

BOARD OF TRUSTEES OF THE CITY OF FARMINGTON HILLS, MICHIGAN
EMPLOYEES' RETIREMENT SYSTEM
MINUTES – AUGUST 23, 2024
CITY HALL COMMUNITY ROOM

1) Call Meeting to Order

Chairperson Lauri Siskind called the meeting of the Board of Trustees of the City of Farmington Hills, Michigan Employees' Retirement System (ERS) to order at 9:04 a.m. on August 23, 2024, in the City Hall Community Room.

Roll call.

Board Members Present: Lauri Siskind
Eric Gould
Tim Waker
Domenic Lauria
Paul Wonfor
Tom Skrobola via teleconference
Tom Allen via teleconference

Others Present: Attorney Michael VanOverbeke; Investment Consultant Brian Green; Finance Department Secretary Stephanie Keimer; Pension Accountant Susan Hardy; Actuaries Jim Anderson, Stephanie Sullivan, & Shelby Nichols.

2) Approval of Agenda - MOTION #FH-2024-32: Eric Gould made a motion to approve the agenda. Seconded by Tim Waker. Unanimously approved.

3) Approval of Minutes – MOTION #FH-2024-33: Tim Waker made a motion to approve the meeting minutes of May 10, 2024. Seconded by Domenic Lauria. Unanimously approved.

4) Approval of Minutes – MOTION #FH-2024-34: Tim Waker made a motion to approve the meeting minutes of May 31, 2024, special meeting. Seconded by Eric Gould. Unanimously approved.

5) Public Comments - None.

6) Board Member Correspondence, Comments & Announcement – None.

7) Routine Matters

A. **MOTION #FH-2024-35:** Eric Gould made a motion to accept the quarterly Report of Refunds, Beneficiary Changes, New Retirees and New Applications for Membership as of June 30, 2024, and the Report of Retirement System and Retiree Healthcare expenses paid for the quarter ending June 30, 2024. Seconded by Tim Waker. Unanimously approved.

B. The Investment Subcommittee (ISC) did not meet. The current members are Eric Gould, Tim Waker and Tom Allen.

8) Reports

A. Attorney Report:

- Michael VanOverbeke informed that Board that he has been asked by City staff to assist in updating retirement plan design. As the Board is his client, and not the City, he wanted to make sure the Board is aware and does not have any concerns.

B. Administrator report:

- Tom Skrobola provided an update on the Duty Disability offset issue. City staff sent Form 4506 to the IRS for copies of 2021 and 2022 income tax returns. No response has been received at this time.
- Tom Skrobola provided an update on the FY 2023/24 audit preparation. At the City's request, the City's Auditors, Yeo and Yeo, have agreed to allow staff to use cutoff dates other than June 30th, 2024, for alternative investments that aren't valued timely, with a 3-month maximum lag, meaning that the statements we use from the Fund Manager cannot be older than March 31, 2024. The Auditors will come on site for field work as usual for several weeks in the middle/latter part of September.

9) Unfinished Business

- A. Mariner will provide a revised International Equity Recommendation letter containing the correct allocation recommendation per the action taken at the May 31, 2024, virtual Board Meeting.

10) New Business

- A. Jim Anderson and Stephanie Sullivan of Gabriel Roeder Smith & Company presented the Board with the 5-year Experience Study for the City of Farmington Hills Employees' Retirement System and Retiree Health Plan.

