

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

Joint Meeting
Council Conference Room
10th Floor City Hall
Lansing, MI

February 19, 2019
Tuesday, 9:15 a.m.

The meeting was called to order at 9:15 a.m.

A quorum of the Employees' Retirement System Board and Police and Fire Retirement System Board was present.

Trustees present: (ERS), Bennett, Kraus, Munroe, D. Parker, M. Parker, Sanchez-Gazella, Schor. – 7.
(Police & Fire), Bennett, Rose, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood – 7

Others present: Karen E. Williams Finance Department; Attorney Ken Lane (representing the City Attorney's Office); Nathan Burk, George Tarlas, Asset Consulting Group; Kitty Swenson, Director of Client Relations, Wasatch Investments; Tim McClure, Tegrit; Greg Stump, Boomershine Consulting Group.

It was moved by Trustee Mark Parker and supported by Trustee Schor to excuse Trustee Dedic and Trustee Washington from the February Joint Retirement Board meeting.

Adopted by the following vote: 7 – 0.

It was moved by Trustee Ryan Wilcox and supported by Trustee Wood to excuse Trustee Fabus from the February Joint Retirement Board meeting.

Adopted by the following vote: 7 – 0.

Karen Williams updated the Board that the City Attorney's Office would provide an update regarding the legal advisor request for information at the March meetings.

Mr. Tim McClure, CEO, Tegrit provided a performance review of the company. Mr. McClure reported that over the past 3-year period, revenues are up 30%, with an 18% gross profit margin. Tegrit has added three major contracts in Missouri, California and Louisiana, which will produce 22 million in revenues. Tegrit has updated the Arrivos product to version 2.0. Mr. McClure reviewed the increased efficiencies and between versions 1.0 and 2.0 and their cost structures.

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Mr. McClure reviewed the company's security procedures, and discussed that the company was employee-owned. Mr. McClure have added 20 new employees. Many of the new hires have been in research and development. Tegrit is growing and looking to purchase a building in the Livonia area.

Mr. Greg Stump, Boomershine Consulting Group provided an actuarial valuation preview for the period ending 2018. Mr. Stump discussed last year's valuations, the current valuations and the long and short term. Mr. Stump reviewed the funding level, the investment report and contribution level.

Mr. Stump discussed the investment losses for 2018 due to market returns, and described the process of five asset smoothing that recognize 1/5 of the loss each year. For the short term, the total amount of contributions will increase greater than expected for both pension plans. Mr. Stump reviewed demographic expectations for the City of Lansing. Mr. Stump discussed service purchases effect on the valuation. He discussed the recent mortality public sector tables that were published by the society of actuaries. He will review and discuss phasing-in the RP2014 mortality tables when the Boards perform its next Experience Study.

Mr. Burke, Asset Consulting Group, provided an overview of the Wasatch investment. He explained personnel changes that have happened recently. Wasatch also lost three large clients within the emerging market small cap strategy.

Ms. Kitty Swenson, Wasatch Investment firm, discussed the employee changes on the research team. Ms. Swenson manages the institutional clients and explained the firm is 100% employee owned, with 1.2 billion in assets within the emerging market small cap strategy. Ms. Swenson provided a review of the City of Lansing retirement boards' manager mix. Ms. Swenson discussed the performance and provided a market value summary of the retirement boards' portfolio.

Mr. George Tarlas announced that Asset Consulting Group would be celebrating its 30th year in 2019. He expressed his appreciation to the City of Lansing as its client.

Mr. Burk discussed the Wasatch presentation with the Joint Boards. Mr. Burk discussed the portfolio asset allocation and the market volatility for Employees' Retirement System and the Police and Fire Retirement System.

Mr. Burk explained the Asset Consulting Group transparency letter for public fund client. The letter describes the maximum amount that may be paid on behalf of a client, such as a meal.

Mr. Burk provided an overview and update of the global economic markets. Mr. Tarlas and Mr. Burk discussed the market environment and total portfolio analysis. Mr. Burk discussed the financial performance of the Employees' Retirement System and the Police and Fire Retirement System for the period ending December 31, 2018.

Mr. Burk provided an analysis of the portfolios equity, fixed income, and real estate investments. He reviewed the January monthly financial report.

It was moved by Trustee Chris Wilcox and supported by Trustee Ryan Wilcox to adjourn the February Joint Employees' Retirement System Board and Police and Fire Retirement System Board meeting.

Adopted by the following vote: 6 – 0.

The meeting adjourned at 11:12 a.m.

Minutes approved on _____

Angela Bennett, Secretary

Dennis R. Parker, Chairperson
Employees' Retirement System

Eric P. Wohlfert, Chairperson
Police and Fire Retirement System