

**CITY OF LANSING
JOINT EMPLOYEES' RETIREMENT SYSTEM
And POLICE AND
FIRE RETIREMENT SYSTEM
MEETING MINUTES**

Joint Meeting
10th Floor Conference Room

February 15, 2022
Tuesday, 8:30 a.m.

The meeting was called to order at 8:32 a.m.

A quorum of both Retirement Boards were present.

Trustees present: (ERS) Bahr, Carrigan, Dedic, Ebright, Garza, Kirkland, Kraus (8:49), Parker, Sanchez-Gazella (8:54), Schor, – 10.

(Police & Fire), Kirkland, Moore, Schor, Taylor (8:35), C. Wilcox, R. Wilcox, Wohlfert, Wood –8.

Excused: ERS:

Excused: Police & Fire:

Others present: Karen Williams, Human Resources Department; Aaron L. Castle, VanOverbeke, Michaud & Timmony, P.C.; Nathan Burk, Asset Consulting Group; Greg Stump, Boomershine Consulting Group; Jeffrey Scharnowske, Finance Department; Laura Stein, David Hoffa, Robbins Geller, Rudman & Dowd; Andrea Leistra, Pat Kennedy, Product specialist, Integrity Asset Investments.

Trustee Wood requested to amend the agenda to add an item before the secretary's report.

It was moved by Trustee C. Wilcox and supported by Trustee Moore for the Employees' Retirement System to amend the Joint Agenda to include the external auditor report that was presented to City Council.

Adopted by the following vote: 8 -0

It was moved by Trustee Wood and supported by Trustee Moore for the Police and Fire Retirement System to amend the Joint Agenda to include the external auditor report that was presented to City Council.

Adopted by the following vote: 7 - 0

It was moved by Trustee C. Wilcox and supported by Trustee Moore to excuse Trustee Taylor of the Police and Fire Retirement System from the February Joint Retirement System Board meeting.

Adopted by the following vote: 7 – 0.

It was moved by Trustee Dedic and supported by Trustee Bahr to excuse Trustee Carrigan, Trustee Ebright, Trustee Kraus, Trustee Sanchez-Gazella, and Trustee Schor from the January Employees' Retirement System Board meeting.

Adopted by the following vote: 8 – 0.

It was moved by Trustee R. Wilcox and supported by Trustee Wood to approve the Official minutes of the Police and Fire Retirement System Board meeting of January 18, 2022.

Adopted by the following vote: 8 -0

It was moved by Trustee Wood and supported by Trustee C. Wilcox to approve the Official minutes of the Joint Employees' Retirement System Board and the Police and Fire Retirement System Board meeting of January 18, 2022.

Adopted by the following vote: 8 -0

It was moved by Trustee Dedic and supported by Trustee Ebright to approve the Official minutes of the Employees' Retirement System Board meeting of December 14, 2021.

Adopted by the following vote: 8 -0

It was moved by Trustee Bahr and supported by Trustee Ebright to approve the Official minutes of the Joint Employees' Retirement System Board and the Police and Fire Retirement System Board meeting of December 14, 2022.

Adopted by the following vote: 8 -0

It was moved by Trustee Bahr and supported by Trustee Dedic to approve the Official minutes of the Joint Employees' Retirement System Board and the Police and Fire Retirement System Board meeting of January 18, 2022.

Adopted by the following vote: 6 -0

It was moved by Trustee Ebright and supported by Trustee Bahr to approve the Committee of the Whole minutes of the Employees' Retirement System Board meeting of January 18, 2022.

Adopted by the following vote: 8 -0

There were no public comments.

Trustee Wood reported and distributed the independent financial auditor's report by Maner Costerisan that was received City Council. Trustee Wood indicated that upon a review of the findings, the auditors stated that the City may not be in full compliance with PA202 of 2017, under the 2021-003 Pension and OPEB Activity. Trustee Wood contacted legal counsel to provide an opinion on the external auditor's statements. The external auditor's report is on the City and State's website.

