

BOARD OF TRUSTEES OF THE CITY OF FARMINGTON HILLS, MICHIGAN
EMPLOYEES' RETIREMENT SYSTEM
MINUTES – NOVEMBER 11, 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 9:09 a.m. on November 11, 2022, in the City Hall Community Room.

Roll call.

Board Members Present: Eric Gould
Lauri Siskind
Domenic Lauria
Tim Waker
Brian Moore
Stacy Parke
Tom Skrobola

Others Present: Attorney Michael VanOverbeke; Investment Consultants Mike Holycross and Brian Green; Pension Accountant Susan Hardy; Finance Department Secretary Stephanie Keimer; Jim Anderson and Danielle Mathiesen from Gabriel Roeder Smith & Company (GRS); Michael Rolka from Yeo & Yeo.

2) Approval of Agenda - [MOTION #FH-2022-33](#) Tom Skrobola made a motion to approve the agenda. Seconded by Stacy Parke. Unanimously approved.

3) Approval of Minutes – [MOTION #FH-2022-34](#): Lauri Siskind made a motion to approve the meeting minutes of August 5, 2022. Seconded by Brian Moore. Unanimously approved.

4) Public Comments and Questions - None.

5) Board Member Correspondence, Comments & Announcements

- Tom Skrobola announced Stephanie Keimer as the new Finance Department Secretary.

6) Routine Matters

A. [MOTION #FH-2022-35](#): Stacy Parke made a motion to accept the quarterly Report of Refunds, Beneficiary Changes, New Retirees and New Applications for Membership as of September 30, 2022. Seconded by Tim Waker. Unanimously approved.

B. [MOTION #FH-2022-36](#): Stacy Parke made a motion to accept the Report of Retirement System and Retiree Healthcare expenses paid for the quarter ending September 30, 2022. Seconded by Tim Waker. Unanimously approved.

C. The Investment Sub Committee (ISC) did not meet. The current members are Tom Skrobola, Lauri Siskind and Stacy Parke.

D. Attorney report

- Michael VanOverbeke informed the Board that he is working with Tom Skrobola to draft

ordinance amendments that will eventually be presented to the City Council. These will incorporate changes that came about from the Collective Bargaining Agreements that the City Council already approved.

- Michael VanOverbeke discussed the timing of the Actuarial Audit. It is open to the Board to decide what the level of the Actuarial Audit should be.
 - Michael VanOverbeke discussed that this is the end of the State Legislature's two-year legislative cycle. Any bills that do not get passed by the end of the lame-duck session in December will need to be reintroduced in the next Legislative Session starting in January 2023.
- E. Administrator Tom Skrobola discussed that the Board is looking to GRS and Michael VanOverbeke for advice on the timing of the PA 202 Actuarial Audit. All the bargaining unions within the City, with the exception of AFSME and the 47th District Court, have language in their contracts regarding defined benefit retirement benefit changes to pension and retiree healthcare. These changes have been ratified by the respective unions and by City Counsel.

8) Old Business

A. AndCo Financial Advisor Brian Green provided an overview of the updates made to the Investment Policy Statement. The updates include:

- Adjustment to the header and footer on each page of the report to reflect that all information applies to both the Employees' Retirement System and the Post-Retirement Healthcare Fund.
- Change to item C15 at the bottom of page 3 acknowledging the responsibility of the investment managers and investment consultants to notify the Board in writing regarding significant changes such as ownership, staffing, etc.
- The date of the update and reason for the update was noted on page 11.

MOTION #FH-2022-37 – Tom Skrobola made a motion to approve the amendment of November 11, 2022. Seconded by Stacy Parke. Unanimously approved.

