

**OFFICIAL PROCEEDINGS OF THE BOARD OF
TRUSTEES
CITY OF LANSING
EMPLOYEES RETIREMENT SYSTEM**

Regular Meeting
City Council Conference Room
10th Floor, City Hall
Lansing, MI

August 27, 2015
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:33 a.m.

Present: Dedic, Good, McIntyre (8:36), Munroe, D. Parker, M. Parker, Wood – 7
Absent: Trustee Bernero, McCaffery

Others: Karen E. Williams, Finance Department; Attorney Ken Lane, Clark Hill (representing the City Attorney's Office), Attorney Paul Novak, Milberg.

It was moved by Trustee Mark Parker and supported by Trustee Dedic to approve the Official Minutes of the Employees' Retirement System Board Regular Meeting of July 21, 2015.

Adopted by the following vote: 6 - 0

There were no public comments.

Secretary's Report. 11 new member(s), 0 reinstatement(s), 0 refund(s), 2 transfers, 2 retired. Total active membership: 325. Total deferred: 70. 1 death(s), Cy Clark (UAW, retired 1/5/1999), died 8/15/2015, age 84, spouse to receive 100%. Refunds made since the last regular meeting amounted to \$19,852.01. Retirement allowances paid for the month of July 2015, amounted to \$1,902,130.90. Total retirement checks printed for the ERS System: 916. Total Retirement checks printed for both systems: 1627. Eligible domestic relations orders received: 0.. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

There were no requests for regular age & service retirements.

There were no requests for duty disability retirements.

Karen Williams reported that the Employees Retirement System received a request for non-duty disability retirement, Applicant #2015-E0827.

The Non-Duty Disability retirement request for applicant #2015-E0827 was referred to the disability subcommittee.

**Employees Retirement System
Regular Meeting of August 27, 2015
Page 2**

The Employees Retirement System meeting was recessed to allow the disability subcommittee to discuss the non-duty request for applicant #2015-E0827.

The Employees Retirement System Board meeting recessed at 8:37 a.m.

The ERS Meeting resumed at 8:41 a.m.

Ms. Williams reported that the disability subcommittee met and agreed to refer applicant #2015-E0827 to the medical director for evaluation for non –duty disability.

There were no requests for refunds of accumulated contributions.

It was moved by Trustee Wood and supported by Trustee Mark Parker to excuse Trustee McCaffery from the August Meeting of the Employees Retirement System Board.

Adopted by the following vote: 7 - 0

Karen Williams reminded members of the upcoming MAPERS Fall Conference, the NCPERS Public Safety Conference, and I.F.E.B.P. Conference.

The Employees Retirement System discussed dates to go to due diligence visits to Northern Trust and William Blair in early November. The Board provided possible dates of November 4, 5 or 6 or December 2, 3, or 4. Asset Consulting Group (ACG) will coordinate the visits.

Attorney Ken Lane provided an update of the Northern Trust litigation. Attorney discussed a possible anti-trust litigation offered by Milberg. Attorney Lane informed the ERS Board that the litigation information had been sent to the City Attorney's Office for review.

Attorney Lane distributed an opinion on retirees that return to the City of Lansing as contract employees. Attorney Lane discussed that there was an issue regarding whether the practice served to violate certain IRS regulations that apply to the Retirement System. Attorney Lane discussed retirement distributions under the IRS regulations. Every retiree that comes back to City of Lansing is required to sign a contract that complies with the IRS guidelines.

Trustee McIntyre reported that as Human Resources Director, her office is working with departments to fill permanent vacancies. Trustee McIntyre explained that most contract workers are available to fill a short term need.

**Employees Retirement System
Regular Meeting of August 27, 2015
Page 3**

Attorney Lane stated that short-term contracts are permissible under the IRS regulations.

Trustee Good inquired about how many contracts are in place and wondered how these contracts are monitored for situations where retired employees may conflict with IRS guidelines.

Trustee Dedic inquired about what the ERS Board needed to do going forward.

