

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

October 18, 2016
Tuesday, 8:30 a.m.

The Board was called to order at 8:30 a.m.

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

Others: Karen E. Williams, Angela Bennett, Finance Department; Greg Stump, Boomershine Consulting Group; Trustee Mark Parker, Employees Retirement System Board; Attorney Ken Lane, Clark Hill (representing the City Attorney's Office).

It was moved by Trustee Fabus and supported by Trustee Wohlfert to approve the Official Minutes of the Police and Fire Retirement System Board Meeting of September 13, 2016.

Adopted by the following vote: 6 – 0

Secretary's Report.

0 new fire member(s), 0 new police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 0 retired. Total: Active membership: 324. 1 death(s), Richard Gleason, Police, died 9/22/2016, age 91, no beneficiary. 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 September 2016 amounted to \$2,552,628.62. Total retirement checks printed for the P&F System: 731. Total retirement checks printed for both systems: 1643. Domestic relations order received: 0. Domestic relations orders pending: 1. Eligible domestic relations orders certified: 0.

It was moved by Trustee Fabus and supported by Trustee Wood to approve the following application for regular age and service retirement:

Susan M. Baylis, Police, 25 years of service credit, age 47, effective November 15, 2016.

Adopted by the following vote: 6 – 0.

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

October 18, 2016
Tuesday, 8:30 a.m.

Page Two

There were no requests for Duty Disability retirements.

There were no requests for Non Duty Disability retirements.

Ms. Williams reviewed the hotel fees for the MAPERS Conference. Ms. Williams explained the single rate with fees and taxes were \$401.38. Trustees would be responsible for guest amounts above the single rate.

Trustee Fabus provided his MAPERS report regarding his attendance at the Fall Conference. He discussed the workshop presented by David Sowerby that detailed economic conditions in Michigan.

Trustee Oleson attended the MAPERS Fall Conference and he enjoyed the Tim Skubick presentation that discussed the political environment. Mr. Skubick had attendees stand up if they could not name their state senator. Trustee Oleson attended workshops on retirement planning and the economy.

Trustee Wohlfert reported that he attended the MAPERS Fall Conference and went to the website presentation. He noted the City's retirement page was reflective on the items recommended for websites.

Trustee Rose provided his MAPERS Fall Report. He attended workshops that detailed trusts and custom wills.

Attorney Ken Lane attended the MAPERS Fall Conference legislative breakfast. The MAPERS lobbyists did not think that HB 5438 would be taken up by the Michigan legislature. The MAPERS lobbyist did discuss a 40-bill package regarding pension reform that was being proposed.

Trustee Rose believed that the pension reform package may have been drafted at this time.

Attorney Lane reported that he would investigate the bills and provide draft if they are available.

Trustee St. Aubin reported that he attended the MAPERS Fall Conference and enjoyed the networking opportunity.

Trustee Rose provided his report of the Asset Consulting Group (ACG) Due Diligence visit. He reported that the visit was more intensive and included a discussion on equity long/short and an educational session on absolute return fixed income.

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

October 18, 2016
Tuesday, 8:30 a.m.

Page Three

Trustee Wohlfert attended the ACG Due Diligence visit and was impressed with the analysts who attended the equity long/short fund of funds managers' presentation with trustees.

Trustee St. Aubin recognized Trustee Mark Parker of the Employees Retirement System Board who discussed the recommendation to terminate Private Advisors, Trustee Parker noted that the head of research had left Private Advisors. Trustee Parker also discussed possible absolute return fixed income scenarios and the direct access fund as a consideration for the boards.

Karen Williams reminded members of the NCPERS Public Safety Conference.

Karen Williams reported that the Board Policy required approval if the chair and more than 2 members wished to attend an out-of-state conference.

Karen Williams reported that Mr. Charles Funk, Police, vested had requested his accumulated contributions of \$118,487.73.

It was moved by Trustee Fabus and supported by Trustee Oleson to approve the following request for refund of accumulated contributions:

Charles Funk, Police, Vested, \$118,487.73

Adopted by the following vote: 6 – 0.

