

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 10, 2015
Tuesday, 8:32 a.m.

The Board was called to order at 8:35 a.m.

Present: Trustees Fabus, Good, Oleson, Rose, St. Aubin, Wohlfert, Wood (9:10) – 7.

Absent: Trustee Bernero.

Others: Karen E. Williams, Angela Bennett, Finance Department; Attorney Ken Lane, Clark Hill (representing the City Attorney's Office); Chris Lake, IAFF, Captain Eric Weber, Fire.

It was moved by Trustee Fabus and supported by Trustee Good to approve the Official Minutes of the Police and Fire Retirement System Board Meeting of October 13, 2015.

Adopted by the following vote: 7– 0

Mr. Chris Lake, IAFF discussed pension contributions that he believed were not consistent in what has been done in the past. He expressed concern that some of the new firefighters did not receive service credits or pay contributions from date of hire.

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: 324. 1 death(s), Gloria A. Sample, Fire, died 8/17/2015, age 79, spouse of IAFF retiree. 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 2015 amounted to \$2,438,453.73. Total retirement checks printed for the P&F System: 717. Total retirement checks printed for both systems: 1629. Domestic relations order received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

It was moved by Trustee Rose and supported by Trustee Wohlfert to remove from the table the request for Death in the Line of Duty retirement benefits for Dennis Rodeman for discussion.

Adopted by the following vote: 6 – 0.

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Karen Williams explained the current benefits under the Police and Fire Retirement Ordinance. Fire Death in the Line of Duty benefits include accumulated contributions, spousal benefits of 1/3 of the member's final compensation, child benefits would be 1/4 of member's final compensation.

Attorney Ken Lane reviewed a City Attorney opinion regarding Section 294.02(n) of the Police and Retirement Ordinance. The opinion discussed if under the current Ordinance, can the unborn child of a firefighter who died in the line of duty be eligible for a retirement allowance.

The opinion also addressed if the Police and Fire Ordinance is amended in accordance with proper procedure, can the amended provision be applied retroactively. Attorney Lane also discussed that a memorandum of understanding could be applied retroactively to change the death in line of duty benefits.

Attorney Lane outlined that the Police and Fire Board would by motion need to recognize Firefighter Rodeman's as death in the line of duty for the benefits under the Ordinance. The Police and Fire Retirement Board would also need to recognize the unborn child as a dependent for benefits.

Retroactive changes in the duty death benefits could not eliminate or modify a retirement allowance to a vested beneficiary under state law.

Attorney Ken Lane recommended that the Police and Fire Retirement Board draft a policy for unborn children.

Trustee St. Aubin inquired if the child benefits could be tabled and if the Police and Fire Retirement Board could vote upon spousal benefits, pending a memorandum of understanding.

Trustee St. Aubin expressed concern about the amount of time that has passed, waiting until a memorandum has been signed. The proposed memorandum's intent would be to amend the Fire collective bargaining agreement to be similar to the Police collective bargaining agreement for duty death benefits.

Trustee Oleson stressed that he wanted to ensure that Firefighter Rodeman's widow and child receive all benefits that they are entitled to.

Attorney Ken Lane recommended that the spousal and child benefits be voted upon at the same time. Attorney Lane will prepare a policy regarding unborn child benefits.

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It was moved by Trustee Rose and supported by Trustee Good to table the discussion regarding death in the line of duty for Firefighter Dennis Rodeman. Trustee Fabus offered a friendly amendment accepted by Trustee Rose that the discussion was tabled per request of the family and recommendation of legal counsel.

Adopted by the following vote: 6 -0

There were no requests for Duty Disability Retirement.

Karen Williams reported that the Retirement Office received a request for Non Duty Disability retirement for applicant #2015-P1110. The request was referred to the disability subcommittee.

It was moved by Trustee Fabus and supported by Trustee Wohlfert to refer applicant #2015-P1110 to be referred to the medical doctor.

Adopted by the following vote: 6 - 0.

Trustee Fabus provided his oral NCPERS Public Safety Conference Report. Trustee Fabus attended the workshop sessions regarding social security and emerging markets.

Trustee Oleson reported that he had the opportunity to talk with Police and Fire trustees from all over the country. He also discussed the DROP workshop during the NCPERS Public Safety Conference.

