

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

Joint Meeting
Via Zoom meeting

February 16, 2021
Tuesday, 8:30 a.m.

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

A quorum of both Retirement Boards were present.

Trustees present (attending remotely): (ERS), Bahr (Lansing, 8:33), Carrigan (Lansing), Dedic (Laingsburg), Ebright (Lansing), Kirkland (Lansing, 8:34), Kraus (Delta Township), Parker (Lansing), Sanchez-Gazella (Lansing, 8:35), Schor (Lansing, 8:40), Wood (Lansing) – 10.

(Police & Fire), Kirkland (Lansing, 8:34), Moore (Lansing), Schor (Lansing, 8:40), C. Wilcox (Haslett), R. Wilcox (Lansing), Wohlfert (Westphalia), Wood (Lansing) –98.

Excused: 0.

Others present: Karen Williams, Calais Maysonet; Human Resources Department; Robert Widigan, Finance Department; Aaron L. Castle, VanOverbeke, Michaud & Timmony, P.C.; Gregory Stump, Boomershine Consulting Group; Nathan Burk, Asset Consulting Group; Julie L. Pierro, Pam Thompson, UBS Real Estate Investment; Kevin Smith, Prudential.

It was moved by Trustee C. Wilcox and supported by Trustee Kirkland to approve the January Police and Fire Retirement System Board meeting.

Adopted by the following roll call vote: Yes: Kirkland, Moore, C. Wilcox, R. Wilcox, Wohlfert, Wood. – 6.

No: 0

Trustee Kraus indicated there was an error in the FY 2020 ERS pension contributions.

It was moved by Trustee Kraus and supported by Trustee Carrigan to approve the January Police and Fire System Board meeting as amended.

Adopted by the following roll call vote; Yes: Bahr, Carrigan, Dedic, Ebright, Kirkland, Kraus, Parker, Sanchez-Gazella, Wood. – 9.

No: 0

There were no public comments.

Secretary's Report (Police and Fire):

0 new sworn fire member(s), 0 new sworn police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 2 retired. Total: Active membership: 373. 1 death(s), Richard J. Bushamp, Police, 1/16/2021, age 78, spouse to receive 50%. Refunds made since the last regular meeting amounted to \$91,510.61. Reimbursements to the System year-to-date amount to \$0.00. Retirement allowances paid for the month of January 2021, amounted to \$2,914,724.24. Total retirement checks printed for the P&F System: 756. Total retirement checks printed for both systems: 1,701. Domestic relations order received: 0. Domestic relations orders pending: 1. Eligible Domestic Relations Order Certified:0.

Secretary's Report (Employees' Retirement System):

2 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 1 retired. Total active membership: 479. Total deferred: 75. 1 death(s): Donald Adcock, Public Service, died 1/31/2021, age 78, surviving beneficiary to receive 100%. Refunds made since the last regular meeting mounted to \$3,870.29. Retirement allowances paid for the month of January 2021, amounted to \$2,027,472.71. Total retirement checks printed for the ERS System: 945. Total Retirement checks printed for both systems: 1,701. Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

Ms. Williams explained that Mr. Stitt sent a letter of request to the Retirement Office to change his retirement date from February 20, 2021 to March 14, 2021. Ms. Williams explained that Mr. Stitt's original application was approved at the January meeting. Ms. Williams contacted the chair and legal counsel who advised that the Police and Fire Retirement Board would need to reconsider its action on the prior application and approve the new application when received. The Retirement Office confirmed that a new retirement application had been received.

It was moved by Trustee Wood and supported by Trustee C. Wilcox for the Police and Fire Retirement System Board to reconsider the application for Regular Age and Service of the following:

Keegan C. Stitt (Police – CCLP Supervisory), 22 years, 4 months of service credits, age 49, effective 2/20/2021 (eligible to retire with additional 3 years, 3 months of reciprocal retirement credits from City of Chelsea-MERS)

Attorney Aaron Castle stated that the appropriate action would be to rescind the original vote and then approve the new application.

Trustee Wood withdrew her motion to reconsider.

