

CITY OF LANSING
JOINT EMPLOYEES' RETIREMENT SYSTEM
And POLICE AND
FIRE RETIREMENT SYSTEM
MEETING MINUTES

Joint Meeting
Via Zoom meeting

August 18, 2020
Tuesday, 8:30 a.m.

The meeting was called to order at 8:31 a.m.

A quorum of both Retirement Boards were present.

Trustees present: (ERS), Bahr, Cahill, Dedic, Fox, Kraus, Parker, Sanchez-Gazella, Schor (8:47) – 8.

(Police & Fire), Fox, Lewandowsky, Rose, Schor(8:47), C. Wilcox, R. Wilcox, Wohlfert, Wood –8.

Excused: Spadafore (ERS)

Others present: Karen Williams, Human Resources Department; Robert Widigan, Finance Department; Aaron L. Castle, VanOverbeke, Michaud & Timmony, P.C.; Tom Franzeze, Mike Powers, Lazard investment; Zsolt Mester, Peter J. Riviello, Mondrian Investments; Gregory Stump, Boomersine Consulting Group; Nathan Burk, Asset Consulting Group

It was moved by Trustee Dedic and supported by Trustee Cahill to excuse Trustee Spadafore from the August Joint Employees' Retirement System and Police and Fire Retirement System Board meeting.

Adopted by the following vote: unanimous

There were no public comments.

Secretary's Report (Police and Fire):

0 new sworn fire member(s), 0 new sworn police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 0 retired. Total: Active membership: 375. 2 death(s): Ted Barger, Police, died 7/11/2020, age 73, no beneficiary; Carroll Lee, Police, died 8/4/2020, age 91, surviving spouse to receive 50%. Refunds made since the last regular meeting amounted to \$0.00. Reimbursements to the System year-to-date amount to \$19,644.35. Retirement allowances paid for the month of July 2020, amounted to \$2,924,008.08. Total retirement checks printed for the P&F System: 760. Total retirement checks printed for both systems: 1,707. Domestic relations order received: 0. Domestic relations orders pending: 0. Eligible Domestic Relations Order Certified: 0.

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August 18, 2020
Tuesday, 8:30 a.m.

Page Two

Secretary's Report (Employees' Retirement System):

4 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 2 retired. Total active membership: 482. Total deferred: 76. 2 death(s): Violet Clark, died 7/11/2020, age 82, beneficiary of UAW retiree; Joseph Swanson, Parks, retired 7/24/1993, died 7/28/2020, age 90, no surviving beneficiary. Refunds made since the last regular meeting mounted to \$0. Retirement allowances paid for the month of July 2020, amounted to \$2,022,919.08. Total retirement checks printed for the ERS System: 947. Total Retirement checks printed for both systems: 1,707. Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

There are no applicants for regular age and service requests for the Police and Fire Retirement System.

It was moved by Trustee Kraus and supported by Trustee Bahr to approve the following application for Regular Age & Service retirement from the Employees' Retirement System:

Kevin Lytle (Public Service – UAW), 25 years, 3 months of service credits, age 58, effective 9/30/2020

Sid Scrimger (Public Service – T580 SUP), 8 years, 8 months of service credits, age 62, effective 8/15/2020

Aaron Winchell (Public Service – UAW), 25 years, 8 months of service credits, age 50, effective 8/14/2020

Adopted by the following vote: unanimous

Karen Williams reported a request for duty disability retirement for applicant #2020-P0818.

Trustee Wohlfert referred the request to the duty disability subcommittee.

It was moved by Trustee Chris Wilcox and supported by Trustee Fox to send applicant #2020-P0818 to the medical director for duty disability evaluation.

Adopted by the following roll call vote Fox, Lewandowsky, Rose, C. Wilcox R. Wilcox, Wohlfert, Wood – 7.

There were no requests for duty disability for the Employees' Retirement System.

There were no requests for non duty disability retirements.

Karen Williams reported that the MAPERS Fall Conference had been cancelled. Hotel registrations will be refunded. Ms. Williams also reported that MAPERS encouraged members to participate in their online seminars and trainings.

Attorney Castle provided a legal counsel report for the Police and Fire Retirement System Board.

Attorney Castle reviewed the Disability Retirement offsets policy that was approved at the July meeting and provided an amended Certification of Earning Form for Board review.

It was moved by Trustee Rose and supported by Trustee Wilcox to approve the amended Certification of Earning Form for the Police and Fire Retirement System.

Adopted by the following vote: Fox, Lewandowsky, Rose, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. – 8.

