

**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

December 15, 2016
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:31 a.m.

Present: Dedic (8:38), Good, Munroe, D. Parker, M. Parker, Wood. –6

Absent: Trustee Bernero, Kraus, Riley.

Others: Karen E. Williams, Angela Bennett, Finance Department; Trustee Robert Rose, Police and Fire Retirement System Board; Eric Brewer, City Council; Attorney Kenneth Lane, Clark Hill (representing the City Attorney's Office).

It was moved by Trustee Good and supported by Trustee Munroe to approve the Official Minutes of the Employees' Retirement System Board Meeting of November 10, 2016.

Adopted by the following vote: 5 - 0

It was moved by Trustee Wood and supported by Trustee Good to approve the Official Joint Minutes of the Employees' Retirement System Board and the Police and Fire Retirement System Board Meeting of November 10, 2016

Adopted by the following vote: 5- 0

5 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 1 retired. Total active membership: 340. Total deferred: 72. 3 death(s), Katherine Lundberg, (retired 1/21/1985 - Public Service), died 11/1/2016, age 90, no beneficiary; Kristina L. Barncard, (retired 7/13/2001 – Police(Civilian), died 12/1/2016, age 64, beneficiary to receive 50%; Brian C. Sipperley (retired 1/19/2013 Public Service), died 12/1/2016, age 53, beneficiary to receive 100%. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of November 2016, amounted to \$1,895,932.94. Total retirement checks printed for the ERS System: 906. Total Retirement checks printed for both systems: 1636. Eligible domestic relations orders received:0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

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

Richard Dedic (Public Service/UAW), 27 years, 1 month of service credits, age 50, effective December 19, 2016

Roxanne Estell (Planning/Non Bargaining), 12 years, 1 month of service credits, age 66, effective January 14, 2017

Adopted by the following vote: 5 – 0

Trustee Wood requested that the Employees' Retirement System Board be notified if a retired member comes back to work for the City of Lansing on contract.

Karen Williams reported that the Retirement Office received the medical report for applicant #2016-E0721 and it was referred to the disability committee for review.

Trustee Good reported that the disability subcommittee had met and concurred with the medical doctor's recommendation to deny duty disability for Applicant #2016-E0721.

It was moved by Trustee Good and supported by Trustee Wood to concur with the Medical Director's report and deny the request for duty disability retirement for Applicant #2016-E0721.

Attorney Lane opined that in reviewing the medical report, the applicant did not meet the criteria for a duty disability retirement.

Adopted by the following vote: 6 – 0.

Karen Williams reported that Dr. Roth indicated that he will make arrangements to evaluate Applicant #2016-F0915 in Lansing.

Karen Williams reported that the Retirement Office received a request for the accumulated contributions of \$36,033 for Mr. Daniel Hale, Teamster 243, who was vested.

Trustee Wood inquired if Mr. Hale reviewed and signed the withdrawal of accumulated contributions form.

Karen Williams indicated that she provided Mr. Hale information regarding deferred retirement, a copy of the ERS Retirement Ordinance regarding withdrawals, and information regarding the reciprocal retirement in addition to the request for accumulated contribution form.

Trustee Mark Parker requested the opportunity to discuss with Mr. Hall the ramifications of withdrawing the monies from the Employees' Retirement System.

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It was moved by Trustee Wood and supported by Trustee Good to approve the request for the refund of accumulated contribution for Mr. Daniel Hale of \$36,033, contingent upon Trustee Mark Parker discussing the options and implications with Mr. Hale.

Adopted by the following vote: 6 - 0

Karen Williams reported that Trustee Kraus and Trustee Riley contacted the Retirement Office to be excused from the December 2016 ERS Meeting.

It was moved by Trustee Wood and supported by Trustee Munroe to excuse Trustee Kraus from the December 2106 Employees Retirement System Meeting.

Adopted by the following vote: 6 - 0

The Retirement Office noted that Mary Riley is ex-officio.