Trustee Wohlfert as a first time attendee enjoyed the workshop regarding “what fund trustees should understand,” and economic markets. He enjoyed the educational opportunity.

Trustee St. Aubin appreciated the NCPERS Public Safety Conference’s focus on Police and Fire issues that included Social Security; public pension plans investment results, corporate governance and hedge funds.

Trustee Good also attended the same MAPERS Fall Conference and concurred with the comments of the trustees who attended. Trustee Good also attended the health care session and found the material informational.

Trustee St. Aubin was impressed with William Blair’s operations and found the due diligence trip very informative.

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Trustee Rose discussed Northern Trust visit. Trustee Rose was able to see the operations, visit the center that dealt with class action lawsuits and monitoring. At William Blair, he was able to talk to an analyst and see the trading floor and discuss securities issues. Trustee Rose also discussed the visit to the Federal Reserve during the due diligence visit. Trustee Rose stressed the importance on these types of visits.

Trustee Good Fabus attended the Due Diligence visit to William Blair and northern Trust. Trustee Good found the visit with an analyst at William Blair informative and was review the process for securities trading.

Trustee Wohlfert also attended the due diligence trip was enjoyed speaking with the William Blair analyst. He discussed how the analyst viewed different trades. He also enjoyed the visit to Northern Trust.

Trustee St. Aubin will reach out to Asset Consulting Group for due diligence suggestions for next year.

Karen Williams reported that the retirement office received the invoices for the annual membership dues for MAPERS (\$100), NCPERS (\$250), and IFEBP (\$960 split evenly between ERS and Police and Fire Retirement Board).

It was moved by Trustee Oleson and supported by Trustee Wohlfert to pay the annual membership due for MAPERS of \$100, NCPERS of \$250, and IFEBP of \$960, which will be split with the Employees Retirement System.

Adopted by the following vote: 7 – 0.

Karen Williams reported that Mr. Pedro Valdez, Police Department had requested his accumulated contributions of \$5,615.66. Mr. Valdez had separated from service and was not vested. Mr. Valdez submitted the appropriate withdrawal form for the refund of his accumulated contributions.

It was moved by Trustee Fabus and supported by Trustee Good to approve the request for refund of accumulated contribution of \$5,615.66 for Pedro Valdez of the Police Department.

Trustee Wohlfert inquired if there was a time limit for former members to withdraw their contributions if they are not vested.

The Retirement Analyst responded that the Retirement Ordinance allow five years from separation date.

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Attorney Ken Lane distributed an updated Frequently Asked Questions for the Police and Fire Retirement System.

Attorney Lane reported that he had not heard from Tegrit regarding the use of the Board's logo. Tegrit was to provide a press release to be reviewed by the Board. He indicated that Trustee Mark Parker of the Employees Retirement System had been in contact with Tegrit.

Attorney Lane reported that in accordance with Public Act 314 and Board, the Police and Fire Retirement Board needs to create an annual budget for the upcoming year. Attorney Lane will draft a budget for Board review.

Attorney Lane reviewed and distributed the City Attorney Opinion No. 96-25 that discussed Police trainees participation in the Policemen's and Firemen's Retirement System. Attorney Lane noted that the analysis applies to firefighter trainees as well as police officer trainers. The opinion from 1996 concluded that trainees are not members of the Police and Fire Retirement System until they become sworn officers.

Trustee Oleson inquired regarding when the four members were sworn in, that did not pay contributions or receive pension service credits from their hire date. Trustee Oleson also inquired that if members were not sworn in, can those members make up their contributions.

Captain Eric Weber was granted permission to speak on the issue. Captain Weber stated the administration has not applied the policy consistently from 1996 for the fire department. Captain Weber stated that members from previous classes started contributions from date of hire. Due to past practice, Captain Weber inquired if the Police and Fire Retirement Board could allow the four members to catch up their contributions from date of hire.

Trustee Fabus inquired if this situation for the fire department could affect more members and what could be done by the Board. Trustee Fabus inquired if the Fire Department could determine when trainees are sworn compared to their hire dates.

Mr. Chris Lake indicated that the swearing-in of trainees has also been inconsistent.

