

**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

October 20, 2016  
Thursday, 8:30 a.m.

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

Present: Dedic (8:51), Good, Kraus, Munroe, D. Parker, M. Parker, Wood. –7

Absent: Trustee Bernero, Riley.

Others: Karen E. Williams, Angela Bennett, Finance Department; Greg Stump, Boomershine Consulting Group; 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 Meeting of September 15, 2016.

Adopted by the following vote: 6 - 0

There were no public comments.

2 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 0 retired. Total active membership: 331. Total deferred: 72. 7 death(s), Cheryl Hill, (retired 6/30/2010 – Public Service (UAW)), died 8/13/2016, no beneficiary; Albert L. Kirschenbauer, (retired 1/17/1990 – District Court (Exempt)), died 9/5/2016, no beneficiary; Philip H Dorland, (retired 11/15/2002 – Parks (Non Bargaining)), died 9/12/2016, no beneficiary; Jesse Dunning, (retired 6/24/2011 – Public Service (UAW)), died 9/7/2016, beneficiary to receive 50%; Eloise Taylor, (retired 6/30/1992 – Human Resources (T580CTP)), died 9/22/2016, no beneficiary; Robert J Savage, (retired 12/15/1988 – Administrative Service), died 6/28/2016, no beneficiary; Bernice M Green, died 9/30/2016, age 93, spouse of Non Bargaining retiree. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of September 2016, amounted to \$1,905,753.68. Total retirement checks printed for the ERS System: 912. Total Retirement checks printed for both systems: 1643. Eligible domestic relations orders received:0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

Trustee Wood inquired about how the death check was working.

**Employees' Retirement System  
Regular Meeting of October 20, 2016  
Page 2**

Karen Williams responded that death check is utilized as a backup. Death reports generally show up on death check approximately 1 -2 months after the death. Most members death are reported by family.

It was moved by Trustee Wood and supported by Trustee Mark Parker to approve the following request for regular age and service retirements:

Ruby Jessie (Public Service/UAW), 25 years of service credits, age 56, effective November 15, 2016.

Adopted by the following vote: 6 – 0.

Karen Williams reported that Applicant #2016-E0721 request for duty disability retirement is listed as pending. The Retirement Office has scheduled an appointment for the applicant with the medical director.

Karen Williams reported that Applicant #2016-E0915 for Non-Duty disability retirement is listed as pending. The Retirement Office is waiting for requested medical release and documents.

Karen Williams reported that Ms. Latasha Johnson, Police (Civilian), Teamster 243 requested a refund of accumulated contribution of \$1,647.11. Ms. Johnson was not vested.

It was moved by Trustee Wood and supported by Trustee Munroe to approve the following request for refund of accumulated contribution:

Latasha Johnson, Police (Civilian) T243, Not Vested, \$1,647.11

Adopted by the following vote: 6 - 0.

Ms. Williams indicated that Trustee Riley contacted the Retirement Office and would not be able to attend the October meeting.

It was moved by Trustee Good and supported by Trustee Mark Parker to excuse Trustee Dedic from the October Employees' Retirement System meeting.

Adopted by the following vote: 6 – 0.

Trustee Mark Parker provided his MAPERS Fall Conference Report. Mr. Parker attended seminars that included Defined Contribution Plan. Mr. Parker discussed fee reduction options for Defined Contribution Plans. Mr. Parker stated that the workshop for bonds was one of the conference's best sessions. Overall, he felt it was a good conference.

Attorney Ken Lane reported that he attended the MAPERS Fall Conference Legislative Breakfast. He discussed HB 5438 regarding base pay definition. The house bill has not made any movement within the Michigan House.

**Employees Retirement System  
Regular Meeting of October 20, 2016  
Page 3**

The MAPERS lobbyist expressed concerned for a proposed forty bill package that would impact defined benefit plans. The pension reform package has not been introduced at this time.

Trustee Dennis Parker discussed the proposed forty-bill package that would terminate defined benefit plans and tie the closures to revenue sharing.

Trustee Dennis Parker discussed his attendance at MAPERS Fall Conference. He attended the actuary presentation that reviewed cash flow, funding ratios and funding level. Trustee Dennis Parker also expressed his concern at the conference regarding the location and cost of the MAPERS Fall Conference on Mackinac Island.

