

BOARD OF TRUSTEES OF THE CITY OF FARMINGTON HILLS, MICHIGAN
EMPLOYEES' RETIREMENT SYSTEM
MINUTES – FEBRUARY 10, 2023
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 9:04 a.m. on February 10, 2023, in the City Hall Community Room. Chairperson Gould reminded the Board of encouraging remote participation throughout the meeting.

Roll call.

Board Members Present: Eric Gould
Lauri Siskind via teleconference, will not vote
Tom Skrobola
Tim Waker
Stacy Parke
Brian Moore
Domenic Lauria via teleconference (at 9:45 a.m.), will not vote

Others Present: Attorney Michael VanOverbeke; Investment Consultant Brian Green; Pension Accountant Susan Hardy; Finance Department Secretary Stephanie Keimer.

2) Approval of Agenda - MOTION #FH-2023-01: Brian Moore made a motion to approve the agenda. Seconded by Stacy Parke. Unanimously approved.

3) Approval of Minutes – MOTION #FH-2023-02: Stacy Parke made a motion to approve the meeting minutes of November 11, 2022. Seconded by Tim Waker. Unanimously approved.

4) Election of Officers

Chairperson Gould requested Board counsel Michael VanOverbeke to conduct the election process.

A. Eric Gould nominated Lauri Siskind for Chairperson. There were no other nominations.

MOTION #FH-2023-03: Brian Moore made a motion to elect Lauri Siskind as Chairperson of the Retirement Board of Trustees and Healthcare Plan for 2023. Seconded by Stacy Parke Unanimously approved.

B. Tom Skrobola nominated Eric Gould for Vice Chairperson. There were no other nominations.

MOTION #FH-2023-04: Stacy Parke made a motion to elect Eric Gould as Vice Chairperson of the Retirement Board of Trustees and Healthcare Plan for 2023. Seconded by Brian Moore. Unanimously approved. Vice Chairperson Gould retained the chair for the remainder of the meeting.

Co-Chairperson Gould continued chairing the meeting.

5) Public Comments and Questions - None.

6) Board Member Correspondence, Comments & Announcements

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

B. Eric Gould reported registration is now open for the MAPERS One Day Seminar on March 3,

2023, in Troy.

7) Routine Matters

- A. **MOTION #FH-2023-05:** Tom Skrobola made a motion to accept the quarterly Report of Refunds, Beneficiary Changes, New Retirees and New Applications for Membership as of December 31, 2022. Seconded by Stacy Parke. Unanimously approved.
- B. **MOTION #FH-2023-06:** Tim Waker made a motion to accept the Report of Retirement System and Retiree Healthcare expenses paid for the quarter ending December 31, 2022. Seconded by Brian Moore. Unanimously approved.
- C. Attorney
- Michael VanOverbeke discussed several parts of the Secure 2.0 Act of 2022. Most apply to defined contribution plans and IRAs.
 - i. Sec.107 – Increase in age before required distributions begin: Increases the RMD age to:
 1. 73 for an individual who attains age 72 after December 31, 2022, and age 73 before January 1, 2033; and
 2. 75 for an individual who attains age 74 after December 31, 2032.
 - ii. Sec. 01 – Recovery of overpayments: Provides that plans will not fail to be a tax favored plan merely because the plan fails to recover an “inadvertent benefit overpayment” or otherwise amends the plan to permit the increased benefit. In certain cases, the overpayment may be treated as an eligible rollover distribution.
 - iii. Sec. 314 – Penalty free withdrawal for victims of domestic abuse: Permits certain penalty-free early (in-service) withdrawals in the case of domestic abuse in an amount not to exceed the lesser of \$10,000 (indexed) or 50% of the value of the employee’s vested account balance.
 - iv. Sec. 326 – Exception to early distribution penalty for individuals with a terminal illness: Creates an exception to the 10% early withdrawal penalty for distributions to individuals whose physician certifies that they have an illness or condition that is reasonably expected to result in death in 84 months or less.
 - v. Sec. 328 – Repeal of direct payment requirement on retired public safety officers’ health insurance premiums: Allows the plan to distribute funds to pay for qualified health insurance premiums of retired public safety officers (i) directly to the insurer, or (ii) directly to the participant (the participant must include a self-certification that such funds did not exceed the amount paid for premiums in the year of distribution when filing the tax return for that year).
 - vi. Sec.501 – Provisions relating to plan amendments: Plan amendments required under SECURE 2.0 must be made on or before the last day of the first plan year beginning on or after January 1, 2027. Section 501 also conforms the plan amendment dates under the SECURE Act, CARES Act, and the Taxpayer Certainty and Disaster Tax Relief Act of 2020 to January 1, 2027.
 - Michael VanOverbeke discussed House Bill 4001 and Senate Bill 1. Both address the taxation of public employee retirement benefits. The House passed House Bill 4001 on February 9, 2023. The Senate will concur on it February 10, 2023. Michael VanOverbeke said there is every indication the Governor will sign it into law.
- D. Administrator Report:
- Pension – Defined Benefit conversion project: Eric Gould and Tom Skrobola hosted 4 educational sessions for employees who are now part of the Defined Benefit system and who can purchase service credits. There are 149, non-public safety, employees who are