Trustee St. Aubin reported that Trustee Good requested to be excused from the October Police and Fire Retirement System Board meeting.

The Retirement Board noted that Trustee Good did not need to be excused because she is ex-officio.

Attorney Ken Lane distributed a letter for review to the Human Resources Director regarding the outstanding Police and Fire Retirement Board Ordinance.

Ms. Angela Bennett recommended that the Retirement Ordinance should be finalized upon completion of the outstanding collective bargaining agreements.

Trustee Oleson expressed concern that the actuarial valuation can be comprised with inaccurate information.

Trustee St. Aubin indicated that the bargaining agreements had been approved and ratified by City Council.

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

October 18, 2016
Tuesday, 8:30 a.m.

Page Four

Ms. Bennett reported that there were still some outstanding items between administration and the bargaining units.

Trustee Wood expressed concern that members did not have copies of their bargaining agreements or an accurate Retirement Ordinance.

It was moved by Trustee Wood and supported by Trustee Fabus to approve the draft by Attorney Ken Lane regarding the Police and Fire Retirement System Ordinance amendment.

Adopted by the following vote: 6 – 0.

Attorney Ken Lane provided an updated Election Policy to reflect online electronic voting.

Ms. Williams requested Board direction on implementing electronic voting for future elections. Ms. Williams updated the Board regarding the Fire Trustee election. She reported that the nominating petitions are due November 10, 2016 with elections to follow in December. The Board discussed the election voting process. Trustee Wohlfert indicated the voting dates of December 13 -14 for the General Election would allow all the shifts to vote. Members would be directed to vote at City Hall. Ms. Williams also discussed absentee ballots. The Board indicated that electronic voting would not be used for the Fire Trustee Election.

Trustee St. Aubin requested that the electronic voting be placed on pending.

Karen Williams distributed a recommendation from Asset Consulting Group regarding the termination of Private Advisors

Karen Williams indicated that the SAS 70/ Custody and Fund Services SOC 1 Report were ready for review by the Board. Attorney Ken Lane noted that he would review the security measures and report back the Police and Fire Retirement Board.

Attorney Lane discussed the letter from Steve Harry requesting a summary annual report. Attorney Lane indicated that the actuarial report, the annual budget and the year-end investment report comprised the necessary reporting required by Public Act 314 and the Police and Fire Retirement Board Policy.

Trustee Wood indicated the information was difficult to find and she suggested working with the Information Technology department to make the items easier to find.

The Retirement Office contacted the Human Resources Department for the sworn dates for the new firefighters. Human Resources do not receive the sworn-in dates. The Fire Department indicates which members should have retirement contributions.

Trustee Wood requested that the Retirement Office send a list of names to City Clerk and ask for the swearing-in dates. The sworn dates are needed to comply with the Retirement Ordinance.

Ms. Bennett indicated that the Human Resources Department was working on having documentation regarding the sworn dates in the employee files.

Trustee Wood indicated that she would follow up with Mr. Harry.

Mr. Greg Stump, Boomershine Consulting Group presented the actuarial valuation for the period ending 12/31/2015. Mr. Stump provided a review and a schedule for approval of the valuation and assumption changes. He discussed the funding background, plan participants for retirees and active employees.

Mr. Stump discussed the actuarial liability, market and smoothed assets and ratios. He detailed the city contribution, and described investment decrease and demographic gains. Mr. Stump provided an overview of the actuarial process and discussed the Experience Study. He reviewed the inflation outlook, investment return and salaries assumption and also discussed retirements, termination, disabilities and mortality.

Mr. Stump provided a summary of recommendations for the economic and demographic assumptions. He explained the impact of the recommendations and provided a cash flow, funding, and contribution future outlook.

The Tegrin Visit was proposed for spring 2017.

Trustee Fabus inquired if we would have electronic voting for the election.

Ms. Williams presented the Monthly Investment Report and the Securities Lending Report for the month of September 2016.

The Police and Fire Retirement Board moved the quarterly cash flow to pending for November.

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

Adopted by the following vote: 6 -0

The meeting adjourned at 10:46 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Brad St. Aubin, Chairperson
Police & Fire Retirement System