Trustee Mark Parker discussed the ACG Due Diligence Visit. Trustee Mark Parker reviewed the termination of Private Advisors recommended by Asset Consulting Group. Trustee Parker noted that the head of research had left Private Advisors. Trustee Parker also discussed possible absolute return fixed income scenarios and the direct access hedge fund as a consideration for the boards. Trustee Parker distributed information from Asset Consulting Group comparing hedge fund of funds versus the direct access fund.

Trustee Good reviewed the ACG Due Diligence visit and felt it was informative.

Trustee Kraus provided a report regarding her attendance at the ACG Due Diligence Visit. Trustee Kraus reported that Asset Consulting Group has made changes to the direct access investment strategy. She noted that she is open to having a discussion regarding ACG handling the private equity investment.

Trustee Wood has concerns about a conflict of interest that may arise by having ACG manage the Board's private equity investment.

Trustee Dennis Parker reviewed the commodities discussion held at the ACG due diligence visit.

Karen Williams reported that IFEBP Conference was scheduled for November and requested members who wished to attend to contact the Retirement Office.

Karen Williams requested direction from the Retirement Board regarding the Joint Meeting Managers. ACG noted that PRISSA II, Integrity, Wells Fargo and the private equity investment and absolute return fixed strategy discussion.

The Employees Retirement System Board agreed to have PRISSA II postponed until the February Joint Meeting.

**Employees Retirement System  
Regular Meeting of October 20, 2016  
Page 4**

Attorney Lane reported that the Employees Retirement System Ordinance is still being reviewed and updated by Human Resources.

Attorney Lane distributed the amended Frequently Asked Questions documents for Board review. He added information regarding the retirement calculator.

Attorney Lane noted that at the last meeting, a member requested to withdraw his duty disability application. The Board requested legal counsel to draft a policy for Board review and action. Attorney Lane distributed and explained the disability application withdrawal policy for Employees' Retirement System Board.

It was moved by Trustee Wood and supported by Trustee Good to approve the Disability application withdrawal process for the Employees' Retirement System Board.

Adopted by the following vote: 6-0

The SAS 70/Custody and Fund Services SOC 1 Report was distributed for Board review. Attorney Ken Lane noted that he would review the security measures and report back the Police and Fire Retirement Board.

Karen Williams distributed a recommendation from Asset Consulting Group regarding the termination of Private Advisors

It was moved by Trustee Wood and supported by Trustee Mark Parker to approve the recommendation from Asset Consulting Group to terminate Private Advisors.

Adopted by the following vote: 7 -0.

Attorney Lane discussed the letter from Steve Harry requesting a summary annual report. Attorney Lane indicated that the actuarial report, the annual budget and the year-end investment report comprised the necessary reporting required by Public Act 314 and the Employees' Retirement Board Policy.

Trustee Wood indicated the information was difficult to find and she suggested working with the Information Technology department to make the items easier to find.

Mr. Greg Stump, Boomershine Consulting Group, presented the Employees' Retirement System actuarial valuation for the period ending 12/31/2015. Mr. Stump provided a review and a schedule for approval of the valuation and assumption changes. He discussed the funding background, plan participants for retirees and active employees.

Mr. Stump discussed the actuarial liability, market and smoothed assets and ratios. He detailed the city contribution, and described investment decrease and demographic gains. Mr.

Stump provided an overview of the actuarial process and discussed the Experience Study. He reviewed the inflation outlook, investment return and salaries assumption and also discussed retirements, termination, disabilities and mortality.

Mr. Stump provided a summary of recommendations for the economic and demographic assumptions. He explained the impact of the recommendations and provided a cash flow, funding, and contribution future outlook.

Trustee Riley updated that Employees' Retirement System Board that her office is working with City Attorney's Office regarding redacting information was needed.

Karen Williams distributed Asset Consulting Group recommendation for the Employees Retirement System Board Quarterly Cash Flow. ACG recommended redeeming \$1.5 million from MD SASS, \$2 million from Western Asset Management & \$1.5 million from William Blair.

It was moved by Trustee Good and supported by Trustee Wood to approve the Asset Consulting Group recommendation to redeem \$5 million for the Employees' Retirement System Board quarterly cash flow.

Adopted by the following vote 7 – 0.

Karen Williams provided the Investment Report and Securities Lending Report for the month of August 2016.

It was moved by Trustee Wood and supported by Trustee Dedic to adjourn the meeting.

Adopted by the following vote: 7 – 0.

The meeting adjourned at 10:12 a.m.

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

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*Angela Bennett, Secretary  
Employees Retirement System*

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*Dennis R. Parker, Vice Chairperson  
Employees' Retirement System*