Attorney Lane stated the opinion has been provided to the administration, so the City has been placed on notice. Attorney Lane stated that the opinion covers the due diligence required by the ERS Board.

Attorney Lane distributed and reviewed the ERS Retirement Ordinance amendment regarding the election of Board members. The amendment changes 292.04 regarding membership and terms of office; and would remove the requirement that not more than one elected member shall be from any one City Department.

Adopted by the following vote: 7 – 0.

Trustee Wood recommended that the amendment should be provided to the City Attorney's Office for review and then placed on the agenda for City Council.

It was moved by Trustee Dedic and supported by Trustee Wood to approve the amendment to Employees Retirement System Ordinance regarding Memberships; terms of office of the Board.

Adopted by the following vote: 7 – 0.

Attorney Lane will provide the approved amendment to the City Attorney's office.

Karen Williams distributed the Employees Retirement System Investment Policy Statement revision. Asset Consulting Group recommended updates to the equity section to allow global long/short investments.

It was moved by Trustee Mark Parker and supported by Trustee Good to approve the Employees Retirement System Investment Policy Statement amendment.

Adopted by the following vote: 7 – 0

Karen Williams informed the Employees Retirement System Board of the administrative quarterly cash flow withdrawal. The ERS Board did not have a quorum at the Joint meeting.

**Employees Retirement System
Regular Meeting of August 27, 2015
Page 4**

It was moved by Trustee Wood and supported by Trustee Dedic to approve the quarterly cash flow of \$50,000 from Northern Trust Security Lending to the Comerica account for administrative purposes.

Adopted by the following vote: 7 – 0.

Mr. Greg Stump, Boomershine Consulting Group presented the actuarial valuation for the Employees Retirement System for the year ending 12/31/2014. Mr. Stump provided the current status of the system, discussed recent changes and the future outlook. Mr. Stump reviewed the current funding, cash flow and key valuation results. He discussed past plan participants, and current employees.

Mr. Stump provided an overview of the changes from last year. He discussed the demographic experience, investment experience and benefit changes. Mr. Stump also informed the ERS Board that an Experience Study review should be scheduled for 2016. Mr. Stump will provide a draft valuation for review at the ERS Board's next meeting.

Attorney Lane recommended that the ERS Board vote to maintain its 7.6% assumption rate when it votes upon the valuation.

Karen Williams reported that the Arrivos Software has been put into production. Ms. Williams reported that the Retirement Office will begin the next stage of implementation with manual data migration, updating employee and retiree records. The Retirement Office will update active employee service records and contributions, with an estimated time frame of six months. The Retirement Office will continue to work with Tegrit to fine tune the system. Ms. Williams also recommended that the Special Projects subcommittee meet to determine placement of the website estimator on the Retirement site.

Trustee Mark Parker provided a request from Tegrit to use the City of Lansing logo in its customer list and on its website.

Attorney Ken Lane was informed that Tegrit also wished to prepare a press release regarding that includes the City of Lansing and the logo.

Trustee Wood inquired if there is any provision that would allow the ERS Board to withdraw its name and City logo from the Tegrit customer list.

Attorney stated that he would confirm the ability to withdraw the ERS Board and City logo from the Tegrit customer list. Attorney Lane recommended that the ERS Board review the press release prior to providing its permission. The item was referred to pending.

Ms. Williams presented Quarterly Cash Flow Report and the Securities Lending Report for the month of July 2015.

Attorney Paul Novak distributed the City of Lansing Retirement System Portfolio Monitoring Report. He also reviewed the possibility of the anti-trust class action securities litigation. Milberg would provide a recommendation to the ERS Board to be the lead plaintiff if the losses are the largest in the class, after its review. The Employees Retirement System could receive a pro-rata share, if there is a settlement.

It was moved by Trustee Wood and supported by Trustee Dedic to adjourn the Employees Retirement System Board meeting.

Adopted by the following vote: 7 – 0.

The meeting adjourned at 10:01 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees Retirement System

Dennis R. Parker, Chairperson
Employees' Retirement System