

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

August 18, 2015
Tuesday, 8:30 a.m.

The Board was called to order at 8:31 a.m.

Present: Trustees Fabus, Oleson, Rose, St. Aubin, Wohlfert, Wood– 6.
Absent: Trustee Bernero, Good

Others: Angela Bennett, Karen E. Williams, Finance Department; Attorney Ken Lane, Clark Hill Law Office (representing the Law Department); Mr. Gregory Stump, Boomershine Consulting Group.

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 July 21, 2015.

Adopted by the following vote: 6– 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, 1 retired. Total: Active membership: 335. 3 death(s), Merle V. Anderson, Fire, died 7/15/2015, age 86, spouse to receive 50%; Flora Mae Novello, died 7/17/2015, age 87, beneficiary of IAFF Retiree; Wayne L. Templer, Fire, died 7/10/2015, age 73, 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 July 2015 amounted to \$2,412,256.79. Total retirement checks printed for the P&F System: 711. Total retirement checks printed for both systems: 1627. Domestic relations order received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

There were no requests for Applicants for Regular Age & Service Retirements.

There were no requests for duty disability.

Ms. Williams indicated that Applicant # 2015-P0512 has been scheduled to see the medical director.

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Karen Williams reminded members of the upcoming MAPERS Fall Conference and the NCPERS Public Safety Conference. Ms. Williams indicated that members who wished to attend should contact the Retirement Office.

Karen Williams reported that Trustee Good contacted the Retirement Board and indicated that she would not be at the August meeting.

Attorney Lane reported that the City Attorney's Office is waiting for the completion of the collective bargaining process to finish the Police and Fire Retirement Ordinance.

Attorney Lane indicated that Northern Trust has a hearing on August 5 regarding the appropriateness of the settlement. The Retirement Board should receive information shortly regarding the settlement.

Attorney Lane recommended that the Frequently Asked Questions document be reviewed by the Police and Fire Retirement Board before it is distributed.

Attorney Lane updated the Police and Fire Retirement Board regarding a request from a retiree who selected a sibling as their pension beneficiary. Due to the recent Supreme Court ruling that legalizes same-sex marriages, the retiree has requested to name their spouse as their beneficiary. At the time of retirement, same-sex marriages were not legal in Michigan.

Attorney Lane and the City Attorney's Office reviewed Michigan Law, Retirement Ordinances and collective bargaining agreements regarding the issue. Attorney Lane opined that the Police and Fire Retirement Board were not prohibited from changing its policy to allow a small window for retirees affected by the Supreme Court Ruling to change beneficiaries.

The Board discussed issues that could arise from allowing retired members to change beneficiary. Trustee Wood inquired if the policy amendment could be considered discriminatory if only certain members are allow to change

Trustee Rose inquired if the original beneficiary would have legal standing if a change would occur.

Trustee Oleson inquired if there was a deadline for the decision. He recommended that the Police and Fire Retirement Board perform its due diligence and contact MAPERS and NCPERS for further investigation and research.

Attorney Ken Lane stated that he would conduct additional research and report back to the Board in September.

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Attorney Ken Lane provided an update of its opinion regarding contract employees. He indicated that he will present the official opinion and summary analysis next week at the ERS meeting.

The issues are governed by the Internal Revenue Service code regarding retirement distributions. A 2010 IRS opinion details regulations for retirees who return as contract employees that involve issues of timing, mutual understanding, and job description.

Attorney Ken Lane reviewed the City contract language and reported that it complies with the IRS regulations.

Trustee Oleson inquired what steps does the Police and Fire Board needs to take to ensure compliance with the IRS regulations.

Attorney Lane indicated that the first step was to complete and distribute the legal opinion to the Boards and the City administration. Attorney Lane further indicated that the existing contract can be reviewed internally for compliance.

Mr. Greg Stump, Boomershine Consulting Group presented the actuarial valuation for the Police and Fire Retirement System for the year ending 12/31/2014. Mr. Stump provided the current status of the system, discussed recent changes and the future outlook. Mr. Stump reviewed the current funding, cash flow and key valuation results. He discussed past plan participants, and current employees.

Mr. Stump provided an overview of the changes from last year. He discussed the demographic experience, investment experience and benefit changes. Mr. Stump also informed the Police and Fire Board that an Experience Study review should be scheduled for 2016. Mr. Stump will provide a draft valuation for review at the Police and Fire Retirement Board's next meeting.

The Board discussed the interest rate for accumulated contributions. Mr. Greg Stump inquired if there was an underlying reason for the change. He reviewed his experience with other municipalities and plans that have amended their interest rates. Mr. Stump has seen floating rates, rates tied to the consumer price index, or money market rates. He has seen rates from 0 -4%. Rates above that level would not be beneficial.

Trustee Rose inquired if rates can be tied to the Board's assumed rate of the Consumer Price Index.

Angela Bennett contrasted tying the interest rates to different benchmarks. The concern would be tracking and computing these variable rates.

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Karen Williams reviewed the Quarterly Expense Report and the Securities Lending Report for the period ending July 31, 2015.

It was moved by Trustee Rose and supported by Trustee Wood to adjourn the meeting.

Adopted by the following vote: 6 -0.

The meeting adjourned at 9:47 am.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Brad St. Aubin, Chairperson
Police & Fire Retirement System