

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 7, 2017
Tuesday, 8:30 a.m.

The meeting was called to order at 8:37 a.m.

Present: Trustees Fabus, Good, Rose, St. Aubin, Wilcox, Wohlfert, Wood– 7.
Absent: Trustee Bernero.

Others: Karen E. Williams, Angela Bennett, Finance Department; Attorney Ken Lane, Clark Hill (representing the City Attorney's Office); Eric Weber, IAFF; Greg Stump, Boomershine Consulting Group.

It was moved by Trustee Wood and supported by Trustee Wohlfert to approve the Official Minutes of the Police and Fire Retirement System Board meeting of October 17, 2017.

Adopted by the following vote: 7 – 0.

0 new fire member(s), 0 new police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 1 retired. Total: Active membership: 354. 2 death(s), Dorothy Kowalski, died 10/9/2017, age 94, spouse of Police retiree, Shirley J. Mellen, died 10/9/2017, age 85, spouse of Fire 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 2017, amounted to \$2,597,109.46. Total retirement checks printed for the P&F System: 734. Total retirement checks printed for both systems: 1640. Domestic relations order received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

Karen Williams reported that the Retirement Office received notification from Ms. Brenda Brassington that she wished to revoke her application for age and service retirement. Ms. Brassington would like to see the outcome of the police and fire sworn date issue.

It was moved by Trustee Fabus and supported by Trustee Good to reconsider the motion to approve Brenda Brassington's retirement.

Adopted by the following vote: 7 – 0.

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

November 7, 2017
Tuesday, 8:30 a.m.

Page Two

It was moved by Trustee Good and Supported by Trustee Wilcox to approve Ms. Brassington's request to rescind her application for age and service retirement.

Adopted by the following vote: 7 -0.

It was moved by Trustee Wohlfert and supported Trustee Wilcox to approve the following application for Regular Age & Service Retirement:

Marc Tyler, Fire Department, 28 years of service credits, age 52,
effective November 19, 2017.

Adopted by the following vote: 7 – 0

It was moved by Trustee Good and supported by Trustee Fabus to approve the following application for Regular Age & Service Retirement:

Joel Johnson, Police Department, 25 years of service credits, age 47,
effective November 18, 2017

Adopted by the following vote: 7 – 0.

Karen Williams reported that the first group of medical re-evaluations for duty disability retirees had been completed and forwarded to the disability committee for review.

There were no requests for Non-Duty Disability retirements.

Karen Williams indicated that the Police and Fire Retirement System Board maintains memberships with several professional organizations. The respective dues for 2018 are MAPERS, \$100; NCPERS, \$250; IFEBP, \$512.50 and are paid with administrative funds.

It was moved by Trustee Wood and supported by Trustee Wohlfert to approve the payment of Employees' Retirement System Board membership fees for MAPERS, NCPERS and IFEBP for 2018.

Adopted by the following vote: 7-0.

There were no requests for refund of accumulated contributions.

Mr. Greg Stump provided a letter to the City of Lansing Police and Fire Retirement System Board to provide general comments regarding the information in the Pension Plan Analysis report published by Segal on May 11, 2017. Mr. Stump noted that the statements in the report are accurate and provide validation of the assumptions and methods currently used by each System.

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

November 7, 2017
Tuesday, 8:30 a.m.

Page Three

Mr. Greg Stump, Boomershine Consulting Group, presented the City of Lansing Police and Fire' Retirement System Actuarial Valuation as of December 31, 2016. He reviewed the current status of the system, recent changes and the future.

Mr. Stump discussed the system funding and cash flow. He discussed key valuation results and provided an overview of the past and current plan participants. Mr. Stump reviewed the demographic and investment experience. He also discussed the assumption changes. He also reviewed the changes in funding progress and city contribution from last year.

Mr. Stump discussed the Police and Fire Retirement System Experience study and the recommendation to lower the return assumption to 7.25%.

Mr. Stump provided the following conclusion.

1. Contributions lower than expected based on demographic gains
2. Unrecognized losses drive cost up somewhat
3. New benefit tiers will drive costs down slightly over the long term
4. Funding improving slowly
5. Unfunded liability will continue to decrease slowly
6. New assumption basis will equal stronger funding

The Board discussed incrementally lowering the return assumption to 7.25%. At the last year valuation, the Board lowered the assumption rate to 7.35%

Attorney Ken Lane reported on retiree health care based upon a recent court case regarding the City of Hamtramck. An Emergency manager attempted to modify health care and was challenged in court. It was determined, that the language in the contract has to be interpreted as written. In the Hamtramck case, the contract language did not guarantee lifetime health care and could be modified.

Attorney Ken Lane reviewed the Northern Trust Custody Report that includes details regarding the security measures of the Board's custodial bank. He found no substantive changes, but he has forwarded the document for the IT department to review.

Attorney Ken Lane reported that Dr. Roth was forwarded a copy of the Medical Director Request for Proposal (RFPs). He has submitted his RFP. Attorney Lane stated that the RFP deadline would be November 30, 2017 and that the RFPs would be brought to the next meeting.

Attorney Lane met with City's Attorney's Office. The 1996 City Attorney's opinion interprets that Retirement Ordinance indicates that a member must be sworn to be in the retirement system. Upon reviewing the data, there were two categories of

members: street ready and trainees. Street ready member have all the appropriate training and credentials to be Police Officer I or Firefighter 1. The City's Attorney's office proposed a concept that for the street ready members, there can be a retroactive records adjustment of the sworn date.

The sworn date would be adjusted to the contribution. This proposed suggestion would need to be reviewed and adopted by the administration and collective bargaining.

Trainees under the Ordinance are not eligible to be members of the Retirement System. If contributions were made for trainees, those monies should be returned.

Trustee Good inquired when the members will be notified that had contributions taken out incorrectly.

Attorney Ken Lane indicated that the notification would be a function of Human Resources. Attorney Lane also indicated the City Attorney's Office was verifying the dates with Human Resources.

Trustee Wood inquired about the timeline for implementing this suggestion. Trustee Wood requested if there were some notification to the retirement board in 1996 after the City Attorney's Office memo. Trustee Wood inquired if there was a policy in place going forward.

Ms. Angela Bennett indicated that the current policy is once a member is sworn, that information is provided to Human Resources to be placed in their file before contributions are started.

Karen Williams provided dates for the due diligence visits to Wasatch, Franklin Templeton and Western Asset as recommended by Asset Consulting Group. The proposed trip would be scheduled for the week of December 11-15. Asset Consulting Group provided travel itinerary.

Karen Williams reported that the Police Trustee posting has been sent out for the election. Nominating petitions are November 22, 2017. The Retirement Office will use eballots for the electronic ballots.

Karen Williams distributed the 2018 Meeting schedule for review.

Ms. Williams reviewed the Quarterly Expenses Report and the securities lending report for the month of October 31, 2017.

It was moved by Trustee Wohlfert and supported by Trustee Fabus to adjourn the Police and Fire Retirement November meeting.

Adopted by the following vote: 7 – 0

The meeting adjourned at 9:41 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Brad St. Aubin, Chairperson
Police & Fire Retirement System