

# OFFICIAL PROCEEDINGS OF THE BOARD OF TRUSTEES CITY OF LANSING POLICE AND FIRE RETIREMENT SYSTEM

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

November 18, 2014  
Tuesday, 8:30 a.m.

The Board was called to order at 8:33 a.m.

Present: Trustees Benson, Hecksel, Kraus, Oleson, St. Aubin, Wood– 6.  
Absent: Trustee Bernero, Fabus

Others: Angela Bennett, Karen E. Williams, Finance Department; Attorney Ken Lane, Clark Hill Law Office (representing the Law Department).

It was moved by Trustee Hecksel and supported by Trustee Benson to approve the Official Minutes of the Police and Fire Retirement System Board Meeting of October 21, 2014.

Adopted by the following vote: 6 – 0

Mr. Steve Harry had three comments for the Police and Fire Retirement Board. Mr. Harry wanted to confirm that Police and Fire members listed on the agenda to receive pensions were based upon only 25 years of service credits. Mr. Harry commented that links to some of the approved minutes were not operating properly. Mr. Harry requested that draft minutes be posted on the Retirement System website.

## Secretary's Report.

0 new fire member(s), 0 new police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 2 retired. Total: Active membership: 327. 0 death(s). Refunds made since the last regular meeting amounted to \$0.00. Reimbursements to the System year-to-date amount to \$0.00. Retirement allowances paid for the month of October 2014 amounted to \$2,288,183.61. Total retirement checks printed for the P&F System: 701. Total retirement checks printed for both systems: 1610. Domestic relations order received: 0 Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

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It was moved by Trustee Oleson and supported by Trustee Wood to approve the following applications for Regular Age and Service Retirements:

Trent M. Atkins, Fire Department, 25 years of service credits, age 45, effective November 15, 2014. (w/the purchase of 9 months of universal service credits)

Robert Hecksel, Fire Department, 25 years, 1 month of service credits, age 48, effective December 22, 2014

Michael S. Marczynski, Fire Department, 25 years, 1 month of service credits, age 54, effective December 23, 2014

Jeffrey D. Hanna, Fire Department, 25 years, 1 month of service credits, age 45, effective December 26, 2014.

John M. Holly, Fire Department, 25 years, 1 month of service credits, age 48, effective December 30, 2014.

Adopted by the following vote: 6 – 0.

Karen Williams reported that a request for duty disability had been received from Applicant 2014-P1118.

Trustee St. Aubin referred Applicant 2014-P1118 to the disability subcommittee.

The Police and Fire Retirement Board recessed to allow the disability subcommittee to meet on Applicant 2014-P1118.

The Police and Fire Retirement Board recessed at 8:38 a.m.

The Police and Fire Retirement Board were called back to order at 8:40 a.m.

Trustee Hecksel reported that the disability subcommittee had met and recommended that Applicant 2014-P1118 continue with the disability application process and be referred to the Medical Director.

It was moved by Trustee Hecksel and supported by Trustee Kraus to have Applicant 2014-P1118 proceed with the disability application process and be referred to the Medical Director.

Adopted by the following vote: 6 – 0.

There were no requests for non-duty disability retirement.

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There were no requests for Refunds of Accumulated contributions.

Trustee St. Aubin notified the Police and Fire Retirement Board that Trustee Thomas Fabus would be out of town and not able to attend the Board meeting. Trustee Fabus requested to be excused.

It was moved by Trustee Oleson and supported by Trustee Wood to excuse Trustee Fabus from the November Police and Fire Retirement Board meeting.

Adopted by the following vote: 6 - 0

Karen Williams reported that Tegrity has completed work on the Calculator Engine technical specifications. Tegrity is nearing completion of the process module that would include the payroll interface, actuarial extract, exclusion letters, interest calculation and refunds of accumulated contribution. The Retirement Office will move toward the last phase of the project that will include workflows, reports and administration.

Attorney Ken Lane reported that Tegrity requested the use of the Police and Fire Retirement Board's name and logo for its promotional material. Attorney Lane reported that he reviewed the request with the City Attorney's Office and the City logo could be used with permission.

Trustee St. Aubin received the request via email and notified the Police and Fire Retirement Board for their input.

Trustee Wood expressed concern that the project had not been completed and that the request should wait.

Trustee Benson added that Tegrity should only have use of the Police and Fire Retirement Board's name and logo for the duration of the contract.