Attorney Castle did not agree that the City's retirement board were in noncompliance with PA202 of 2017. Attorney Castle discussed that requirement for the plan's actuary to be peer reviewed or replaced on an eight-year cycle. Attorney Castle noted that PA202 did not go into effect until December 2017. Attorney Castle stated that we cannot give the law retroactive effect, that would be unconstitutional application of the law. Attorney Castle stated that 2025 would be the latest period that the Board would need to have a peer review of its actuary or replace the plan's actuary. Attorney Castle opined that the City's retirement boards are in compliance with PA202 of 2017.

Trustee Wood requested corrective action based upon the Attorney Castle's opinion. Trustee Wood requested that the Boards adopt a letter written by legal counsel that can be attached to the City's website and forwarded to the State. Trustee Wood did not want it to be perceived that the City or the Boards were violating a public act.

Attorney Castle reported that the Boards have a Policy and has set up a schedule to review its vendors and providers.

Trustee Wood also indicated that the external auditor findings that the data was not sent to the actuary in a timely manner. Trustee Wood requested that the Board's policy stating that data be transmitted to the actuary in June.

It was moved Trustee Wood and supported by Trustee Chris Wilcox for the Police and Fire Retirement System legal counsel draft a letter that addresses the finding of the external auditor, and that it be sent to the City to be attached to the final audit and then forwarded to the State of Michigan.

Adopted by the following vote; 8 -0.

It was moved Trustee Bahr and supported by Trustee Ebright for the Employees' Retirement System legal counsel draft a letter that addresses the finding of the external auditor, and that it be sent to the City to be attached to the final audit and then forwarded to the State of Michigan.

Trustee Carrigan indicated that the external auditor noted that the City did not provide the information to the auditor in a timely fashion. Trustee Carrigan inquired if it would be beneficial to provide the information to the auditor on a quarterly basis.

Greg Stump indicated that financial data is not needed quarterly.

Adopted by the following vote: 9 -0.

Secretary's Report (Police and Fire):

0 new sworn fire member(s), 3 new sworn police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 1 retired. Total: Active membership: 373. 1 death(s) Richard K. Lewis, Fire -IAFF, died 1/22/2022, age 76, beneficiary 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 2022 amounted to \$3,017,547.66. Total retirement checks printed for the P&F System: 770. Total retirement checks printed for both systems: 1,711. Domestic relations order received: 0. Domestic relations orders pending: 0. Eligible Domestic Relations Order Certified:0.

Secretary's Report (Employees' Retirement System):

7 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 3 retired. Total active membership: 479. Total deferred: 74. 1 death(s): Joan Jackson Johnson, (Human Relations -Executive Management, retired 4/1/2020), died 1/29/2022, age 73, spouse to receive 50%. Refunds made since the last regular meeting amounted to \$8,141.06. Retirement allowances paid for the month of January 2022, amounted to \$2,031,454.22. Total retirement checks printed for the ERS System: 941. Total Retirement checks printed for both systems: 1,711. Eligible domestic relations orders received: 1. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

There were no applications for regular age and service retirement for the Police and Fire Retirement System.

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It was moved by Trustee Kraus and supported Trustee Bahr to approve the following application for Regular Age and Service from the Employees' Retirement System:

Walter Doherty (Police/Civilian -Teamster 243), 15 years, 10 months of service credits, age 69, effective January 22, 2022

Thomas Farrell (Information Technology – Teamster 243), 18 years, 3 months of service credits, age 70, effective January 22, 2022

Bryan S. Kelley (Public Service – UAW), 20 years, 2 months of service credits, age 59, effective February 15, 2022

Adopted by the following vote: 10-0.

There were no requests for duty disability retirement for the Police and Fire Retirement System Board.

There were no requests for non-duty disability retirement for the Police and Fire Retirement System Board.

