

BOARD OF TRUSTEES OF THE CITY OF FARMINGTON HILLS, MICHIGAN
EMPLOYEES' RETIREMENT SYSTEM
MINUTES – MAY 16, 2022
CITY HALL COMMUNITY ROOM

1) Call Meeting to Order

Chairperson Gould called the meeting of the Board of Trustees of the City of Farmington Hills, Michigan Employees' Retirement System (ERS) to order at 9:08 a.m. on May 16, 2022, in the City Hall Community Room.

Roll call.

Board Members Present: Eric Gould
Lauri Siskind
Tom Skrobola
Kevin McCarthy
Stacy Parke
Domenic Lauria
Absent: Mark Rash

Others Present: Attorney Michael VanOverbeke; Investment Consultants Brian Green and Mike Holycross; City Council Liaison Ken Massey; Finance Department Secretary Kim Ried.

2) Approval of Agenda Chairperson Gould requested 3 items be added to Old Business to receive status updates. 1) the Actuarial Audit RFI, 2) the letter to Comerica, and 3) the policy document increasing closed group amortization from 15 to 20 years. **MOTION #FH-2022-15:** Lauri Siskind made a motion to approve the agenda as amended. Seconded by Kevin McCarthy Unanimously approved.

3) Approval of Minutes **MOTION #FH-2022-16:** Stacy Parke made a motion to approve the meeting minutes of February 11, 2022. Seconded by Domenic Lauria. Unanimously approved.

4) Public Comments and Questions - None.

5) Board Member Correspondence, Comments & Announcements

- A. General Trustee Kevin McCarthy announced his upcoming retirement in July so he will be leaving the Board. The Board expressed their appreciation to him for his service. A general election will be held to fill the unexpired term before the next Board meeting in August.
- B. The Investment Subcommittee (ISC) did not meet.
- C. Going forward, the Board would like to move the ISC Report to Routine Matters before the Attorney Report. The Board would also like to add a new agenda item under Routine Matters, an Administrator's Report, for the Administrator to inform the Board of issues, developments, and updates.
- D. The MAPERS Spring Conference is May 21-24 at the Grand Traverse. Chairperson Gould noted there was a good presentation on Actuarial Audits at the MAPERS One Day Conference in March. He will forward the presentation slide deck to the Board, or it can be found on the MAPERS website.

6) Routine Matters

- A. **MOTION #FH-2022-17:** Lauri Siskind made a motion to accept the quarterly Report of Refunds, Beneficiary Changes, New Retirees and New Applications for Membership as of March 31, 2022. Seconded by Stacy Parke. Unanimously approved.
- B. **MOTION #FH-2022-18:** Kevin McCarthy made a motion to accept the Report of Retirement System and Retiree Healthcare expenses paid for the quarter ending March 31, 2022. Seconded by Stacy Parke.
- C. Attorney VanOverbeke briefly discussed his work on the Pension Rescue Plan and how it is moving through the legislature in Lansing.
- D. Administrator Tom Skrobola reported things are going smoothly at this busy time of year for retirements. He noted that contract negotiations are just getting started.

7) Old Business

- A. The Board discussed the Actuarial Audit, a newer part of PA202 that was adopted in 2017. It requires that Plans either conduct a peer review of their actuary within 8 years of adoption (by 2025) or get a new actuary. The Board acknowledged that while it is better not to wait until the last minute, no immediate action is required. Attorney VanOverbeke recommends the audit occur right after the latest experience study to see what needs to be updated to remain current and if you are on the right path. He stated there are 3 levels of peer review audit, from a full replication that is very costly to one much smaller in scope but exhaustive enough to review your data. Best practice is to do a peer audit every 10 years. AndCo Consulting has actuarial staff and is looking into doing Actuarial Audits for their clients. The Attorney has a rough draft of an RFI but wants to wait a little to see what may develop.
- B. Tom reported that Innovest, a subcontractor of Comerica, was asked to notify us and give us the opportunity to review any communications before they are sent to retirees, such as the form letter sent last December that caused some confusion. After the last Board meeting, Tom sent a communication to Comerica to reinforce that the Board wanted this protocol to be adhered to. Comerica confirmed that any communications to be sent to retirees will be discussed with Administration first. Additionally, it will be the Administrator's practice to have communications sent on behalf of the Board vetted by appropriate Board personnel.
- C. The update to the Funding Policy document increasing closed group amortization from 15 to 20 years has been completed. Gabriel Roeder Smith (GRS) has reported their satisfaction to the Administrator regarding their request to formally adopt the necessary Funding Policy change. In keeping with best practices, the approved meeting minutes formally adopting the Funding Policy and the updated policy with notation "updated February 11, 2022" will be sent by the Administrator to GRS immediately after the meeting. Before the August 2022 Board Meeting, the Administrator and Finance Department Secretary Kim Ried will publish updated Board policies in a manner that provides on-demand access to all Board members, including ex-officio members, as well as the Attorney and Investment Consultant.