Attorney Lane indicated that Tegrity would need the Police and Fire Retirement Board's consent to use its name and logo. He also noted that the Board could withdraw its consent

It was moved by Trustee Hecksel and supported by Trustee Wood to wait until completion of the project before consent is given to Tegrity to use the Police and Fire Retirement Board name and logo.

Adopted by the following vote: 6 – 0

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Attorney Ken Lane will notify Tegrity of the Police and Fire Retirement Board's decision.

Trustee St. Aubin provided an oral report of the NCPERS Public Safety Conference. Trustee St. Aubin included workshops that include 2015 Economic Outlook, the Affordable Health Care Act, pension funding and the Detroit bankruptcy. Trustee St. Aubin reported that the conference was well-organized and informative.

Trustee Oleson concurred that the conference was well-organized and was impressed with the availability of the presenters. Trustee Oleson also discussed the Detroit bankruptcy workshop. Trustee Oleson noted that there was not a diversity of opinions. Most of the panel was made up of City of Detroit trustees.

Trustee Kraus attended NCPERS Conference workshop that included investment types, health care and Medicare. Trustee Kraus discussed that members should be preparing for Medicare earlier than 65. Trustee Kraus noted that other retirement systems commended her for attending the conference. Trustee Kraus noted that not many administration members from municipalities' administration were in attendance. Trustee Kraus discussed the workshop regarding fully funded plans and the Detroit bankruptcy.

Trustee Benson was impressed with the conference, its organization and the presentation. He attended all of the workshops and thought that it was a good learning experience.

Trustee Hecksel concurred that the NCPERS Conference was a great experience and informative meeting. He appreciated the networking opportunity and sharing institutional knowledge with other members. Trustee Hecksel also discussed the Detroit bankruptcy workshop. He also felt that there was not a wide diversity of opinion and wanted to hear from other on the panel, other than Detroit trustees..

Trustee Wood reported that the Special Projects subcommittee had met and reviewed the Police and Fire Retirement Ordinance amendment that included the provisions of the Fire contract. The subcommittee recommended that Draft #4 be created with the amendments by the Police and Fire subcommittee and include a correction to the retirement options that were numbered incorrectly. She recommended support of Police and Fire Retirement Ordinance.

It was moved by Trustee Wood and supported by Trustee Kraus to approve the Police and Fire Retirement Ordinance Draft #4.

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Trustee Wood also requested that the Police and Fire Retirement Board provide a letter of support with of the Revised Ordinance to City Council.

Attorney Ken Lane reported that in 2008 the retirement systems applied for independent federal employer identification numbers. Attorney Lane has been using those numbers on investment contracts. Retirees receive their benefits under the City of Lansing federal employer identification number and it has been determined with the assistance of administration that using the independent federal numbers can be problematic for retirees filing taxes. The City Attorney researched the issue and determined that there was no legal reason for separate federal employer identification numbers for the retirement systems. The City Attorney opined that the retirement systems could return to using the City of Lansing federal employer identification number.

Attorney Lane stated that with the assistance of Asset Consulting Group, a letter has been drafted to inform investment managers.

Ms. Angela Bennett recommended that Internal Revenue Service be contacted to rescind the separate retirement board federal employer identification number.

Attorney Lane reported that Public 314 requires that the City of Lansing retirement systems create an annual budget. Attorney Lane stated that he would provide a draft budget at the next meeting.

Attorney Lane reported that he distributed a letter from Robbins, Gellar, and their request to come to the Joint Meeting. At that time, the Police and Fire Retirement Board declined the request. Robbins Gellar has contacted individual trustees via email requesting if they could come address the Retirement Boards at the Joint meeting. Trustee St. Aubin responded to the email that the Retirement Board had no questions and no need for the law firm to attend the November Joint meeting.

The retirement board noted if they did come to the meeting, they could speak during public comment.

Trustee Hecksel inquired if the Retirement Board should consider replacing Robbins, Gellar. Trustee St. Aubin stated that the only lawsuit from the securities monitoring has been derivative, corporate governance issues. The Retirement Board has expressed their disinterest in these types of legal action.

Attorney Ken Lane had a conference call with Robbins, Gellar. On the conference call, the law firm agreed that one firm is appropriate.

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The Finance Director, Angela Bennett provided a memo notifying the Police and Fire Retirement System Board of the 2014 pension contribution. Ms. Angela Bennett stated that \$10,700,000 was contributed as of November 3, 2014.

Ms. Bennett informed the Police and Fires Retirement System Board that once the actuarial valuation has been finalized and accepted by trustees, the remaining balance of \$351,175 will be contributed.

