

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

Regular Meeting
10th Floor City Council Conference Room

July 19, 2022
Tuesday, 9:30 a.m.

The Board was called to order at 9:30 a.m.

Present: ERS: Bahr, Dedic, Ebright, Garza, Kraus, D. Parker, Sanchez-Gazella, Schor – 8

Absent: Kirkland (excused)

Others: Karen E. Williams, Evangelina Hernandez Human Resources Department; Attorney Aaron Castle, VanOverbeke, Michaud & Timmony, P.C., attended remotely.

It was moved by Trustee Kraus and supported by Trustee Sanchez-Gazella to approve the Official Minutes of the Employees' Retirement System Board of June 21, 2022.

Adopted by the following vote: 8 – 0

Secretary's Report:

5 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 2 retired. Total active membership: 492. Total deferred: 73. 4 death(s) Howard Gerald McCaffery, (Public Service - Exempt, retired 1/5/1993, died 5/23/2022, age 82, Spouse to receive 100%; James Allen Nobach, (Parks, died, May 2, 2022, age 65, no beneficiary; Linda Rossman, (District Court), retired 2/28/2002, died 6/14/2022, age 71, no beneficiary; Martha A. Sudberry, died 5/21/2022, age 92, beneficiary of UAW retiree. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of June 2022, amounted to \$2,031,961.44. Total retirement checks printed for the ERS System: 941. Total Retirement checks printed for both systems: 1717. Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0

It was moved by Trustee Bahr and supported by Trustee Ebright to approve the following Request for Regular Age and Service Retirement:

Joseph Anderson, (Public Service – UAW), 17 years, 3 months of service credits, age 58, effective 8/5/2022.

Melissa L. Ouderkirk (Police/Civilian – Teamster). 25 years of service credits, age 50, effective 9/8/2022.

Adopted by the following vote: 8 – 0

There were no public comments.

Ms. Williams reported the Applicant #2021-E1108 had seen the medical director. The medical report has been received and forwarded to the disability subcommittee. The disability subcommittee wanted additional time to review the report.

There were no requests for non-duty disability.

There were no requests for refund of accumulated contributions.

Ms. Williams distributed and reported information for upcoming events:

MAPERS Fall Conference, September 17-20, Mackinaw Island, Michigan
68th Annual IFEBP Conference, October 23-26, Las Vegas, Nevada

Ms. Williams directed members to review agendas, registration forms, and hotels for the conferences. Ms. Williams informed them to provide their arrival and departure dates for each event they want to attend to Evangelina Hernandez.

Ms. Williams reported that Trustee Kirkland contacted the Retirement Office and requested to be excused from the July meeting. Trustee Kirkland is ex-officio, and no vote was needed to excuse her.

Ms. Williams provided retirement board July invoices (ACG, Northern Trust, Segal) for approval in accordance with the authorized signer's policy. She also reported that a notice from Asset Consulting Group reporting a quarterly fee increase from ACG invoice from April 1, 2022, through March 31, 2023 (the Michigan Treasury bulletin) for the inflation rate of 2022. ACG increased their rate by 3.3% as described per the contract.

It was moved by Trustee Ebright and supported by Trustee Dedic to approve the July Invoices of the Employees' Retirement System Board.

Adopted by the following vote: 8 – 0

Attorney Castle reported that he met with City Attorney Abood, HR Director and Employee and Labor Relations to discuss the draft Disability Retirement/Re-Examination Policy. Based upon discussion with that group and discussion that took place with the Board's Disability committee, Attorney Castle opined that it was necessary to refer the matter back to the Special Projects Committee for further review.

Attorney Castle reviewed an updated version of the Reciprocal Retirement Policy that clarified some language.

It was moved by Trustee Dedic and supported by Trustee Bahr to approve Reciprocal Retirement Policy proposal.

Adopted by the following vote: 8 - 0

Attorney Castle provided a legislative update of House Bill 5783. The bill was passed by the Michigan House of Representative and Senate on July 1 and was ordered enrolled as of that date. HB 5783 is a general appropriations bill that includes the creation of a grant program supporting local defined benefit retirement systems. The grant programs include criteria that the grant award payment must be in addition to a local unit's actuarially determined contribution as of 12/31/2021 and must not be used to meet the actuarially determined contribution, and that local units must attest via an affidavit.

Attorney Castle stated that HB5783 provides for a one-time appropriation of up to 750 million to the Department of Treasury to establish and operate a grant program for deposit into a local unit's retirement system. Grant awards would be for systems that are under 60% or 170 million, whichever is less. Attorney Castle reviewed the conditions that would need to be implemented upon receipt of a grant award that include those contractual benefits be 100% prefunded, retirement system's discount rate must remain or be below 7%, the system must adopt the most current mortality tables, the local unit would be subject to corrective action plan monitoring.

Trustee Bahr inquired about how the money would be distributed.

Attorney Castle indicated that the Michigan Department of Treasury would create the application policy. The City of Lansing would need to apply for the grant.

Trustee Dedic inquired if the monies would be allocated after all applications are received or on a first come and first-serve basis.

Attorney Castle that until the Michigan Department of Treasury creates the process, he could not be certain how the monies would be allocated. Attorney Castle believed that there would be a window for applications to be receive before the allocation.

Trustee Schor indicated that the City of Lansing would apply, and the money would be used in addition to actuarially determine retirement contribution. The grant would reduce the retirement system liability and may reduce future contributions.

Ms. Williams indicated that Larry Fumarolo, our Northern Trust account manager, has left the company. In May, he provided an overview of services offered by Northern Trust and invoices being paid through Northern Trust and discussed employee and employer contributions submitted to the bank. The Retirement Office would reach out to Northern Trust to have a representative attend the next meeting.

Ms. Williams reviewed the Monthly Investment Report for the month ending June 30, 2022.

It was moved by Trustee Kraus and supported by Trustee Bahr to adjourn the July Employees' Retirement System Board meeting.

Adopted by the following vote: 8 - 0

The meeting ended at 9:56 a.m.

Minutes approved on 8/16/2022

*Desiree Kirkland, Secretary
Employees' Retirement System*

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