

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

Regular Meeting
10th Floor, City Council Conference Room

October 18, 2022
Tuesday, 9:30 a.m.

The meeting was called to order at 9:35 a.m.

Present: Trustee Dedic, Ebright, Garza, Kraus, Parker, Schor – 6
Absent: Excused: Bahr, Kirkland, Sanchez-Gazella

Others present: Karen Williams, Evangelina Hernandez, Human Resources Department, Attorney Joseph Abood, City Attorney's Office; Shelbi Frayer, Mayor's Office, Attorney Aaron Castle, VanOverbeke, Michaud & Timmony, P.C.; Gregory Stump, Boomershine Consulting Group.

It was moved by Trustee Kraus and supported by Trustee Dedic to approve the Official Minutes of the Employee Retirement System Boards meeting of September 13, 2022.

Adopted by the following vote: 6 - 0

It was moved by Trustee Dedic and supported by Trustee Kraus approve the Official Minutes of the Joint Employees' Retirement System and Police and Fire Retirement System Meeting Minutes of September 13, 2022.

Adopted by the following vote: 6 - 0

Secretary's Report

3 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 1 retired. Total Active Membership: 475. Total deferred: 70. 4 death(s) Nathaniel Bradshaw, (UAW – Public Service, retired 9/30/1983), died 9/5/2022, age 97, no beneficiary; John W. Freeman, (UAW - Public Service, retired 4/5/1997), died 9/18/2022, age 78, no beneficiary; Ramiro M. Garcia (UAW – Public Service, retired 3/15/2008), died 10/10/2022, age 81, no beneficiary; Renee M. Smith, (Teamster – District Court) retired 11/20/1992, died 9/20/2022, age 74, no beneficiary. Refunds made since the last regular meeting amounted to \$5,486.58. Retirement allowances paid for the month of September 2022, amounted to \$2,020,604.96. Total retirement checks printed for the ERS System: 932. Total Retirement checks printed for both systems: 1720. Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

It was moved by Trustee Dedic and supported by Trustee Ebright to approve the following Request for Age and Service Retirement.

Roger A. Detzler, (Public Service – UAW), 29 years, 2 months of service credits, age 65, effective 11/15/2022

Adopted by the following vote: 6 – 0

Ms. Williams reported that Applicant #2021-E1108 status was pending, and the applicant was seen by the medical director. The medical and the supplemental reports were sent to the disability subcommittee for review.

There were no requests for non-duty disability.

Ms. Williams reported that Mr. Taylor Zampini had requested a refund of his accumulated contributions of \$10,949.27. He was a Teamster 243, and not vested.

It was moved by Trustee Dedic and supported by Trustee Ebright to approve Mr. Zampini's Request for Accumulated Contribution.

Adopted by the following vote: 6 – 0

Trustee Ebright reported that he attended the ABS Global Investment conference in Boston, Massachusetts for the first time. There was a panel of foreign nationals that were speakers from Taiwan, China, India, Korea, Eastern Europe, Belize, and Brazil. They discussed their countries economy, inflation and forecast. The keynote speaker was Ben Mezrich, a bestselling author who has authored 24 books.

Trustee Ebright reported that it was a good conference, and he had a binder that was provided to all attendees and that he could make it available for the Board members.

Ms. Williams communicated that she would scan the entire documents and place in the R drive.

Ms. Williams reported for the she received the MAPERS Certificates for those who attended.

Trustee Garza reported that this was his first time attending the MAPERS conference. He was provided a lot of information, and it was very educational. He said that he appreciated the due diligence regarding the ever-changing markets and to stay on top of what worked in the past may not work in the future.

Trustee Garza reported that he downloaded the MAPERS app and that kept him informed of all of the sessions that were taking place. He reported that he learned a lot and apply what he has learned from the conference to have a better understanding for the retirement system.

Trustee Kraus stated that she attended sessions that were out of her comfort knowledge zone and one of them was Actuary Hot Topics session. She reached out to Greg Stump, our actuary from Boomershine to ask questions. She said that she learned at this session that there are three ways to value the retirement system, and that information could be interpreted incorrectly, and she found that concerning. Trustee Kraus also discussed the workshop that compared the Defined Contribution and the Defined Benefit plans

Trustee Dedic reported he attended session "Really Off the Record" from Tim Skubick, Political Consultant, on how we are not connected to the political system and wanted attendees to identify who their representative is and who was running against them. Mr. Skubick also informed attendees about the war between Ukraine and Russia and how inflation is going to affect retirement systems in the US.