Attorney Castle reviewed the City of Lansing Police and Fire Retirement System Intervening Military Service Credit Policy. He explained the purpose of the policy, definitions. He added that the policy shall be interpreted and administered in accordance with the provisions of USERRA governing the rights of individuals reemployed by the City after a period of Intervening Military Service. He discussed members who return to employment, the repayment of missed contributions, and reporting.

It was moved by Trustee Chris Wilcox and supported by Trustee Rose to approve the City of Lansing Police & Fire Retirement System Intervening Military Service Credit Policy.

Adopted by the following vote: Fox, Lewandowsky, Rose, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. – 8.

Attorney Castle discussed his legal opinion that addressed a recent request from a current retiree to change her beneficiary under the City of Lansing Police Officer and Firefighters Retirement System. Attorney Castle indicated that the election of a survivor election option must be made within 30 days prior to a member's retirement. The election of an Option I retirement allowance provides for a 50% surviving benefit to the retiree's legal spouse at the time of retirement, not a post-retirement spouse. Attorney Castle indicated that the member acknowledged in writing that the nomination or beneficiary was irrevocable upon retirement. Attorney Castle opined that the member's request to change the nomination of retirement allowance survivor beneficiary was legally impermissible under the provisions of the Retirement System. Attorney Castle further opined that the member may be eligible to designate a new beneficiary for the purposes of receiving a refund of any remaining accumulated contributions in the event of death prior to receiving the aggregate retirement allowance payments equal to the accumulated contributions standing to the member's credit at the time of retirement.

Attorney Castle stated that a copy of the legal memo could be provided to the member.

Trustee Bob Rose requested that Attorney Castle draft a letter to the member regarding the legal opinion.

Trustee Wood inquired if the legal opinion could be placed on file.

It was moved by Trustee Wood and supported by Trustee C. Wilcox that the legal opinion regarding the change of beneficiary be placed on record for the Police and Fire Retirement System.

Adopted by the following vote: Fox, Lewandowsky, Rose, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. 8.

Trustee Ryan Wilcox inquired about members who have been laid off and how it would affect their retirement eligibility. Trustee Wohlfert added that members who were laid off have asked if they could pay those missed contributions. Trustee Wohlfert inquired how the Retirement Board could audit the records of those members who have been laid off.

Ms. Williams, Retirement Office, responded that she was aware of the 2011 layoff of members, but unaware of any other time frames. Ms. Williams explained that the current system accrues service credits for members who would have received compensation. Members who are laid off and not getting paid, will not accrue service credit. Ms. Williams indicated that laid off members had to be re-certified and re-sworn. Ms. Williams believed that the Retirement Office acquired sworn statements from the City Clerk's office.

Trustee Ryan Wilcox inquired if he could provide a list of names to the Retirement Office to audit the members' file.

Trustee Linda Sanchez-Gazella stated the request for the audit should come from the individual member. Trustee Sanchez-Gazella believed that an email could be sent out to members who had questions regarding their retirement date.

Trustee Wohlfert inquired if an audit could be done and the results sent to the laid off members.

Trustee Wohlfert indicated that he would send an email out to fire members and Trustee Ryan Wilcox would send an email out to police members who had breaks in service that will affect service credits. Those members would be directed to contact the Retirement Office.

Attorney Castle indicated that there should be a disclaimer sent with results. The retirement eligibility is subject to change and the service credits are estimates based on the current information.

Trustee Dennis Parker expressed concerned for establishing a precedent to send out adjusted retirement dates whenever there is a break in service.

Ms. Karen Williams reported that the retirement office received a repayment of Mr. Mitchel Stadel of \$19,644.35 accumulated contributions that were withdrawn. Ms. Williams requested that Ms. Stadel complete his repayment form and submit to the Retirement office.

Attorney Castle reviewed the Disability Retirement offsets policy that was approved at the July meeting and provided an amended Certification of Earning Form for Board review.

It was moved by Trustee Kraus and supported by Trustee Bahr to approve the amended Certification of Earning Form for the Employees' Retirement System.

Adopted by the following vote: Fox, Lewandowsky, Rose, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. – 8.

Karen Williams provided an update of the Employees Retirement System Board of Trustee election. The election will fill an at-large trustee position on the Board that would expire June 30, 2020. Nominating petitions would be due September 18, 2020. If required, a primary election would be held Thursday, September 24, 2020 and the general election would be held September 30, 2020.

