

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

February 20, 2018
Tuesday, 8:30 a.m.

The meeting was called to order at 8:34 a.m.

Present: Trustees Fabus, Rose, Schor, C. Wilcox, Wohlfert, Wood (8:16)– 6.
Absent: Good, R. Wilcox

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

It was moved by Trustee Wood and supported by Trustee Christopher Wilcox to approve the Official Minutes of the Police and Fire Retirement System Board meeting of January 23, 2018.

Adopted by the following vote: 6-0

0 new fire member(s), 3 new police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 1 retired. Total: Active membership: 356. 2 death(s), Keith Getts, Police, died 1/27/2018, age 89, spouse to receive 50%; Stephen J. Malatinsky, Fire, died 11/19/2017, age 89, Robert Hecksel, Fire, died 2/10/2018, age 51, 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 January 2018, amounted to \$2,642,681.05. Total retirement checks printed for the P&F System: 736. Total retirement checks printed for both systems: 1643. Domestic relations order received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

Trustee Wood inquired if the three new police members had been sworn.

Karen Williams confirmed that the Retirement Office had copies of their sworn certificates from the City Clerk's Office.

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

Connie J. Birdsley, Police Department, 22 years, 7 months of service credits, age 55, effective February 1, 2018. (from Deferred).

Adopted by the following vote: 6- 0.

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

Darin J. Southworth, Police Department, 25 years of service credits, age 47, effective March 3, 2018. (with the purchase of 4 months of universal service credits) (Sworn Date 7/14/1993)

Adopted by the following vote: 6- 0.

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

Matthew B. Jenkins, Fire Department, 27 years, 5 months of service credits, age 49, effective March 17, 2018. (Sworn Date 12/21/1990.

Adopted by the following vote: 6- 0.

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

Traci Ruiz, Police Department, 25 years of service credits, age 48, effective March 17, 2018. (Sworn Date, 4/5/1993)

Adopted by the following vote: 6 -0.

There were no requests for duty disability retirement.

There were no requests for non duty disability retirement.

Karen Williams provided the dates for the following conferences: MAPERS One Day Conference, March 2; MAPERS Spring Conference, May19-22; ABS Investor Conference, May 9-10 and NCPERS Annual Conference, May 13-16.

There were no requests for refund of accumulated contributions.

Trustee Wohlfert reported that Trustee Ryan Wilcox had training and Trustee Good had a family emergency and requested to be excused.

It was moved by Trustee Wood and supported by Trustee Christopher Wilcox to excuse Trustee Ryan Wilcox from the February meeting.

Trustee Wood noted that Trustee Good is an ex-officio member and did not require a vote to be excused.

Adopted by the following vote: 6 - 0

Trustee Wohlfert requested a moment of silence for former Trustee Robert Hecksel.

Attorney Lane reported regarding the State of Michigan reporting requirements for municipal retirement system. Public Act 314 requires that the actuarial report with the system's year-end financial report to the Department of Treasury. Secretary Bennett has completed this year's system filing. Public Act 202 has additional requirements for municipalities that are less than 60% funded.

Attorney Lane provided an overview of the information provided by the Human Resources and the Finance Department. Upon reviewing the data, there were two categories of members: street ready and trainees.

Attorney Lane reviewed the legal opinion regarding Police and firefighter trainees. Trainees under the Ordinance are not eligible to be members of the Retirement System. The City Attorney's office listed members who were trainees when their contributions and service credits began. The City Attorney's Office determined these service credits should be rescinded and contributions returned to members.

The Board discussed providing letters to member who were affected by the City Attorney's opinion.

Ms. Bennett indicated that all members would get a letter explaining the dates for those affected and for those whose dates did not change.

Trustee Wood inquired if the City Attorney's opinions could go out with the letters sent to members.

Ms. Bennett stated that the legal opinions can be included with the letters. Ms. Bennett also indicated that members who are due a refund would get a second letter that would detail the contributions to be returned.

Trustee Wood inquired if the members would be given the option to purchase service credits with their refunds.

Attorney Lane noted that in many cases the refunds would only be for a few weeks or months. He stated that the amount may not be enough to pay for current service credits.

Trustee Wood inquired if the members would have any tax consequences from receiving the refund.

Ms. Bennett stated that the monies went into the system pretax, and there would be taxes on the refunds.

Attorney Lane distributed a legal opinion regarding qualified police officers and fire fighters that opined that a person is not eligible to become a member of the Lansing Police and Fire Retirement System until he/she becomes a police officer or firefighter. Those officers and firefighters are immediately eligible to become members of the System once they take the oath before the City Clerk. The legal opinion provided that because such qualified employees were otherwise eligible to be police officers and firefighters, it would be inequitable to deny membership in the System based solely on a delay in the taking of the oath by the City Clerk.

The City Attorney's Office has proposed to adjust the date such officers and firefighters were given the oath of office by the City Clerk to match the date they became members of the system. Also, the City Attorney recommended that all qualified employees take the oath of office before being considered eligible to become members of the System and before such qualified employees commence pension contributions through the payroll system. The next step would be to share the information with the union and the administration to effectuate the proposal and adjust the appropriate personnel records.

It was moved by Trustee Christopher Wilcox and supported Trustee Schor to send letters to all members regarding the City Attorney opinions and notify those members whose service credits will be adjusted and contributions refunded.

Adopted by the following vote: 6 – 0

Attorney Lane reported that the Board's investment agreement with Prissa II had been amended to allow additional investors. Attorney Lane noted that the amendment does not change anything in the agreement with the City of Lansing. He has reviewed the agreement and has no issues with the amendment. The amendment also had been reviewed by Asset Consulting Group and they had no issues.

Trustee Schor provided a proposal to reduce the travel expense allocation from \$10,000 per member to \$5,000 per member when looking at recent years' usage. Trustee Schor expressed that it was a good way to show the public that the Board is sensitive to the concerns regarding how retirement monies that is spent on travel.

Trustee Fabus indicated that the monies allocated remain in securities lending if it is not spent. It would not provide a savings. Trustee Fabus indicated that many members did not use funds or the funds that were used represented a small percentage of the monies allocated for travel.

Trustee Wood inquired and requested information about the actual amount that were expensed for 2017.

The Board requested further information to review regarding the actual expenses prior to approving the budget.

Trustee Wohlfert indicated that trustees should contact him or the retirement office regarding subcommittee assignments.

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.

Gregory Stump, Boomershine Consulting Group indicated that his recommendation would be to lower the rate to 7.25% and the inflation rate to 2.75%.

It was moved by Trustee Wood and supported by Trustee Rose to lower the actuarial assumed rate of interest to 7.25% and the inflation rate to 2.75%.

Adopted by the following vote: 6-0.

Attorney Lane indicated that one Request for Proposal (RFP) was received from Dr. Roth. He sent it out to additional sources and extend the response date but has not received a response.

Ms. Williams reviewed the Quarterly Expenses Report and the securities lending report for the month of January 31, 2018.

The meeting adjourned at 8:28 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Eric Wohlfert, Chairperson
Police & Fire Retirement System