8) New Business

- A. The Board reviewed the proposed FY 2022/23 Retirement Board budget. Lauri Siskind noted the cost of the MAPERS Winter Seminar should be \$100 per Trustee for next year. **MOTION #FH-2022-19.** Lauri Siskind made a motion to approve the budget as presented with the one correction. Seconded by Stacy Parke. Unanimously approved.

- B. The 1st Quarter Investment Performance Report as of March 31, 2022, was presented and discussed with the Board by Financial/Investment Advisors Brian Green and Mike Holycross of AndCo Consulting. The Retirement System performance was down 4.51% during the quarter compared to the Policy Index being down 4.18% during the quarter, ranking in the 58th percentile. The Retiree Healthcare Fund performance was down 4.57% during the quarter compared to the Policy Index being down 4.18% during the quarter, ranking in the 60th percentile. **MOTION #FH-2022-20:** Tom Skrobola made a motion to accept and file the AndCo quarterly investment reports for ERS and Post-Retirement Health Care. Seconded by Domenic Lauria. Unanimously approved.
- C. AndCo Financial Advisors presented a recommendation for both ERS and Healthcare that will give us the option for potential rebalance activity in the September 30 redemption window, allowing us to pull back profits from 12-month gains in two of our core Real Estate Funds, Brookfield and PRISA II. They each offer quarterly liquidity with 90 days' notice. AndCo's recommendation for ERS is to move \$1.5 million from Brookfield and \$1.5 million from PRISA II into cash. Their recommendation for Post-Retirement Healthcare is to move \$700,000 from Brookfield and \$700,000 from PRISA II into cash. **MOTION #FH-2022-21:** Lauri Siskind made a motion to get ourselves in line with Brookfield and PRISA II with \$1.5 million liquidation from each for ERS and \$700,000 liquidation from each for Post-Retirement Health Care for September 30 redemption. Seconded by Tom Skrobola. Unanimously approved.
- D. **MOTION #FH-2022-22:** Lauri Siskind made a motion to appoint Board members Stacy Parke and Tom Skrobola as voting delegates at the Spring 2022 MAPERS Conference, with alternate Mark Rash. Seconded by Kevin McCarthy. Unanimously approved.
- E. There is no regular business that needs to be conducted at the scheduled June 17th meeting, so that regular meeting date will be canceled. AndCo Consulting will set up and conduct a virtual Round Table discussion on June 17th with a few current managers on the domestic equity, international equity, and real estate side. It will provide feedback and insight, so all are encouraged to attend, however, please note that this will not constitute a Meeting under the Open Meetings Act, as it is strictly educational in nature.
- F. The Board confirmed the next regular meeting date of Friday, August 12, 2022, at 9:00 a.m. in the Community Room.
- 9) **MOTION #FH-2022-23:** Without objection, Chairperson Gould adjourned the meeting at 10:46AM.

**Respectfully Submitted,
Thomas C. Skrobola
Secretary-Treasurer, Board of Trustees**

Procedures for accommodations for persons with disabilities:

Anyone planning to attend the meeting remotely or who has need of special assistance under the Americans with Disabilities Act (ADA) is asked to contact the City Clerk's Office at 248-871-2410 at least two (2) business days prior to the meeting, wherein necessary arrangements/accommodations will be made.