

**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

November 19, 2015
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:36a.m.

Present: Dedic (8:40), Good, Munroe, D. Parker, M. Parker, Wood – 6
Absent: Trustee Bernero, McCaffery, McIntyre

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

It was moved by Trustee Wood and supported by Trustee Good to approve the Official Minutes of the Employees' Retirement System Board Regular Meeting of October 22, 2015.

Adopted by the following vote: 5 - 0

There were no public comments.

Secretary's Report. 5 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 0 retired. Total active membership: 332. Total deferred: 69. 1 death(s), Rickford P. Wilson (UAW, retired 11/1/2012), died 11/3/2015, age 57, beneficiary to receive 100%. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of October 2015, amounted to \$1,898,536.58. Total retirement checks printed for the ERS System: 912. Total Retirement checks printed for both systems: 1629. Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

It was moved by Trustee Wood and supported by Trustee Mark Parker to approve the following requests for Regular Age and Service Retirements:

Brian J. Ross (Public Service/NonBargaining), 15 years, 2 months of service credits, age 58, effective December 1, 2015 (with 9 years, 3 months of reciprocal time with MERS reciprocal unit Clinton County) (From Deferred).

Bruce Utter (City Clerk/Teamster), 12 years, 2 months of service credits, age 66, effective December 19, 2015.

Adopted by the following vote: 5- 0

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There were no requests for duty disability retirements.

There were no requests for non-duty disability retirements.

There were no refunds of refund of accumulated contributions

Trustee Dedic provided an oral report of the IFEBP Conference. Trustee Dedic attended workshops that focused on the Affordable Health Care Act. He discussed the “Cadillac” tax. Trustee Dedic discussed pension viability and how retirement systems liability is grouped with unfunded health care. He also discussed workshops on how we communicate with employees. He informed the Retirement Board, that studies indicate 60% of the workforce would be millennials within ten years. These groups of employees are less traditional, more apt to change jobs and communicate in different ways.

Trustee Mark Parker provided an oral report of the due diligence visit. The first investment manager of the day was William Blair. Trustee Parker discussed that William Blair focused on their research analysts as career track employee. He discussed Northern Trusts operations, securities lending, and how class action litigations are handled. Trustee Parker expressed that the due diligence visit was very positive.

Trustee Good provided an oral report of the due diligence visit. Trustee Good discussed the trading desk at William Blair. Trustees were able to sit with the investment manager as he discussed and demonstrated how trades are monitored and made.

Trustee Dennis Parker provided an oral report of the due diligence visit. Trustee Parker concurred with the observations of Trustee Mark Parker and Trustee Good. He was impressed with Northern Trust and found the investment manager very employee oriented and provided an on-site day care system. He remarked that some of the children who grew up in the system are now employees.

Karen Williams reported that Asset Consulting Group provided a summary of the due diligence visit for trustees.

Karen Williams reported that the retirement office received the invoices for the annual membership dues for MAPERS (\$100), NCPERS (\$250), and IFEBP (\$960 split evenly between ERS and Police and Fire Retirement Board).

It was moved by Trustee Good and supported by Trustee Dedic to pay the annual membership due for MAPERS of \$100, NCPERS of \$250, and IFEBP of \$960, which will be split with the Police and Fire System.

Adopted by the following vote: 6 – 0.

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Attorney Lane reported that Public Act 314 requires a budget for the system. Attorney Lane will provide a draft at the next meeting for approval.

Attorney Ken Lane reviewed the amendment to the ERS Board election policy. The policy as revised allows no more than one elected member from the same division in any one city department. Elected trustee positions on the board will not be invalidated by changes to divisions or departments made by the administration. The ERS Board election policy could be suspended to allow modifications.

The Employees Retirement System Ordinance has been amended so that the three trustees are elected by Board rules and policies.

Trustee Dedic requested that Angela Bennett provide a break-down of employees within each department.

The election policy was returned to pending for further information.

The Employees Retirement System Board reviewed the draft valuation for the year ending 12/31/2014.

It was moved by Trustee Wood and supported by Trustee Dedic to accept the actuarial valuation report for the period ending 12/31/2014.

Adopted by the following vote: 6 – 0

Attorney Lane opined that the ERS Board should vote to maintain its 7.6% assumption rate as recommended by the Board's Actuary.

It was moved by Trustee Wood and supported by Trustee Mark Parker for the Employees Retirement System to maintain its 7.6% assumption rate of return as recommended by the actuary.

Adopted by the following vote: 6 -0.

The ERS Board requested that Attorney Ken Lane review the SAS 70/Custody and Fund Services SOC 1 Report. He confirmed that there were no substantive changes to the report

It was moved by Trustee Good and supported by Trustee Mark Parker to accept the Northern Trust Custody and Fund Services SOC 1 Report.

Adopted by the following vote: 6 – 0.

Karen Williams distributed the 2016 Schedule of Meetings. The ERS Retirement Board discussed amendments to the schedule.

It was moved by Mark Parker and supported by Trustee Wood to approve the amended 2016 Schedule of Employees Retirement System Board meetings.

Adopted by the following vote: 6 – 0

Karen Williams reported that Gabriel Roeder Smith provided the costs to update Minute Master of \$3,200.

It was moved by Trustee Wood and supported by Trustee Dedic to approve the cost of \$3,200 Minute Master services and to research if the Arrivos system can be updated to include Board documents.

Trustee Wood requested that the ERS Board research if the new retirement system could be updated to include its minutes, agenda and Board documents.

Angela Bennett discussed concern regarding the administration of bringing the system in-house.

Adopted by the following vote: 6 - 0.

Ms. Williams presented Quarterly Expenses Report for the period ending for the third quarter of 2015, and the Securities Lending Report for the month of October 2015.

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

Adopted by the following vote: 6 – 0.

The meeting adjourned at 9:21 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees Retirement System

Dennis R. Parker, Chairperson
Employees' Retirement System