Attorney Lane indicated that this Police and Fire Retirement System Board trustees have not allowed past practice to be implemented to correct issues. No exceptions have been made when there is a valid policy in place

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Trustee Rose stated that the issue needs to be remedied by collective bargaining, fire department and city administration. The Police and Fire Retirement Board cannot mandate how the administration solves this issue. As a trustee and fiduciary of the system, his responsibility is to maintain the system. Funds would need to be contributed for that time to make the system whole. Trustee Rose inquired if members could purchase service credits as an option.

Trustee Wohlfert indicated that he verified with the Retirement Office that members can purchase service credits after five years.

Trustee Wood inquired if a trainee were to die, would they be eligible for retirement benefits.

Attorney Lane indicated that the trainee would not be eligible for benefits under the Retirement Ordinance.

Trustee St. Aubin indicated that he brought the issue to the Board because of members who were not getting paid. He wanted to make certain they were not getting service credits for time when contributions were not made.

Trustee Wood expressed concern regarding the information provided to the retirement system from the administration. Trustee Wood wanted to verify sworn-in dates, and hire dates for members, and verify that members are not being approved for retirement without the proper service.

The Police and Fire Retirement Board requested further research from Attorney Ken Lane and to draft a policy regarding the verification of service credits.

The Police and Fire Retirement System Board reviewed the actuarial valuation report for period ending December 31, 2014.

It was moved by Trustee Wood and supported by Trustee Fabus to accept the actuarial report for the period ending December 31 2014.

Adopted by the following vote: 7 -0

Trustee St. Aubin left the meeting. Trustee Oleson presided

Attorney Lane opined that the Police and Fire Retirement System should vote to maintain its current assumption rate and not be stepped down in accordance with the actuarial experience study as recommended by the Board's Actuary.

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It was moved by Trustee Wood and supported by Trustee Good for the Police and Fire Retirement System to maintain its current assumption rate of return as recommended by the actuary.

Adopted by the following vote: 6 -0.

The Police and Fire Retirement System Board requested that Attorney Ken Lane review the SAS 70/Custody and Fund Services SOC 1 Report. He confirmed that there were no substantive changes to the report.

It was moved by Trustee Wood and supported by Trustee Wohlfert to accept the Northern Trust Custody and Fund Services SOC 1 Report.

Adopted by the following vote: 6 – 0.

Trustee St. Aubin returned to the meeting and presided.

Karen Williams distributed the election rules and updated the Police and Fire Retirement System Board regarding the Police Trustee Election. Karen Williams reported that were two nominating petition returned to the Retirement Office, so there would be an election held.

Karen Williams requested a suspension of the rules so that the election could be held at the Retirement Office instead of the Police Department, and to approve the dates and times of the election.

It was moved by Trustee Good and supported by Trustee Wood to suspend the rules for the election to be held at the Retirement Office instead of the Police Department, and to approve the dates and times of the election.

Adopted by the following vote: 7 – 0.

Trustee Fabus requested that the Police and Fire Retirement Board trustees review the current Election rules for the purpose of updating them at the next meeting. Trustee Fabus inquired if voting can be done electronically for future elections.

Karen Williams reported that Gabriel Roeder has sent a proposed price of \$3,100 for updating the Minute Master.

Trustee Wohlfert inquired about the purpose of minute master.

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Ms. Williams explained that Minute Master was an electronic history of the Police and Fire Retirement Board minutes, legal opinions and contracts. Gabriel Roeder and indexed and provided a searchable format that is password protected.

Trustee Wood inquired if the new retirement software system could be used to create an electronic, indexed, searchable copy of Board documents.

Karen Williams informed Trustees that she would contact Tegrity for information.

It was moved by Trustee Wood and supported by Trustee Dedic to approve the cost of \$3,200 Minute Master services and to research if the Arrivos system can be updated to include Board documents.

Adopted by the following vote: 7 – 0.

Karen Williams distributed the 2016 Schedule of Meetings.

Attorney Lane reported that City Attorney McIntyre was compiling the information and was preparing to come to the meeting to provide an update on the contract employee issue. Attorney McIntyre will send a written report if she cannot attend the meeting.

Ms. Williams presented Monthly Investment Report and the Securities Lending Report for the month of October 2015.

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

Adopted by the following vote: 7 – 0.

The meeting adjourned at 9:56 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Brad St. Aubin, Chairperson
Police & Fire Retirement System