It was moved by Trustee Wood and supported by Trustee R. Wilcox for the Police and Fire Retirement System Board to rescind the application for regular age and service for the following:

Keegan C. Stitt (Police – CCLP Supervisory), 22 years, 4 months of service credits, age 49, effective 2/20/2021 (eligible to retire with additional 3 years, 3 months of reciprocal retirement credits from City of Chelsea-MERS)

Adopted by the following roll call vote: Yes: Kirkland, Moore, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. – 7.
No: 0

It was moved by Trustee R. Wilcox and supported by Trustee Kirkland to approve the following application for Regular Age and Service from the Police and Fire Retirement System:

Keegan C. Stitt (Police – CCLP Supervisory), 22 years, 5 months of service credits, age 49, effective 3/14/2021 (eligible to retire with additional 3 years, 3 months of reciprocal retirement credits from City of Chelsea-MERS)

Adopted by the following roll call vote: Yes: Kirkland, Moore, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. – 7.
No: 0

It was moved by Trustee R. Wilcox and supported by Trustee Kirkland to approve the following application for Regular Age and Service from the Police and Fire Retirement System:

Matthew Krumbach (Police –CCLP NonSupervisory), 25 years of service credits, age 51 effective February 13, 2021.

Adopted by the following roll call vote: Yes: Kirkland, Moore, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. – 7.
No: 0

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:

Ronda Oberlin (Fire/Civilian – T243), 16 years, 4 month of service credits, age 54, effective 2/6/2021 (eligible to retire with additional 10 years, 2 months of eligibility within the Defined Contribution Plan – Total Eligibility 26 years, 6 months)

Adopted by the following roll call vote: Yes: Bahr, Carrigan, Dedic, Ebright Kirkland, Kraus, Parker, Sanchez-Gazella, Schor, Wood. – 10.
No: 0

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

There were no requests for duty disability retirement for the Employees' Retirement System.

Karen Williams reported to the Employees' Retirement System that Applicant #2021-E0119 was listed as pending. The ERS disability subcommittee reviewed the request for non-duty disability and requested the applicant's medical records. The Retirement Office mailed a request for the medical release and records for the applicant. Once the retirement office receives the medical release and records, those documents will be forwarded to the medical director for review and evaluation of the applicant.

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

Trustee Carrigan provided an oral report of his attendance at the MAPERS One Day Virtual Conference. Trustee Carrigan stated that the conference was one hour and began with the definition of role of fiduciary in accordance with Public Act 314 of 1965. Mr. Carrigan indicated that topics included plan policies, monitoring and review, public meetings and discussion of personal liability.

Trustee Kirkland provided an oral report of her attendance at the MAPERS One Day Virtual Conference. Trustee Kirkland also discussed topics that included the trustees' fiduciary role, plan documents, control, compliance and policy, and the importance of reviewing audit reports and actuarial report.

Karen Williams requested that members who have attended the City of Lansing Ethic Training send an email to the Retirement Office. Ms. Williams will report members who have attended during the training and education agenda item. The City Clerk's Office recommended that members who have attended the training be listed in the minutes.

Trustee Carrigan stated that he reviewed the Ethic Training video and was very impressed with the information and the presenter.

Trustee Kirkland stated that she also reviewed the Ethics Training presentation.

It was moved by Trustee R. Wilcox and supported by Trustee C. Wilcox to approve the following request for refund of accumulated contributions from the Police and Fire Retirement System:

Tanner Lewandosky, Police, not vested \$22,262.03

Adopted by the following roll call vote: Yes: Kirkland, Monroe, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. – 7.
No: 0

There were no request for refund of accumulated contributions for the Employees' Retirement System.

Karen Williams reported to the Police and Fire Retirement System Board that Trustee Robert Rose's appointment for citizen representative expired December 31, 2020. Mr. Rose contacted the Retirement Office and indicated that he was not seeking re-appointment.

Attorney Castle opined that the trustee position expired at the end of his term. He stated that the Police and Fire Retirement System Board should acknowledge and make the City aware that a new Citizen Representative appointment is needed.