Ms. Williams reported that Trustee Kirkland has increased the mileage on the expense report from the memo she sent out August 22, 2022, and Ms. Hernandez email the memo, the updated expense report, and the link for Federal per diem rates as each states varies.

Ms. Williams reported that Trustee Bahr, Kirkland and Sanchez-Gazella contacted the Retirement Office and requested to be excused from the October meeting. Trustee Kirkland and Sanchez-Gazella are ex-officio, and no vote was needed to excuse those members.

It was moved by Trustee Ebright and supported by Trustee Dedic to excuse Trustee Bahr, Kirkland, and Sanchez-Gazella from the October Employees Retirement System Board.

Adopted by the following vote: 6 – 0

Ms. Williams provided the following invoices from ACG for services from July through September 2022 in the amount of \$19,744.25, and from T. Rowe Price for Management Fee Q1 2022 in the amount of \$13,007.86.

It was moved by Trustee Ebright and supported by Trustee Dedic to approve the Employees' Retirement System Invoices for October.

Adopted by the following vote: 6 – 0

Attorney Aaron Castle provided an update on the Principal Real Estate Fund which was approved by the board in last month's meeting. He reported that he has provided a draft Side Letter Agreement for the board to review in their packet between the Retirement Board and Principal Enhance Property for better contractual terms for the board.

Mr. Stump provided a summary of the Actuarial Valuation report for Funding Progress and Contributions to the board members and reported that the previous 3 years have been great and for current year, the report was not so good.

The report is based on data and asset summary as submitted by the Plan Administrator and the City finance department. The total Market Value of the Plan Assets for the plan year ending December 31, 2021, and the Plan assets exclude from this a reserved for healthcare benefits.

Mr. Stump provided funding progress for the current year which improved to 56.9 %. The health care fund was funded at 49%. Mr. Stump also provide the percent of payroll for contributions to the retirement system remained stable at 47%.

Ms. Shelbi Frayer, City of Lansing Chief Strategic Officer inquired what effect an estimated -20% return would have on the City's Contributions and inquired if the asset smoothing would lessen the effect.

Mr. Stump discussed the smoothing method to determine for the Investment Performance for the City's contributions and under this method, asset gains or losses are spread over a 5-year period. The gains and losses are determined every year by comparing actual investment returns with expected asset performance.

He reported that there were no changes in the Assumption and Method Changes since the prior valuation and no changes in the Benefit Changes since the prior valuation, except a change in the averaging period for 2 bargaining units.

Mr. Stump reported on the Funding Outlook for Pension and Contributions Outlook for 2022. This is a baseline projection and is helpful to compare is the 2023 other scenarios.

Mr. Stump reported that the Retiree Healthcare was a reserved funds of the pension assets, and the City of Lansing had not fully funded retiree healthcare but going forward the City plans to move toward full funding. Mr. Stump reported that an evaluation will take place every year.

Mr. Stump recommended splitting the health care evaluation into two parts, one for those employees who are eligible for the VEBA and one for the remainder Employees Retirement System employees.

Attorney Castle was asked what happens to the VEBA money when it is terminated. He responded that legally the VEBA can only be terminated after all the liabilities are paid off and the last member and beneficiary has passed away. Then the funds would go to the City of Lansing.

Mr. Stump reviewed the Actuarial Standard of Practice (ASOP) #4 that requires a new requirement of disclosure at Low Default Risk Obligation Measure. It will be a requirement in all valuation reports starting in 2023. Mr. Stump also reviewed the Michigan Act 202 Uniform Assumption that is a current disclosure in the actuarial report.

It was moved by Trustee Kraus and supported by Trustee Dedic to approve the Employees Retirement System Actuarial Valuation for period ending December 31, 2021.

Adopted by the following vote: 6 – 0

Ms. Williams reported that the board now has a new manager from Northern Trust Bank, and she enclosed his bio in their packet for review. He is Clayton Robinson and would be our permanent Relationship Manager.

Ms. Williams reported that she sent Mr. Robinson the information she was working with Mr. Claudin Besoago and has not responded. Ms. Williams reported that Mr. Robinson may like to attend the November Joint meeting to discuss the Web Cashflow process for the board's approval and set it up.

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

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

The meeting ended at 10:28 a.m.

Minutes approved on 11/8/2022

*Desiree Kirkland, Secretary
Employees' Retirement System*

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