9) New Business

- A. Michael Rolka from Yeo & Yeo presented the results of the audit of the Employees' Retirement System and the Post-Retirement Healthcare Finance fund for the FY 2021/2022 Annual Financial Reports. He reported that they have provided an Unqualified Opinion for both the Employees' Retirement System and Post-Retirement Healthcare Finance Fund, which is the highest and best opinion that an auditor can provide. Discussion continued with the Board. **MOTION #FH-2022-38** - Lauri Siskind made a motion to acknowledge receipt of the auditor's presentation; receive and file the Employees' Retirement System Audit Report and the Post-Retirement Healthcare Finance Fund Audit Report; and provide a copy of the auditor's report to the Plan Sponsor. Seconded by Stacy Parke. Unanimously approved.
- B. Actuaries Jim Anderson and Danielle Mathiesen from GRS presented the results of the Annual Actuarial Valuation Reports for the Employees' Retirement System and the Retiree Health Plan Actuarial Valuation Report as of June 30, 2022.

Mr. Anderson indicated that the Employees' Retirement System was 75% funded as of June 30, 2022 (down from 76% funded the prior year). The City/Court required retirement system contribution (at the current 7.0% Discount Rate) will be \$7,507,962 for FY 2023/24 which is \$512,986 more than the FY 2022/23 contribution.

The Retiree Health Plan was 113.9% funded as of June 30, 2022 (up from 107.9% funded as of June 30, 2020). The City/Court contribution (at the current 7.0% Discount Rate) would be \$249,078 for FY 2024/25, which is \$36,007 less than the FY 2022/23 contributions, which were established by the most recent previous biennial Retiree Health Plan Valuation dated 6/30/2020.

MOTION #FH-2022-39: Domenic Lauria made a motion to accept the Employees' Retirement System actuarial report and the Retiree Health Plan actuarial report, including the calculated employer contribution rates; acknowledge receipt of the actuary's presentation; and forward a copy of the actuary's report to the City. Seconded by Tom Skrobola. Unanimously approved.

MOTION #FH-2022-40: Lauri Siskind made a motion to approve the transfer of reserve amounts reflected in the Employees' Retirement System Actuarial Valuation Report. Seconded by Domenic Lauria. Unanimously approved.

The 3rd Quarter Investment Performance Report as of September 30, 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 3.93% during the quarter compared to the Policy Index being down 4.59% during the quarter, ranking in the 33rd percentile. The Retiree Healthcare Fund performance was down 4.10% during the quarter compared to the Policy Index being down 4.59% during the quarter, ranking in the 38th percentile. AndCo has one allocation recommended action at this time. Brian Green discussed putting in a redemption request for the Corbin HFRI Fund for the March 31, 2023, redemption window. The deadline for a redemption request is December 20, 2022. This redemption can be rescinded and/or reduced if the Board chooses. **MOTION #FH-2022-41:** Stacy Parke made a motion enter a redemption request from Corbin for 25% of the available balance for both pension and retiree healthcare for the March 31, 2023, redemption window. Seconded by Domenic Lauria. Unanimously approved.

MOTION #FH-2022-42: Tom Skrobola made a motion to accept, receive, and file the quarterly investment reports for ERS and Post-Retirement Health Care. Seconded by Lauri Siskind. Unanimously approved.

C. The Board reviewed the proposed 2023 Meeting Calendar. **MOTION #FH-2022-43.** Tom Skrobola made a motion to approve the 2023 Retirement Board Meeting Calendar as presented. Seconded by Domenic Lauria. Unanimously approved. The calendar will be posted on the City's website and on the bulletin board outside the City Hall entrance. Trustees will be sent electronic calendar appointments.

D. The Board confirmed the next meeting date of Friday, February 10th, 2023, at 9:00 a.m. in the Community Room.

10) **MOTION #FH-2022-44:** Tom Skrobola made a motion to adjourn at 11:46 a.m., seconded by Domenic Lauria. Unanimously approved.

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

Procedures for accommodations for persons with disabilities:

Those individuals needing accommodations for effective participation in this meeting should contact the City Clerk (248) 871-2410 at least two (2) working days in advance of the meeting. An attempt will be made to make reasonable accommodations.