Karen Williams informed the Board that the Information Technology department sent notification that it would charge \$15 monthly for use of the City's Zoom license. The chairs requested that the retirement board purchase its own Zoom license and split the costs between both boards.

It was moved by Trustee Bahr and supported by Trustee Kraus for the Employees' Retirement System to purchase a Zoom license using its administrative budget, and to split the cost with Police and Fire Retirement System Board.

Adopted by the following vote: unanimous

It was moved by Trustee Wood and supported by Trustee Rose for the Police and Fire Retirement System to purchase a Zoom license using its administrative budget, and to split the cost with Employees' Retirement System Board.

Adopted by the following vote: unanimous

Karen Williams reviewed the Quarterly Expenses Reports for the Employees Retirement System and the Police and Fire Retirement System Boards.

Mr. Tom Franzeze provided an overview of the Lazard investment team. He provided an update of the organizational structure and discussed the investment philosophy and structure of the Artisan team. Mr. Powers discussed positioning in the portfolio, value investing in the market place. He provided a review of the market environment, and the portfolio performance for the Employees' Retirement System.

Mr. Peter J. Riviello, client service, provided an overview of the Mondrian investment team. Mr. Zsolt Mester provided a review of the international equity portfolio performance for the Police and Fire Retirement System.

Mr. Greg Stump, Boomershine Consulting Group, provided an update for the actuarial valuation. Mr. Stump indicated that he believed the valuations would be completed by the November meeting. He updated the Board that he received member data from the Retirement Office and was still waiting from financial data from the Finance Department. Mr. Stump stated that he would contact Mr. Widigan to share with him the data that has been supplied in the past.

Trustee Wood indicated that the Board had a policy for when the data was needed from the Finance Department. Trustee Wood stated that she realized that there was a new finance director but hoped the information could be provided in a timely manner.

Mr. Widigan indicated that he would work with Jake Brower to get the data needed for the actuarial report.

Mr. Nathan Burk of Asset Consulting Group reviewed the Quarterly Performance reports for the 2nd quarter of 2020. Ms. Burk discussed the financial performance of the Employees' Retirement System and the Police and Fire Retirement System for the period ending July 31, 2020. Mr. Burk reviewed the market environment and discussed the equity, fixed income and real estate investments within the financial portfolio. Mr. Burk provided a review of the structure of both plans and discussed fees and asset allocation.

Mr. Burk recommended redeeming quarterly cash flows through the remainder of the year. He indicated that ABS offshore was overvalued and monies could be redeemed at the end of the year. ABS would need a 45 day notice.

Mr. Burk reviewed the Employees' Retirement System quarterly cash flow request for \$6.5 million. Asset Consulting Group recommendation was to redeem \$3 million from William Blair portfolio, \$3.5 million from Western Asset portfolio.

It was moved by Trustee Kraus and supported by Trustee Bahr to redeem from the Employees' Retirement System portfolio: \$3,000,000, from William Blair and \$3,500,000 from Western Asset for quarterly cash flow needs as outlined by Asset Consulting group memo, and \$20,000 from securities lending for administrative expenses

Adopted by the following vote: Bahr, Cahill, Dedic, Kraus, D. Parker, Sanchez-Gazella, Schor – 7.

Mr. Burk reviewed the Police and Fire Retirement System quarterly cash flow request for \$9.0 million. Asset Consulting Group recommendation was to redeem \$1.5 million from the William Blair portfolio and \$2.5 million from the T. Rowe Price portfolio, \$2.5 million from the NT S & P 500 index Fund, and \$2.5 million from the Artisan investment.

It was moved by Trustee Chris Wilcox and supported by Trustee Wood to redeem from the Police and Fire Retirement System portfolio: \$2,500,000 Northern Trust S&P 500 Index, and \$2,500,000 from T. Rowe Price, and \$1,500,000 from William Blair, and \$2,500,000 from Artisan for quarterly cash flow needs as outlined by Asset Consulting Group memo, and \$20,000 from securities lending for administrative expenses.

Adopted by the following vote: Lewandowsky, Rose, Schor, C. Wilcox, Wohlfert, Wood - 7.

It was moved by Trustee Wood and supported by Trustee Rose to adjourn the Police and Fire Retirement System and Employees' Retirement System Board August Joint meeting.

Adopted by the following vote: unanimous

The Meeting adjourned at 10:57 a.m.

Minutes approved on 9/8/2020

Robert Widigan, Secretary

Dennis R. Parker, Chairperson
Employees' Retirement System

Eric P. Wohlfert, Chairperson
Police and Fire Retirement System