

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

April 21, 2015
Tuesday, 8:30 a.m.

The Board was called to order at 8:32 a.m.

Present: Trustees Oleson, Rose, St. Aubin, Wohlfert, Wood– 5.
Absent: Trustee Bernero

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

It was moved by Trustee Oleson and supported by Trustee Wohlfert to approve the Official Minutes of the Police and Fire Retirement System Board Meeting of March 17, 2015.

Adopted by the following vote: 5 – 0

There were no public comments.

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: 321. 1 death(s), Rodney Ray, died 2/27/2015, age 84, spouse to receive 50%. 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 March 2015 amounted to \$2,361,366.50. Total retirement checks printed for the P&F System: 707. Total retirement checks printed for both systems: 1612. Domestic relations order received: 0 Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

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

Daniel Oberst, Fire Department, 25 years of service credits, age 49, effective April 18, 2015 (with the purchase of 4 months of universal service credits)

Wade Elton, Fire Department, 25 years of service credits, age 48, effective May 2, 2015. (with the purchase of 2 years of military service credits)

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It was moved by Trustee Oleson and supported by Trustee Wood to approve the following application for Regular Age and Service Retirement (continued):

Gary L. Masseau, Police Department, 25 years of service credits, age 50, effective May 15, 2015.

Robert A. Merritt, Police Department, 25 years of service credits, age 48, effective May 16, 2015 (with the purchase of 8 months of universal service credits.

Vicki Dahlke, Police Department, 25 years of service credits, age 46, effective June 15, 2015.

Adopted by the following vote: 5 - 0

Karen Williams updated the Police and Fire Retirement Board that Applicant #2014-F1216 has been scheduled to see the Medical Director.

There were no requests for non-duty disability retirement.

There were no requests for refunds of accumulated contributions.

Trustee Fabus requested an excused absence from the April Meeting.

It was moved by Trustee Oleson and supported by Trustee Wohlfert excuse Trustee Fabus from the April Meeting.

Adopted by the following vote: 5 - 0

Karen Williams reminded members that MAPERS Spring Conference that will be held in May 17-19, 2015. Members who wished to attend should contact the Retirement Office to register.

Karen Williams updated the Police and Fire Retirement System Board regarding the Tegrity Pension Software project. Karen Williams explained that Tegrity has been scheduled to demonstrate the web site estimator demonstration. Karen Williams reviewed the instruction documents on how to use the estimator.

Trustee St. Aubin provided recommendations from Asset Consulting Group (ACG) regarding due diligence visits. ACG provided the following options: Chicago to see custodial bank Northern Trust and investment manager, William Blair; Los Angeles and Salt Lake City to see investment managers, Western Asset, Franklin Templeton and Wasatch.

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The Police and Fire Retirement Board will discuss the options further at the Joint meeting with the Employee Retirement Board. Ms. Williams also noted that ACG has providing a schedule of managers that will be invited to the Retirement Joint meeting for performance review.

Trustee Wood requested that additional item be added to other business to discuss retirement forms.

Attorney Ken Lane reported that Northern Trust sent documents to the Police and Fire Retirement System Board and the Employees' Retirement System Board indicating that both systems were entitled to refunds from a class action lawsuit. Attorney Lane explained that the law suit is related to the indirect security lending system. The City of Lansing Retirement Boards participates in direct securities lending.

Attorney Lane reviewed how securities lending operates. Attorney Lane explained that the lawsuit did not allege anything illegal, but sated that Northern Trust could have made more money with better investment choices. Attorney Lane indicated that the lawsuit does not relate to their duties as custodial bank.

Attorney Lane discussed the financial audit comments regarding the timing of the actuarial report. The Police and Fire Retirement Board requested that a letter be drafted to the Mayor and City Council detailing how the Police and Fire Board had addressed the financial audit comments. Attorney Lane described the amendments to the Annual Report Policy that includes specified due dates.

Attorney Lane recommended that the Police and Fire Retirement Board update its Summary Plan Description policy to reflect the current Ordinance and bargaining unit agreements. Attorney Lane had distributed the document for review. The Retirement Office provided updates for the document.

Trustee Wood had been for an update on the Police and Fire Retirement Ordinance.

Attorney Lane informed the Police and Fire Retirement Board is still under review by the City Attorney's Office.

Angela Bennett reviewed the Police and Fire Retirement System projections analysis of the effect of recent collective bargaining agreements on future City contributions. Ms. Bennett had a study completed by Boomershine Consulting Group to determine and isolate the impact of these agreement changes. The study did not include the actions of the Retirement Board regarding changes to the interest rate and amortization.

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Trustee Wood inquired about who requested and paid for the study.

Ms. Bennett requested the study and the City paid for the study.

Trustee Wood informed the Police and Fire Retirement Board that as part of the budget process, the Financial Health Team had been requested by the Mayor to provide recommendations for pension and health care. Trustee Wood indicated that the Financial Health Team has not met with the Retirement Boards.

Ms. Angela Bennett informed the Police and Fire Board that the Financial Health Team is reviewing municipalities' state wide to provide recommendations. Many cities share the same issues with funding for pensions and contributions.

Trustee Wood expressed concern that the Retirement Boards did not have the opportunity to review with Financial Health Team regarding the changes to the actuarial assumptions and amortization put in place to improve the health of the retirement systems.

Karen Williams provided information of the duty disability income verification. Duty disability retirees are required to submit an annual certification of outside income by April 30, 2015. The Police and Fire Retirement Board policy states that second letters of request be sent to duty disability retirees who did not respond prior to a suspension of pension benefits.

The Police and Fire Retirement Board Disability subcommittee provided a list of retirees to be re-evaluated for the continuation of benefits.

Ms. Williams reported that the May Joint meeting will be held prior to the Employees Retirement System Meeting, so that ERS members could discuss the Equity Long/Short investment with Asset Consulting Group.

Trustee St. Aubin added an item to other business regarding divorce vesting.

Trustee Wood inquired if the retirement office provides a health care form describing the coverage when an employees' retires.

Karen Williams explained that there was no health care description form distributed to retirees by the Retirement Office. The Retirement Office determines eligibility, but does not administer the retiree health care plans.

Ms. Angela Bennett further clarified that the Benefits Office can provide information on health care coverages. Ms. Bennett would not recommend that the Retirement Office provide health care coverage information because the plans are not administered through the Retirement Office.

Trustee St. Aubin has received a request from an employee regarding pension vesting issues and divorce. The employee requested that the Police and Fire Retirement Board provide a letter stating that the employee does not have a vested benefit.

Karen Williams updated the Retirement Board that she had spoken to the employee and also sent the request to the City Attorney's Office for an opinion.

Trustee Rose expressed concern that the Police and Fire Retirement Board letter would be considered policy for other employees.

Attorney Ken Lane opined that the vesting requirements are clearly defined in the Police and Fire Retirement Ordinance which is available to the public.

Karen Williams reviewed the Monthly Investment Report and the Securities Lending Report for the period ending March 31, 2015.

Trustee St. Aubin requested that a list be provided for possible due diligence visits and providing education and training for trustees.

It was moved by Trustee Wood and supported by Trustee Wohlfert to adjourn the Police and Fire Retirement System Board meeting.

Adopted by the following vote: 5 – 0.

The meeting adjourned at 9:41 am.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Brad St. Aubin, Chairperson
Police & Fire Retirement System