Trustee Dedic provided a report of his attendance to the International Foundation of Employee Benefit Plans Annual Conference. Trustee Dedic attended workshops regarding the Affordable Care Act, Hedge Funds, and Economic Forecasts by Dent research. The research dealt with world economic and demographic data.

Trustee Wood introduced Mr. Eric Brewer, the new internal auditor. Trustee Wood noted that Mr. Brewer would be dealing with issues related to the Financial Health Team and the City budget.

Attorney Lane reported that the Employees' Retirement System Ordinance is still being reviewed and updated by the City Attorney's Office.

Attorney Lane discussed the 40-bill package regarding retirement pension and health care reform in Michigan. House Bill 6075 would amend Public Act 314 so that the required annual report would be sent to the State Department of Treasury within thirty days after Board approval. The State Treasurer would post a summary report of the municipalities on the state website. Municipalities funded below 60% would require steps to be listed regarding what the pension board is doing to correct the funding level.

Attorney Lane distributed the proposed budget for 2017 for ERS Board review.

Attorney Lane distributed a third quarter securities monitoring report from Milberg for Board review.

Karen Williams distributed the Actuarial Experience Study for ERS Board review. The Board requested that Mr. Stump be available for the next meeting to answer questions.

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Trustee Wood requested that the actuary address if the Experience Study included mortality changes that were featured in the news recently regarding life expectancy.

Attorney Lane reported that he will contact the Information Technology manager to attend a future Board meeting to review the SAS 70/Custody and Fund Services SOC 1 Report and to discuss cyber securities.

Karen Williams reported that the Retirement Office was requested to research electronic tablets for Trustee use. The tablet would have minutes, reports, and retirement data downloaded to it, due to the large volume of paper and reports needed by the Employees' Retirement Board. Ms. Williams provided a preliminary list of electronic tablets and prices that may be utilized. The chairperson placed the item on pending.

Ms. Williams distributed a report that provided the dates of the Employees' Retirement System Board vendors' last review by the Board.

Attorney Lane stated the Employees' Retirement System policy states that the vendors should be reviewed every five years, but does not require that a request for proposals.

Karen Williams reported that on November 30, 2016, \$10,246,872 was transferred by the City to the Employees' Retirement System for the 2016 (2017 Fiscal Year) pension contribution. The contribution is 100% of the actuarially-determined contribution amount from the 12/31/2015 valuation.

It was moved by Trustee Mark Parker and supported by Trustee Wood to accept the contribution of \$10,246,872 that was transferred from the City of Lansing to the Employees' Retirement System for 2016.

Adopted by the following vote: 7 - 0.

Attorney Lane provided redacted copies of the contract employees who have retired from the City of Lansing for Employees' Retirement System Board review. The Board had requested the contracts to ensure that they are in compliance with the IRS requirements for retirees.

Ms. Bennett noted that there are some DROP programs that allow retirees to come back to work. Ms. Bennett requested clarification between the DROP programs and the city contracts that bring back retirees. Ms. Bennett inquired if the DROP programs are in violation of IRS regulations.

Trustee Dedic stated that the DROP programs that he is aware of have limited terms and work schedules known prior to retirement.

Attorney Lane states that the current regulations include provisions that the retirees cannot come back into their same position with the same duties. Attorney Lane opined the current Retirement Plan does not allow a DROP program. Attorney Lane also noted that the Employees Retirement System Ordinance does not provide for in-service distributions.

Trustee Rose indicated that he spoke with the City Clerk's Office who responsibility is to coordinate and maintain the minutes. The City Clerk's Office stated that they would be contacting individual boards regarding how minutes will be maintained. Trustee Rose recommended meeting with the City Clerk's Office.

Karen Williams provided the Securities Lending Report for the month of November.

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

Adopted by the following vote: 6 – 0.

The meeting adjourned at 9:13 a.m.

Minutes approved on _____

*Angela Bennett, Secretary
Employees' Retirement System*

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