

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

December 19, 2017
Tuesday, 8:30 a.m.

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

Present: Trustees Fabus, Good, Rose, Wilcox, Wohlfert, Wood– 6.
Absent: Trustee Bernero.

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

It was moved by Trustee Good and supported by Trustee Wilcox to approve the Official Minutes of the Police and Fire Retirement System Board meeting of November 7, 2017.

Adopted by the following vote: 6-0

It was moved by Trustee Good and supported by Trustee Fabus to approve the Official Minutes of the Employees' Retirement System and the Police and Fire Retirement System Board Meeting of November 9, 2017

Adopted by the following vote: 6-0.

0 new fire member(s), 0 new police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 2 retired. Total: Active membership: 352. 1 death(s), Stephen J. Malatinsky, Fire, died November 19, 2017, age 89, no surviving 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 November 2017, amounted to \$2,601,276.06. Total retirement checks printed for the P&F System: 732. Total retirement checks printed for both systems: 1636. Domestic relations order received: 1. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

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

Brad St. Aubin, Police Department, 25 years of service credits, age 48, effective December 15, 2017. (with purchase of 2 months of military service credit) (Sworn date 3/9/1993)

Adopted by the following vote: 6 -0

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

Joseph E. Clayton, Fire Department, 25 years , 5 months of service credit, age 48, effective December 21, 2017 (Sworn Date, 8/7/1992)

Adopted by the following vote: 6 – 0

Trustee Wohlfert with leave of the retirement board moved to take agenda items out of order to allow voting for members who needed to leave the meeting early.

It was moved by Trustee Good and supported by Trustee Fabus to accept the actuarial valuation report for the period ending December 31, 2016.

Adopted by the following vote: 6 – 0.

Karen Williams reported that at the Police and Fire Retirement System Board January 2017 meeting, the Board discussed lowering its assumed rate of interest to 7.25% and the inflation rates as recommended in the actuarial Experience Study.

The Police and Fire Retirement System Board requested that the Board's actuary, Greg Stump attend the February Joint meeting.

Karen Williams indicated that with Brad St. Aubin's retirement, Trustee Wohlfert needed to be added to the investment account as an authorized signer.

It was moved by Trustee Good and supported by Trustee Wood to name Eric Wohlfert by resolution as the authorized signer for all investment accounts and the Northern Trust, custodial bank.

Adopted by the following vote: 6 - 0

Karen Williams reported that the City of Lansing Finance Department sent a memo to the Board regarding the 2017 Police and Fire Pension Contribution. Ms. Williams read that On December 1, 2017, \$12,686,000 was transferred by the City to the Police and Fire Retirement System for the 2017 (FY 2018) contribution, which was \$123,453 more than the actuarially-determined contribution amount of \$12,562,547 from the December 31,2016 actuarial valuation.

Trustee Wood inquired why the additional monies were not contributed to the OPEB.

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Ms. Bennett indicated that contribution that is designed for the pension is limited to where it can be added. The Segal Study indicated that the additional monies can be added to the liability.

Attorney Ken Lane indicated that because the amount is actuarially-determined, the overage can be added and comply with Public Act 314.

It was moved by Trustee Fabus and supported by Trustee Wood to accept the 2017 Police and Fire Pension Contribution from the City.

Adopted by the following vote: 6 - 0.

Karen Williams reported that the 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.

Trustee Robert Rose provided an oral report of his attendance at the Due Diligence Visit for Wasatch, Franklin Templeton and Western Asset. Trustee Rose described the research and investment process of the companies. Trustee Rose discussed the corporate environments of the different investment companies. He reviewed that the group was able to see trading desks of the managers

Trustee Tammy Good provided her oral report of the Due Diligence Visit. Trustee Good described Wasatch 24 hour operation, with three different shifts.

Trustee Wilcox provided his oral report of the due diligence visit. He was impressed by the research teams.

Trustee Eric Wolhfert attended the due diligence visit and was accompanied by ACG, who had detailed questions and provided questions for Board members to ask.

Attorney Ken Lane distributed a resolution that the office of Trustee held by Brad St. Aubin has been vacated due to his retirement.

It was moved by Trustee Wood and supported by Trustee Rose to approve the resolution that the office of Trustee held by Brad St. Aubin has been vacated.

Adopted by the following vote: 5 – 0.

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Attorney Ken Lane provided a legislative update summary of the relevant provision of the Protecting Local Government Retirement and Benefits Act. The Act requires the City to have an actuarial experience study conducted by the system actuary for each system at least every five years; requires the City, at least every eight years to have a peer actuarial audit conducted by another actuary who is not the system actuary or to replace the system actuary; requires the State Treasurer annually to establish uniform actuarial assumptions of retirement system.

Attorney Lane also inform the Board that the act also requires the State Treasurer to determine the "underfunded status" of every local unit of government each year, and to provide for oversight of an underfunded local unit; require the State Treasurer to waive a determination of a local unit's underfunded status if the City is adequately addressing it; create the Municipal Stability Board in the Department of Treasury; and requires the Municipal Stability Board to notify a local unit if the Municipal Stability Board disapproved a corrective action plan

Trustee Fabus inquired about the pre-funding status of the health care for the Police and Fire Retirement System.

Trustee Wood announced that City Council will have the Segal Group attend a meeting, February 16 at 5:30 p.m. to discuss the recommendation in their report that was requested by the Lansing Financial Health Team.

Karen Williams updated the Board regarding the police Trustee Election update.

It was moved by Trustee Fabus and supported by Trustee Wood to accept the 2017 City of Lansing Retirement Contribution.

Adopted by the following vote: 6 -0.

Attorney Lane met with City's Attorney's Office. The City Attorney requested additional verification of the spreadsheets provided by the Human Resources and the Finance Department. 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.

Karen Williams provided an update of the Police Trustee Election update. Police members can vote electronically or can vote in person at the Retirement Office. Elections will be held December 20-21, 2017.

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.

Karen Williams indicated that she received one Request for Proposal (RFP) from Dr. Roth and distributed the RFP for Board review.

Attorney Lane stated that he would send it out to additional sources and extend the response date. Attorney Lane will report back at the February meeting.

Ms. Williams reviewed the Quarterly Expenses Report and the securities lending report for the month of November 30, 2017.

The meeting adjourned at 9:41 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Eric Wohlfert, Chairperson
Police & Fire Retirement System