It was moved by Trustee Wood and supported by Trustee Hecksel to accept the City of Lansing 2014 Police and Fire pension contribution.

Adopted by the following vote: 6 – 0

Karen Williams updated the Police and Fire Retirement Board regarding the Fire Trustee Election. The Retirement Office has received one nominating petition. The deadline for turning in completed petition would be November 24, 2014.

Ms. Williams distributed the 2015 Schedule of Board Meeting dates.

Karen Williams distributed the Police and Fire Retirement System Actuarial Valuation as of December 31, 2013. Ms. Williams indicated that Boomershine also provided a funding policy for the Board's review.

Trustee Hecksel inquired about the different percentages for the funded ratio listed in the actuarial valuation. Ms. Bennett explained that the difference of the percentages was due to the Police and Fire Retirement Board smoothing of assets.

The Retirement Board discussed the change to a closed amortization and assumed rate of return and its impact on the funded ratio.

Ms. Angela Bennett reviewed a list of recommendation for the actuarial valuation that included amendments to the assumptions and methods. Ms. Bennett also had questions about the administrative expenses listed as zero. Ms. Bennett also recommended language explaining the change of the interest rate assumption. Ms. Bennett requested that the actuary include the schedule of employer contributions and schedule of funding progress in both the valuations and the new GASB reports for transparency and historical reference.

It was moved by Trustee Benson and supported by Trustee Kraus to include the GASB schedule reports in both the actuarial valuation and the GASB reports.

Trustee Oleson inquired about the Board discussion regarding the GASB reports

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Attorney Lane explained that he contacted Mr. Greg Stump at Boomershine Consulting Group and that the actuary was obligated to return the valuation in compliance with GASB. The Board did not approve a fee for separate reports

Angela Bennett explained that GASB had some requirements that are not needed within the actuarial valuation.

Adopted by the following vote: 6 – 0.

It was moved by Trustee Hecksel and supported by Trustee Benson to table the discussion and contact Boomershine Consulting Group with a list of modifications and to clarify issues raised by the Police and Fire Retirement Board prior to the adoption of the actuarial report.

Adopted by the following vote: 6 – 0

Trustee St. Aubin will contact the actuary.

It was moved by Trustee Wood and supported by Trustee Oleson to designate the document received from Boomershine Consulting Group as a draft.

Adopted by the following vote: 6 - 0

Attorney Ken Lane reviewed the funding policy and it complies with Public Act 314. Attorney Lane notified Mr. Greg Stump with suggested amendments to the funding policy to clarify language.

Trustee St. Aubin added item F to the agenda regarding NCPERS meal expenses. Trustee St. Aubin explained that the NCPERS Conference was held in New Orleans, Louisiana where the cost of living is higher. The Retirement Board discussed that it has approved in the past higher reimbursement limits for conferences in high cost areas.

It was moved by Trustee Kraus and supported by Trustee Benson to approve increased meal reimbursement limits for the NCPERS Conference.

Adopted by the following vote: 6 – 0

Karen Williams submitted the Northern Trust Custodian Bank SAS 70 Report for review by the trustees per Police and Fire Board Policy at the last meeting. Ms. Williams reported that the Board generally accepts the report each year after legal and information technology review.

Attorney Lane indicated that he reviewed and informed the Police and Fire Retirement Board that report complied with Public Act 314 and that the report was satisfactory. Attorney Lane noted that the information technology information is the same as last year.

It was moved by Trustee Wood and supported by Trustee Benson to accept the Northern Trust Custodian Bank SAS 70/Custody and Fund services SOC 1 Report.

Adopted by the following vote: 6 – 0

Karen Williams reviewed the City of Lansing Quarterly Expense Report and the Securities Lending Report for the period ending September 30, 2014.

Trustee Benson commended the Police and Fire Retirement Board for creating the Quarterly Expense Report.

Trustee St. Aubin commented that in 2005, a former finance director changed the amortization rate and how it negatively impacted the funded ratio. Trustee St. Aubin commended the Police and Fire Retirement Board for implementing changes in the amortization that will improve the funded ratio in the future.

It was moved by Trustee Oleson and supported by Trustee Hecksel to adjourn the meeting.

Adopted by the following vote: 6 - 0

The meeting adjourned at 9:56 am.

Minutes approved on \_\_\_\_\_

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Angela Bennett, Secretary  
Police & Fire Retirement System

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Brad St. Aubin, Chairperson  
Police & Fire Retirement System