eligible to purchase prior service with the City, 143 of whom requested costings.

- PA 202 Actuarial Audit: Tom asked Attorney Michael VanOverbeke for a suggestion on when the appropriate time is to move forward with this - we have until 2025.

8) Old Business – None.

9) New Business

- A. Annual Review of Actuarial Funding Policy Statement: nothing to review at this time.
- B. The Employees' Retirement System Annual Report and the Healthcare Fund Annual Report to Membership were presented to the Board. The reports have been put on the City's website and sent to the Michigan Treasury. There is a minor change that needs to be made to each report. The asterisks do not correlate properly on page ten of The Employees' Retirement System report and page nine of the Healthcare Fund report. **MOTION #FH-2023-07:** Stacy Parke made a motion to accept and file the Employees' Retirement System Annual Report with the changes mentioned above. Seconded by Tim Waker. Unanimously approved. **MOTION #FH-2023-08:** Tim Waker made a motion to accept and file the Healthcare Fund Annual Report with the changes mentioned above. Seconded by Stacy Parke. Unanimously approved.
- C. The 4th Quarter Investment Performance Report as of December 31, 2021, was presented and discussed with the Board by Financial/Investment Advisor Brian Green of AndCo Consulting. The Retirement System performance was up 6.15% during the quarter compared to the Policy Index being up 6.05% during the quarter, ranking in the 41st percentile. The Retiree Healthcare Fund performance was up 6.33% during the quarter compared to the Policy Index being up 6.05% during the quarter, ranking in the 34th percentile. It was discussed that the purchase of service credit money will need to be moved no later than June 30, 2023. Currently, AndCo has no allocation change recommendations. **MOTION #FH-2023-09:** Tom Skrobola made a motion to receive and file the AndCo quarterly investment reports for ERS and Post-Retirement Health Care. Seconded by Stacy Parke. Unanimously approved.
- D. The Board received Blackstone Tactical Opportunities Fund term extension memo from AndCo Consulting. Brian Green explained there is no action required. This memo is notification that the Blackstone Tactical Opportunities Fund has extended the fund term to 2024. It was originally set to end January 14, 2023. The management fee is now zero.
- E. Reinhart Partners Mid Cap PMV has entered into an agreement with Sprouting Rock Asset Management, LLC. Sprouting Rock will acquire a supermajority voting interest in Reinhart Partners in a three-step transaction over a period of two years. This requires consent from the Pension Board because the contract will now be owned by Sprouting Rock. Attorney Michael VanOverbeke has submitted some added language to Reinhart which addresses their acknowledgement and consent on the form. He requested that the Board approve it subject to legal counsel review. **MOTION #FH-2023-10:** Tom Skrobola made a motion to approve the consent subject to legal review. Seconded by Tim Waker. Unanimously approved.
- F. The Board reviewed and discussed the status and timing of our vendor contracts.
- Investment Consultant – (AndCo Consulting) – The current agreement expires on June 30, 2023. **MOTION #FH-2023-11:** Tom Skrobola made a motion to renew through June 30, 2024, subject to AndCo providing a report with updated information. Seconded by Stacy Parke. Unanimously approved.

- Attorney – (Michael VanOverbeke) – Retainer agreement, no expiration date. No action required.
- Actuary – (Gabriel Roeder Smith & Company) – The current agreement expires on June 30, 2023. The Board will explore the option of extending the contract for one year at the May 2023 Meeting.
- Pension Custodian – (Comerica) – The current agreement expires on December 31, 2023. The Board is considering an optional 1-year extension through December 31, 2024. Currently awaiting a fee schedule which will be presented at the next meeting.
- Auditor – (Yeo & Yeo) - The current contract expires after the FY 2024/25 audit. No action required.

G. The Board confirmed the next meeting date of Friday, May 12, 2023, at 9:00 a.m. in the Community Room.

10) **MOTION #FH-2023-12:** Without objection, Vice-Chairperson Gould adjourned the meeting at 11:55a.m.

**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.