

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

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

February 22, 2018
Thursday, 8:30

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

Present: Dedic (8:40), Munroe, Kraus, D. Parker, M. Parker, Sanchez-Gazella, Washington - 7.

Absent: Trustees Good, Schor

Others: Karen E. Williams, Angela Bennett, Finance Department; Attorney Ken Lane, Clark Hill (representing the Law Department); Walter Allen, employee.

It was moved by Trustee M. Parker and supported by Trustee Munroe to approve the Official minutes of the Employees' Retirement System Regular Meeting of January 18, 2018.

Adopted by the following vote: 7 – 0.

Karen Williams introduced Mr. Walter Allen and provided an overview of his service credit issue. Ms. Williams explained that Mr. Allen lost his UAW service credits when he transferred from the City's Defined Benefit to the Defined Contribution plan. Ms. Williams recommended that Mr. Allen provide a letter of request for the Employees' Retirement System Board.

Mr. Walter Allen reviewed that he started as a seasonal worker in 1993 before becoming full time in 1996. Two and one-half years later, he applied and was offered a position in the Teamster Union. In 1998, Mr. Allen and his wife met with Sharon Daniels in the Personnel Department when he was given a form to sign regarding the pension. Mr. Allen was not given a copy of the form. Mr. Allen repeatedly asked Ms. Daniels if he would lose his UAW credits if he accepted the new position. He was informed that he would not lose the UAW credits and that he would have his time combined with the Teamster service. Mr. Walter Allen stated that Ms. Daniel informed him that an agreement was in the works between the UAW and Teamsters union to recognize the time.

In 2018, Mr. Allen met with Karen Williams in the retirement office and was informed that he no longer had UAW service credits because he had moved from a defined benefit plan to a defined contribution plan. Ms. Williams also provided a signed copy of the form discussed at the 1998 with Ms. Daniels.

Mr. Allen requested to have his UAW service credits restored due to the misinformation that he received in 1998.

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Trustee Dennis Parker with approval of the Board moved up the service credit issue on the agenda for Board consideration.

Attorney Lane explained that the Board considered a similar issue in 2012. An opinion was done that indicated that an employee who transfers between bargaining units is governed by the succeeding union, the Teamsters. There was no agreement made for the teamsters to recognize the service credits. Attorney Lane opined that those UAW service credits were loss when he transferred occurred in 1998. Attorney Lane recommended that the Employees' Retirement System Board could allow Mr. Allen to receive a return of his UAW contributions.

Trustee Dennis Parker reported that the UAW did not have employee contributions at that time.

Trustee Mark Parker inquired regarding the employee who misinformed Mr. Allen.

Attorney Lane opined that the employee in 1998 did not have the authority to make the statement that the service credits would be maintained. The statement was outside the scope of the employee's authority. Attorney Lane also indicated that the Reciprocal Retirement Act could not be used to transfer service credits.

Trustee Mark Parker inquired if Mr. Allen could find resolution by taking his requesting to the Teamsters union.

Trustee Washington inquired regarding the contributions and vesting in the UAW at the time.

Trustee Dennis Parker explained that vesting for pension benefits was eight years and there were no employee contributions.

Ms. Bennett explained that to place a value on the UAW time would need an actuarial valuation.

Attorney Lane opined that the Retirement Board had no authority to restore the service credits. Attorney Lane will provide a copy of 2012 legal opinion regarding service credit transfer.

4 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 5 retired. Total active membership: 399. Total deferred: 74. 3 death(s). Walter L. Funches, (retired 11/1/2004, UAW), died December 27, 2017, age 79, no beneficiary; Georgina Viele (retired 7/1/1992, Teamster 243), died January 20, 2018, age 88, no beneficiary; Ronald Onufer (retired 10/1/1997, NonBargaining), died January 27, 2018, age 68, beneficiary to receive 100%. Refunds made since the last regular meeting amounted to \$36,578.55. Retirement allowances paid for the month of January 2018, amounted to \$1,953,199.07. Total retirement checks printed for the ERS System: 907. 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.

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It was moved by Trustee M. Parker and supported by Trustee Kraus to approve the following requests for regular age and service retirements:

Brian Love (Public Service – Teamster 243), 20 years, 1 month of service credits, age 60, effective February 23, 2018.

Adopted by the following vote: 8 – 0.

Karen Williams updated the Retirement Board regarding Applicant 2017-E0817 request for non-duty disability. Arrangements are being made for the medical director to come to Lansing.

It was moved by Trustee Kraus and supported by Trustee Munroe to approve the request for Refund of Accumulated contribution:

Karen Olson-Vermillion, District Court, not vested, \$5,652.58

Adopted by the following vote: 8 - 0.

