano, Timeframe/TBD  
No update/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 7:08 p.m.

Prepared by Megan Battersby, Retirement Administrator

Approved by Board Motion on December 14, 2021