

**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

March 17, 2016  
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:38 a.m.

Present: Good, Kraus, Munroe, D. Parker, M. Parker, Riley, Wood – 7

Absent: Trustee Bernero, Dedic

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

It was moved by Trustee Kraus and supported by Trustee Good to approve the Official Minutes of the Employees' Retirement System Board Regular Meeting of February 18, 2016.

Adopted by the following vote: 7 - 0

It was moved by Trustee Good and supported Trustee Mark Parker to approve the Official Joint Minutes of the Police and Fire Retirement System and the Employees Retirement System Board Regular Meeting of February 1, 2016.

Adopted by the following vote: 7 - 0

There were no public comments.

Secretary's Report. 0 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 1 retired. Total active membership: 328. Total deferred: 71. 1 death(s), Robert G. Trowbridge, (Public Service, retired 7/7/1992), died 2/17/2016, age 79, spouse to receive 100%. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of February 2016, amounted to \$1,909,231.16. Total retirement checks printed for the ERS System: 915. Total Retirement checks printed for both systems: 1634. Eligible domestic relations orders received: 0. Domestic relations orders pending: 1. Eligible domestic relations orders certified: 0.

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It was moved by Trustee Kraus and supported by Trustee Good to approve the following request for Regular Age and Service:

Karen Chadwick, (Police -911 Dispatch/Teamster), 10 years, 6 months of service credits, age 58, effective February 1, 2016 (From Deferred)

Adopted by the following vote: 7 – 0

Karen Williams submitted a request for duty disability retirement for Applicant #2016-E0317.

The Chair referred the request for duty disability retirement to the disability subcommittee.

The Employees Retirement System Board recessed to allow the disability subcommittee the opportunity to meet at 8:41 a.m.

The Board resumed at 8:48 a.m.

It was moved by Trustee Good and supported by Trustee Riley to refer Applicant #2016-E0317 to the Medical Director to proceed through the evaluation process.

Adopted by the following vote: 7 - 0.

There were no requests for Non-Duty Disability Retirement.

There were no requests for Refund of Accumulated Contributions.

Trustee Good inquired if the Karen Chadwick had deferred prior to the 911Dispatch employees were transferred to Ingham County.

Ms. Williams explained that Ms. Chadwick had separated in 2009 prior to the 911 Dispatch employees to Ingham County. Ms. Bennett added that only current employees were transferred to Ingham County.

Trustee Dennis Parker reported that Trustee Dedic was unable to attend the March Employees Retirement System Board meeting.

It was moved by Trustee Wood and supported by Trustee Mark Parker to excuse Trustee Dedic from the March Employees Retirement System Board meeting.

Adopted by the following vote: 7 - 0

Karen E. Williams reported that MAPERS Spring Conference will be held May 20 – May 24, 2016. She requested that members who wished to attend should contact the Retirement Office.

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Karen Williams distributed an updated Travel and Business Expense Policy. The policy provides a new mileage reimbursement of 54 cents.

Mr. Greg Stump presented a preview of the 2015 actuarial valuations and experience study. Mr. Stump reviewed the current funding status of the Employees Retirement System. Mr. Stump reviewed the assets for retirees, active employees and cost profile. He provided an overview of the impact of 2015 investment returns and the change in funding outlook.

Mr. Stump discussed what if scenarios for 2016, 2017 and five year projections. He discussed the upcoming valuation and an assumption review that will include retirements, terminations, mortality, economic assumptions, funding methods and policy. Mr. Stump discussed with the Board the impact of retirements, terminations, disabilities and deaths on the funding level.

Mr. Stump suggested returning in September to review the actuarial valuation and experience study.

Trustee Dennis Parker asked if Mr. Stump would bring a scenario if the ERS Board lowered its assumption interest rate to 7%.

Attorney Ken Lane reported that the Retirement Ordinance is under review with the City Attorney's Office and should be completed soon.

Trustee Wood requested that Attorney Lane bring back a date certain for the ERS Retirement to be finished.

Attorney Ken Lane updated the Employees Retirement System Board Plan Summary document to include new trustees.