MOTION #FH-2024-36: Domenic Lauria made a motion to acknowledge receipt of the 5-year Experience Study for the City of Farmington Hills Employees' Retirement System and Retiree Health Plan for the July 1, 2018, through June 30, 2023, period from the Board's actuarial consultant; GRS; and the presentation of the report at today's meeting by GRS. The Board after presentation and discussion hereby approves the recommended changes to the Demographic Assumptions as reflected in the report with changes to: (i) the normal retirement rates for the police patrol and police command groups, (ii) the turnover rates for police patrol, and (iii) the mortality table with application of the MP-2021 projection scale on a fully generational basis without and "end" year. The Board also approves the recommended changes to the following Actuarial Methods as noted in the report:

i. Retirement System: Amortization Schedule:

For the Retirement System – Continue using the current amortization periods until each respective amortization period reaches 15 years (June 30, 2024, for general groups and June 30, 2028, for police and fire groups). Once at 15 years, incorporate a layered amortization under which any new UAAL created by gains/losses, assumption changes and/or plan changes for that valuation will be amortized over new, closed 15-year periods.

For the Retiree Health Plan: Continuing the current amortization period until

the amortization period reaches 10 years (June 30, 2025 valuation). Once at 10 years, incorporate a layered amortization under which any new UAAL created by gains/losses, assumption changes and/or plan changes for that valuation will be amortized over new, closed 15-year period, consistent with the Retirement System.

ii. Asset Valuation Method

For the Retirement System: No change.

For the Retiree Health Plan: Establish a corridor of 80% (consistent with the Retirement System) so that the funding value of assets does not diverge more than 80% from the underlying market value.

iii. Retirement System Load for Administrative Expenses – Since the Retirement System is now open to new employees for all groups, update to a single percentage of pay developed across all groups.

Further, to adopt new option factors consistent with the changes adopted herein for retirements on or after January 1, 2025.

Seconded by Tom Skrobola. Unanimously approved.

B. Tom Skrobola presented the Board with the City staff's recommendation for the Retirement System Custodial Services to be granted to Northern Trust.

The Retirement System Custodial Services review focused on six major areas including administration, operations, pension disbursements/reports, implementation, management commitment, and fees and references.

MOTION #FH-2024-37: Paul Wonfor made a motion to approve the recommended custodial change beginning January 1, 2025. Seconded by Eric Gould. Unanimously approved.

C. Attorney Michael VanOverbeke presented the Board with a draft Request for Proposal for Actuarial Audit Services. Michael outlined the three common levels of Actuarial Audits and recommended that the Board request audits for both the ERS & RHCF.

Michael's current recommendation is that he bring a final draft of the Request for Proposal for Actuarial Audit Services back at the November 2024 Pension Board meeting. No action required at this time.

D. The 2nd Quarter Investment Performance Report as of June 30, 2024, was presented and discussed with the Board by Financial/Investment Advisor Brian Green of Mariner. The Retirement System performance was up 0.12% during the quarter compared to the Policy Index being up 0.66% during the quarter, ranking in the 93rd percentile. The Retiree Healthcare Fund performance was up 0.07% during the quarter compared to the Policy Index being up 0.66% during the quarter, ranking in the 93rd percentile.

The Retirement System performance was up 9.11% during the fiscal year compared to the Policy Index being up 10.42% during the fiscal year, ranking in the 77th percentile. The Retiree Healthcare Fund performance was up 9.10% during the fiscal year compared to the Policy Index being up 10.42% during the fiscal year, ranking in the 77th percentile.

MOTION #FH-2024-38: Tom Allen made a motion to accept and file the Mariner quarterly investment reports for ERS and Post-Retirement Health Care. Seconded by Tom Skrobola. Unanimously approved.

E. **MOTION #FH-2024-39:** Eric Gould made a motion to appoint Board members Tim Waker and Tom Allen as voting delegates at the Fall 2024 MAPERS Conference, with alternates Tom Skrobola and Paul Wonfor. Seconded by Paul Wonfor. Unanimously approved.

F. **MOTION #FH-2024-40:** Domenic Lauria made a motion to change the November Board meeting from Friday November 22, 2024, to Friday November 1, 2024, at 9:00 a.m. in the Community Room. Seconded by Tom Skrobola. Unanimously approved.

11) **MOTION #FH-2024-41:** Without objection, Chairperson Siskind adjourned the meeting at 12:15PM.

**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.