Karen Williams reported that the Employees Retirement System received a request by the Public Service Director for Applicant #2022 – E0118 to be evaluated for duty disability the medical director. The request was forwarded to the disability subcommittee at the January Committee of the Whole meeting.

Karen Williams reported that the Employees' Retirement System received a medical release from Applicant #2021 -E1108 for duty disability and would be scheduled to see the medical director upon submission of medical files.

Karen Williams reported that the Employees' Retirement System received a medical release from Applicant #2021 -E1214 for non-duty disability and would be scheduled to see the medical director upon submission of medical files.

Karen Williams reported that MAPERS was presenting a One Day Seminar, March 4, 2022. She requested that members who wanted to attend to contact the Retirement Office.

Karen Williams distributed the City of Lansing Mileage and Reimbursement rates for 2022.

Attorney Castle indicated that the Board has adopted its own policies to be reimbursed at the federal rate. The exception would be if the member does not submit receipts, meals would be reimbursed at the City rate.

There were no requests for refunds of accumulated contributions for the Police and Fire Retirement System.

It was moved by Trustee Dedic and supported by Trustee Schor to approve the following refund of accumulated contributions:

Nicholas Tate, Executive Management, not vested, 26,008.28

Adopted by the following: 10 – 0.

There were comments for items not on the agenda.

Karen Williams reported the Police and Fire Retirement System December Invoices from Integrity, Mondrian, William Blair and Western Asset and Zoom.

It was moved by Trustee Wood and supported by Trustee C. Wilcox to approve the February Invoices of the Police and Fire Retirement System Board.

Adopted by the following vote: 8 – 0.

Karen Williams distributed the Police and Fire Retirement System Annual Budget. The budget contained the same numbers as last year, with two exceptions. The PBI amount was updated to \$2,000 to reflect the current contract for the death audit. Ms. Williams did not include an annual amount for Tegrit as the contract was still pending.

It was moved by Trustee Wood and supported by Trustee R. Wilcox to table the Police and Fire Retirement System annual budget.

Adopted by the following vote; 8 -0

Ms. Williams reported that a retiree sent a letter of request to change pension beneficiary. Mr. Mazuca sent in his divorce decree that each party waived the right to the other parties' pension. Ms. Williams told the retiree that the retirement office did not have the authority to allow the retiree to change the beneficiary

Attorney Castle opined there was no legal basis for the retiree change his beneficiary after he retired. The judgement of divorce did reflect that the spouse waived the right to any survivor benefits.

Trustee Schor inquired if there was any legal action that the Employees' Retirement System Board would need to be concerned about. .

Attorney Caste stated that judgement of divorce is not a party to the action. The judgement does not override the retirement ordinance, state law of the Board's fiduciary responsibility.

It was moved by Trustee Kraus and supported by Trustee Kirkland to have legal counsel draft a response to Mr. Mazuca.

Adopted by the following vote: 10 -0

Karen Williams reported the Employees' Retirement System February Invoices from Integrity, William Blair, and Zoom.

It was moved by Trustee Dedic and supported by Trustee Bahr to approve the February Invoices of the Employees' Retirement System Board.

Adopted by the following vote: 8 – 0.

Karen Williams reported from the Finance Department, the FY 2022 pension contribution to the Employees' Retirement System. Ms. Williams reported that on December 17, 2021, \$12,737,487 was transferred by the City to the Employees' Retirement System, which is 100% of the actuarially-determined contribution amount from the 12/31/2020 ERS actuarial valuation.

It was moved by Trustee Dedic and supported by Trustee Bahr to accept the FY 2022 pension contributions of \$12,737,487 from the City to the Police and Fire Retirement System.

Adopted by the following vote: 10 – 0.

Karen Williams distributed the Employees' Retirement System Annual Budget. The budget contained the same numbers as last year, with two exceptions. The PBI amount was updated to \$2,000 to reflect the current contract for the death audit. Ms. Williams did not include an annual amount for Tegrity as the contract was still pending.

It was moved by Trustee Dedic supported by Trustee Kraus to table the Employees' Retirement System annual budget.