Attorney Ken Lane reviewed the Private Advisors agreement that reduces the management fee and had the paperwork available for the chairperson's signature. Attorney Ken Lane also requested an updated W-9 form for Private Advisors.

Karen Williams explained that at the Joint meeting, the retirement Boards requested that Trustee Good bring some options for Board consideration for monies in the Comerica account.

Trustee Good reported that he spoke to Comerica regarding the retirement account. The current accounts received "credits" for the money in the account. Trustee Good stated that if the money transferred to the "J" interest-bearing account, the system would pay more in service fees.

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Trustee Good also provided information on certificates of deposits as an alternative option.

Trustee Wood reported that the Police and Fire Retirement System requested that the information be forwarded to Asset Consulting Group (ACG) for evaluation and recommendation.

It was moved by Trustee Wood and supported by Trustee Parker to send the Comerica information to Asset Consulting Group for a recommendation.

Adopted by the following vote: 7 - 0

Karen Williams also distributed a memo from Asset Consulting Group to use the excess cash in the Comerica account for portfolio rebalance. Asset Consulting Group recommended investing excess monies to Integrity, William Blair, Lazard and Earnest Partners.

It was moved by Trustee Mark Parker and supported by Trustee Wood to accept and approve the recommendation from Asset Consulting Group to invest \$1,000,000 into the Integrity portfolio, invest \$1,000,000 into the William Blair portfolio; invest \$4,400,000 into the Lazard portfolio; invest \$1,000,000 into the Earnest Partners portfolio of the excess monies within the Comerica account.

Trustee Kraus noted that the City Treasurer, Trustee Good made a recommendation to place the monies in a combination of the "J" Fund and certificates of deposits. Trustee Kraus inquired if ACG had provided an analysis of putting the money in the portfolio versus the recommendation by the treasurer.

Trustee Good indicated that her recommendation was based upon the recent market volatility and expressed concern about the potential for losses by placing all of the excess monies in the portfolio.

Trustee Parker indicated that he spoke with George Tarlas and believed that placing the money in the portfolio would be the best option.

Trustee Kraus asked if ACG could compare and contrast both options before the Board moved forward with investing the monies.

Trustee Good indicated that the motion could be delayed one month until information is received from ACG.

Trustee Parker withdrew his motion.

Ms. Williams presented the Monthly Investment Report and Securities Lending Report for the month of February 2016.

Trustee Good provided an update for the data entry clerk to assist with the pension software project. Trustee Good submitted a critical needs request for approval.

Trustee Dennis Parker inquired why there was a critical needs request submitted if the position would be paid entirely by the Retirement Boards.

Trustee Wood also expressed concern about the need for the request because the Retirement Board hires its own actuary, its own investment managers and other contract employees without approval from the City. The contract would be with the Retirement Boards.

Ms. Bennett explained that all contract employees are required to go through the process. The process ensures that there is funding available. Ms. Bennett did not believe there would be any issues from following the procedures. Ms. Bennett reviewed the timeline and hoped to bring in recommendations at the next meeting.

Trustee Wood inquired to legal counsel if the Retirement Board had the authority to hire its own contract employees without proceeding through critical needs.

Attorney Lane indicated that PA 314 does allow the Retirement Board to hire its own contract employees.

Trustee Kraus indicated that the employee would be paid through the payroll system

Trustee Dennis Parker indicated the process was implemented during the period of economic downturn for positions that were critical for those departments. Trustee Parker did not see the need for the process for this contract employee.

Trustee Wood indicated that the Boards could hold a special meeting if action was needed to move forward.

Trustee Good inquired if the Employees Retirement Board wanted to see resumes or just receive a final recommendation from her. Trustee Good will work with the Retirement Office on the details.

It was moved by Trustee Mark Parker and supported by Trustee Munroe to receive final recommendations from Trustee Good for the data entry person.

Adopted by the following vote: 7 - 0

It was moved by Trustee Mark Parker and supported by Trustee Munroe to adjourn the meeting.

Adopted by the following vote: 7 – 0.

The meeting adjourned at 9:39 a.m.

Minutes approved on \_\_\_\_\_

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Angela Bennett, Secretary  
Employees Retirement System

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Dennis R. Parker, Chairperson  
Employees' Retirement System