

**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

November 8, 2018
Thursday, 8:30

The Board met in regular session and was called to order at 8:33 a.m.

Present: Dedic, Good, Kraus, Munroe, D. Parker, M. Parker, Sanchez-Gazella,
Washington - 8
Absent: Schor

Others: Karen E. Williams, Angela Bennett, Finance Department; Greg Stump,
Boomershine Consulting Group; Ronald Kruger, retiree; Attorney Ken Lane
(representing the Law Department).

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

Adopted by the following vote: 8 – 0.

There were no public comments for items on the agenda.

1 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 2 retired. Total active
membership: 415. Total deferred: 74. 1 death(s) Freddie Harris (retired 8/1/1992 – T243
Supervisory, died 11/5/2018, no beneficiary. Refunds made since the last regular
meeting mounted to \$1,413.15. Retirement allowances paid for the month of October
2018, amounted to \$1,945,179.45. Total retirement checks printed for the ERS System:
919. Total Retirement checks printed for both systems: 1661. Eligible domestic relations
orders received: 0. Domestic relations orders pending: 1. Eligible domestic relations
orders certified: 0.

It was moved by Trustee Good and supported by Trustee Dedic to approve the following
requests for regular age and service retirements:

Brad D. Lance, (Public Service – UAW), 22 years, 1 month of service
credits, age 59, effective 12/1/2018.

Tammie Rogers, (Public Service – T243), 15 years, 3 months of service
credits, age 58, effective 12/28/2018.

Jeffrey L. Stevens, (Public Service – UAW), 13 years, 5 months of service
credits, age 58, effective 11/1/2018 (from deferred)

Adopted by the following vote: 8 – 0

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Karen Williams reported that Applicant #2018 – E1108 submitted a letter requesting to be evaluated for Duty Disability.

Trustee Dennis Parker referred the duty disability to the disability subcommittee.

It was moved by Trustee Kraus and submitted by Trustee Mark Parker to recess to allow the disability subcommittee to meet.

Adopted by the following vote: 8 – 0.

The meeting recessed at 8:37 a.m.

The meeting resumed at 8:39 a.m.

It was moved by Trustee Good and supported by Trustee Sanchez-Gazella to send Applicant #2018 –E1108 to the medical director for evaluation.

Adopted by the following vote: 8 – 0.

There were no requests for non-duty disability.

Trustee Dedic provided an oral report regarding the IFEBP Conference. Trustee Dedic attended sessions that had a global outlook. He reviewed sessions that discussed the global economics, future technology and life style changes. He discussed a session regarding the impact of marijuana being approved as recreational in different states. Trustee Dedic attended a session regarding how pension plans compared to those in other countries. He also discussed that there was a legal update regarding the Janus Supreme court ruling. Public employers do not have to pay union dues because of free speech. The ruling may have implications for pension system. Mark Parker provided an oral report regarding the MAPERS Fall Conference. He discussed Public Act 202, actuarial workshop that discussed 30-year open amortization. Trustee Parker stated that MAPERS had good speakers in the real estate/ fixed income review. He also discussed the activism within the larger municipal pension boards such as CALPERS that reduced CEO salaries.

Karen Williams reported the Board's membership annual dues: IFEBP-\$525; MAPERS-\$200; NCPERS-\$250.

It was moved by Trustee Dedic and supported by Trustee Mark Parker to approve the payment for the annual membership dues for IFEBP, MAPERS, and NCPERS.

Adopted by the following vote: 8 – 0.

Mr. Ronald Kruger, ERS retiree, addressed the Board and expressed concern regarding the

health of the retirement system.

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Trustee Dennis Parker explained that since 1998, there was 165 in the plan, all the bills have been paid, and 30 million in investment gains have been added to the fund. He further explained that the Mr. Stump, the Board's Actuary would provide detailed information about the health of the plan during the valuation presentation later in the meeting.

Attorney Ken Lane distributed copies of the duty disability re-examination policy

Ms. Bennett discussed the corrective action plan was reviewed and approval by the City Council. The plan was filed with the State of Michigan. Ms. Bennett stated that the corrective action included the Segal study, Financial Health Team study, information on what has been done in the past, changes to the plan, and additional funding that was contributed. Ms. Bennett that if the corrective plan were approved, the plan would be reviewed annually.

Attorney Lane indicated that the State of Michigan Municipal Board was scheduled to review the corrective action plans at its December meeting.

Karen Williams distributed a meeting schedule for 2019 for the Employees' Retirement System Board. She also distributed a list of the 2019 Education Conferences.

The Employees' Retirement Board amended its May meeting to May 16, 2019.

It was moved by Trustee Kraus and supported by Trustee Good to approve the 2019 meeting schedule with the amended dates.

Adopted by the following vote: 8 – 0.

Mr. Greg Stump, Boomershine Consulting Group, presented the Employees' Retirement System actuarial valuation for the period ending December 31, 2017. Mr. Stump discussed the summary of plan assets, the investment earnings covered pension payments. There are over \$200 million in the fund and with the yearly city contributions; the fund is sustainable long term. Mr. Stump reviewed the discussed the smoothing of value assets.

Mr. Stump explained that an actuarial experience loss means that the plan assets did not achieve the 7.25% interest rate, even though the assets may have an investment gain for the year. Mr. Stump discussed the State of Michigan uniform assumption and reviewed figures based on the return assumption of 7%. Mr. Stump provided a summary of the investment performance, funding recommendations, funding progress and assumption changes.

He reviewed the healthcare reserve. Mr. Stump discussed the participant summary, reviewed the demographics and actuarial liability. Mr. Stump reviewed the importance of preparing an experience study every five years.

Mr. Stump discussed the development of the Employer Contributions. He reviewed the normal (benefit) cost based on the current assumptions. The numbers were calculated as a percentage of pay. He reviewed the amortization policy, which is now at 24 years of 30 year closed amortization. Mr. Stump reviewed the long-term projections of funding and contributions.

Ms. Williams reviewed the Monthly Investment Report and the Securities Lending report for the month ending October 31, 2018.

It was moved by Trustee Kraus and supported by Trustee Good to adjourn the meeting.

Adopted by the following vote: 8 – 0.

The meeting adjourned at 9:30 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees' Retirement System

Dennis R. Parker, Chairperson
Employees' Retirement System