Adopted by the following vote; 8 -0

Trustee Parker opened the floor for nomination of chairperson for the Employees' Retirement System Board.

It was moved by Trustee Kraus and supported by Trustee Kirkland to retain Dennis Parker as chairperson of the Employees' Retirement System Board.

Adopted by the following vote: 10-0

Trustee Parker opened the floor for nomination of vice chairperson for the Employees' Retirement System Board.

It was moved by Trustee Bahr and supported by Trustee Schor to retain Antonia Kraus as vice chairperson of the Employees Retirement System Board.

Adopted by the following vote 10 – 0.

The Employees' Retirement System approved the following subcommittee membership:

Disability:	Parker, Sanchez-Gazella Bahr
Investment:	Dedic, Parker, Kraus, Kirkland
Education:	Garza, Dedic, Carrigan
Special Projects:	Kraus, Dedic, Bahr, Ebright

Attorney Castle provided an update detailing the review of the current and proposed Tegrit contracts. Attorney Castle recommended changes to the reporting requirement and the ability to terminate the contract at-will.

Trustee Wood expressed concern that the cost to move to another vendor would be costly. She recommended that legal counsel continue to negotiate and the Board could hold a special meeting to review and approve the contract.

Trustee Dedic would like to see an invoice detailing the projects that Tegrit is working on for the City of Lansing.

Attorney Castle reviewed the Securities Fraud Monitoring and Litigation Policy as discussed and approved by the Special Projects subcommittees. At the request of the Board Chairs and in addition to the information and presentation the Boards were scheduled to receive from Robbins, Geller, Rudman and Down (RGRD), legal counsel included information from two additional securities monitoring and litigation law firms that his office has worked with on behalf of other Michigan public pension plans.

Trustee Carrigan provided his experience working with Securities Monitoring and Litigation firms.

It was moved by Trustee Wood and supported by Trustee Moore to approve the amended Securities Fraud Monitoring and Litigation Policy for the Police and Fire Retirement System Board.

Adopted by the following vote: 8- 0

It was moved by Trustee Carrigan and supported by Trustee Dedic to approve the amended Securities Fraud Monitoring and Litigation Policy for the Employees' Retirement System Board.

Adopted by the following vote: 10-0.

Attorney Castle reported the Special Projects sub-committees continue to meet and review recommended policies and procedures as well as updates and amendments to the Retirement Ordinances and the Boards' existing policies.

Mr. Jeffrey Scharnowske, Finance Department, provided an overview that the retirement contributions from employees, any service credits purchases are netted against invoices that are paid by the City's general funds for the retirement plan. Mr. Scharnowske amended the procedure for contributions from annual to quarterly. At the time of the audit, Mr. Scharnowske missed a few departments and there was underpayments to the Employees' Retirement System and the Police and Fire Retirement System. On December 10, 2021, the Finance Department paid the retirement systems.

Trustee Wood inquired why the invoices were paid out of the general fund. Trustee Wood stated that retirement board invoices should be paid from the Board's portfolio at Northern Trust.

Trustee Wood also inquired how much interest was missed from the underpayment until the Plan was paid.

Mr. Nathan Burk indicated that Asset Consulting Group can determine the lost interest.

Trustee Kirkland inquired how the Board would like to proceed going forward with invoice payment.

Trustee Wood recommended that the invoices be paid from Northern Trust. She expressed concern that invoices are being paid from the City's General Fund.

Trustee Kirkland stated that she will work with the Retirement Office and interested trustee to develop a written procedure.

Karen Williams reviewed the Police and Fire Retirement System quarterly expenses report for the period ending September 30, 2021.

Karen Williams reviewed the Employees' Retirement System quarterly expenses report for the period ending September 30, 2021.

Trustee Ryan Wilcox recommended that the Zoom account be cancelled.