Karen Williams provided the dates for the following conferences: MAPERS One Day Conference, March 2; MAPERS Spring Conference, May19-22; ABS Investor Conference, May 9-10 and NCPERS Annual Conference, May 13-16.

Ms. Williams reviewed the policy regarding conference attendance. Trustee must receive approval from the chair to attend in-state conferences. Out-State Conferences require chairperson approval and may require Board approval if more than two trustees or the chairperson wishes to attend.

It was moved by Trustee Kraus and supported by Trustee Mark Parker to allow the chairperson and any trustee who wished to attend the ABS Investor Conference and NCPERS Annual Conference

Adopted by the following vote: 8 - 0.

Attorney Lane reported that he met with the City Attorney's office regarding the Employees' Retirement System Ordinance. Attorney Lane reported that the goal is to have the Ordinance available for review by the May meeting.

Attorney Lane reported regarding the State of Michigan reporting requirements for municipal retirement system. Public Act 314 requires that the actuarial report with the system's year-end financial report to the Department of Treasury. Secretary Bennett has completed this year's system filing. Public Act 202 has additional requirements for municipalities that are less than 60% funded. The City can request a waiver for the Employees' Retirement System with Mayor and City Council approval. If the waiver is

not approved, a corrective action plan must be created for review by the Municipality Stability Board. The Treasury Department will evaluate communities that have underfunded status.

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Attorney Lane reported that the Board's investment agreement with Prissa II had been amended to allow additional investors. Attorney Lane noted that the amendment does not change anything in the agreement with the City of Lansing. He has reviewed the agreement and has no issues with the amendment. The amendment also had been reviewed by Asset Consulting Group and they had no issues.

Attorney Lane discussed the proposed budget for 2018. Attorney Lane will update the budget with the final total from 2017 and provide at the next meeting. Attorney Lane provided a review of the PA 34 requirements for a budget and provides a limit on travel expenses. Attorney Lane reported that Trustee Schor sent a recommendation to lower the amount of travel expenses on the budget.

Ms. Bennett indicated that the Mayor expressed concern regarding the public scrutiny of having \$10,000 per trustee, the amount appears high in light of the funded status of the Employees Retirement System.

Trustee Dennis Parker noted that the average per trustee actually spent is generally only a small percentage of what is allocated.

Trustee Munroe inquired if the information regarding the average spent per trustee could be made more prominent on the proposed budget

Trustee Kraus stated that she understood about the optics, but expressed concern that the focus should be on how the funds were spent, the percentage of total allocated. Trustee Kraus indicated that she was not able to attend many conferences and trainings last year, but had the benefit of many years of extensive training while a City employee who participated with both retirement boards, defined contribution and deferred compensation committees.

Ms. Bennett reported that Securities Lending as a part of the retirement assets and the proposed budget is a public document. Ms. Bennett indicated the public may not read the footnotes on the actual spending and that there is accountability to the public for the monies spent. Ms. Bennett discussed bring the budget in line with what is being spent.

Trustee Mark Park expressed that training is not a perk. He indicated that Michigan is not a major financial center so there is a need to travel for national conferences and due diligence to receive the best advice for the fund.

Trustee Washington expressed that training for Board members is critical because there is so much financial and actuarial data to understand. Attorney Lane indicated that in the past the secretary of the Board would be responsible for providing the reports to Treasury Department Attorney Lane recommended that the Board discuss who would be responsible for these reports sent by the administration to the State of Michigan.

Trustee Dedic disagreed with Ms. Bennett regarding the Securities Lending account. Trustee Dedic expressed that there is no cost savings with lowering the budgeted amount and would not be supportive of lowering the amount.

Trustee Washington cautioned that once you lower the budgeted amount, you may have more issue trying to raise it at a later date.

Trustee Kraus indicated that the travel expenses were less than .3% of the overall budget.

It was moved by Trustee Munroe and supported by Trustee Mark Parker to approve the budget as presented.

Adopted by the following vote: 8 – 0.

Karen Williams reported that 2018 subcommittee membership will be distributed at the next meeting.

Attorney Ken Lane reported that he requested, for the next meeting, a written memo from the City Attorney's Office regarding their review of the contract employees. Since June 30, 2017, all the contracts have been renewed and are compliant.

Attorney Lane reported that he re-distributed Medical Director RFP and did not receive any additional responses. Dr. Roth, the current medical director was the only responses.

Trustee Kraus recommended that Attorney Lane check with other municipalities regarding their medical directors and use that information to create a list for distribution.

Karen Williams reviewed the Quarterly Expenses Report and the Securities Lending Account report for month ending January 31, 2018

The meeting adjourned at 9:46 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees' Retirement System

Dennis R. Parker, Chairperson
Employees' Retirement System