Mr. Greg Stump, Boomershine Consulting Group, provided an overview of the impact of 2021 investment experience on the actuarial report. He reviewed funding and cost outlook. The investment return impact has had a positive impact on the funding. Mr. Stump discussed the Other Post-Employment Benefits (OPEB) Funding, retiree healthcare. Mr. Stump provided a OPEB Funding Background. The assets are held in "Healthcare Reserves" in the Pension Trusts or the VEBA account.

Ms. Williams indicated that the VEBA plan was created for the employees who were formerly members of the Defined Contribution (1989 – 2004). A portion of the contribution into the Defined Contribution was dedicated to health care.

Mr. Stump summarized the funding continues to improve. He indicated the both pension system and both OPEB systems are in line to be 100% funded by 2041.

Trustee Schor thanked Judy Kehler and Mr. Greg Stump for their work on OPEB issues.

Attorney David Hoffa provided an overview of Robbins, Geller, Rudman & Dowd. Attorney Hoffa indicated that Robbins Geller has recovered tens of bills for shareholders and had record recoveries. Attorney Stein reviewed their portfolio monitoring program. Attorney Lara Stein discussed how fraud monitoring works and reviewed the monitoring reports. Attorney Stein noted that Robbins, Geller is the market leader. Attorney Stein explained the first point of contact would be the Board's legal counsel if litigation is recommended.

It was moved by Trustee Wood and supported by Trustee R. Wilcox to retain Robbins Gellar, Bernstein, Litowitz, Berger and Grossman,LLP, and Grant & Eisenhofer, PA for securities monitoring.

Adopted by the following vote; unanimous

It was moved by Trustee Bahr and supported by Trustee Ebright to retain Robbins Gellar, Bernstein, Litowitz, Berger and Grossman,LLP, and Grant & Eisenhofer, PA for securities monitoring.

Adopted by the following vote; unanimous

Ms. Andrea Lesitra provided an overview of Victory Capital and integrity Asset portfolio. investment team. Mr. Pat Kennedy, product specialist, discussed the Integrity Asset strategy and the investment approach. Mr. Kennedy reviewed the portfolio performance for the Employees' Retirement System and the Police and Fire Retirement System. He discussed positioning of the portfolio and the effect of inflation, supply change issues and interest rates.

Mr. Nathan Burk of Asset Consulting Group reviewed the Quarterly Performance reports for the 4th quarter of 2021. Mr. Burk discussed the financial performance of the Employees' Retirement System and the Police and Fire Retirement System for the period ending January 31, 2022. Mr. Burk reviewed the market environment and discussed the equity, fixed income, and real estate investments within the financial portfolio. Mr. Burk provided a review of the structure of both plans and discussed fees and asset allocation.

Mr. Bart Carrigan inquired about private equity and noted that it had higher returns over the long run than other asset categories in the portfolio. Mr. Carrigan asked if there would be any interest to diversify into private equity and private debt. Mr. Carrigan noted that many other companies and employers had private equity in the portfolio. He said that he would defer to the Board.

Mr. Burk recommended a due diligence visit to Asset Consulting Group in April 6- 8. Mr. Burk indicated that he would set up an agenda for Board Trustee to tour the office and receive updates from the Boards' international investment manager.

Trustee Wood indicated that the Board did have education and reviewed private equity and decided not to go forward at the time.

Mr. Carrigan stated that he would like for the Board to be updated on private equity for future interest.

It was moved by Trustee Chris Wilcox and supported by Trustee Ryan Wilcox to adjourn the February Joint Retirement System Board for the Police and Fire Retirement System.

Adopted by following vote: unanimous

It was moved by Trustee Bahr and supported by Trustee Kraus to adjourn the February Joint Retirement System Board for the Employees Retirement System.

Adopted by following vote: unanimous

The Meeting adjourned at 10:47 a.m.

Minutes approved on 3/15/2022

Desiree Kirkland, Secretary

Dennis R. Parker, Chairperson
Employees' Retirement System

Eric P. Wohlfert, Chairperson
Police and Fire Retirement System