Trustee Schor indicated that the City was aware that Trustee Rose's term has expired. Trustee Schor stated the City was seeking applications for the appointment.

It was moved by Trustee Wood and supported by Trustee Kirkland to approve the following Police and Fire Retirement System Board Subcommittee membership:

Disability:	R. Wilcox, C. Wilcox, Wohlfert
Education:	C. Wilcox, R. Wilcox, Monroe, Kirkland
Investment:	Kirkland, Wohlfert, Wood, C. Wilcox
Special Projects:	R. Wilcox, Wood, Wohlfert, Ex. Officio – Legal Counsel

Adopted by the following roll call vote: Yes: Kirkland, Monroe, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. – 7.
No: 0

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

Adopted by the following roll call vote: Yes: Kirkland, Monroe, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. – 7.
No: 0

It was moved by Trustee Kraus and supported by Trustee Kirkland to approve the following subcommittees of the Employees' Retirement System Board:

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

Adopted by the following roll call vote: Yes: Bahr, Carrigan, Dedic, Ebright Kirkland, Kraus, Parker, Sanchez-Gazella, Schor, Wood. – 10.
No: 0

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

Adopted by the following roll call vote: Yes: Bahr, Carrigan, Dedic, Ebright Kirkland, Kraus, Parker, Sanchez-Gazella, Schor, Wood. – 10.
No: 0

Attorney Castle provided a legal counsel report for the Police and Fire Retirement System Board.

Attorney Castle reviewed the Ethic Training video presented by the City of Lansing. Attorney Castle reviewed PA 314 and recommended a policy for political contributions. Attorney Castle also recommended a review and update of the Boards' current policies of both retirement boards. Attorney Castle also stated that there would be a new trustee training meeting for members in March.

It was moved by Trustee Carrigan and supported by Trustee Wood to have legal counsel draft a policy for political contributions for the Employees' Retirement System Board.

Adopted by the following roll call vote: Yes: Bahr, Carrigan, Dedic, Ebright, Kirkland, Kraus, Parker, Sanchez-Gazella, Schor, Wood. – 10.
No: 0

It was moved by Trustee Wood and supported by Trustee C. Wilcox to have legal counsel draft a policy for political contributions for the Police and Fire Retirement System Board.

Adopted by the following roll call vote: Yes: Kirkland, Monroe, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. – 7.
No: 0

It was moved by Trustee Carrigan and supported by Trustee Bahr to refer the review of the Employees' Retirement System's current policies to the Special Projects subcommittee and have the members develop a timetable for updating the policies at a later meeting.

Adopted by the following roll call vote: Yes: Bahr, Carrigan, Dedic, Ebright, Kirkland, Kraus, Parker, Sanchez-Gazella, Schor, Wood. – 10.
No: 0

Karen Williams reviewed the quarterly expenses and the proposed annual budgets for the Employees' Retirement System Board and the Police and Fire Retirement System Board.

Mr. Greg Stump provided a summary of the Experience studies and the actuarial assumptions for the plans for the Police and Fire Retirement System and the Employees Retirement System of the last five years. He discussed potential changes and a funding outlook for the retirement systems. Attorney Stump reviewed the economic and demographic assumptions. Attorney Stump discussed the cost/funding impact of the experience study recommendations.

Mr. Stump discussed inflation, wage growth and salary increases, investment return and retiree COLA. Mr. Stump recommended a decrease in the inflation rate from 2.75% to 2.5%. He recommended wage growth assumption to equal inflation at 2.5%. Mr. Stump recommended a decrease to the investment return.

Mr. Stump recommended changing the mortality/life expectancy table to Pub 2010G/S (Below Median), with projection using Scale SSA (Generational). This public sector mortality table was finalized in 2019 and is the most recent scales. Mr. Stump recommended new tables for retirement with revised rates at some ages. Mr. Stump recommended higher rates for Police officers and firefighters eligible before 25 years of service. Mr. Stump also recommended updates to the termination tables with recent experience. Mr. Stump recommended to maintain current tables for disabilities.

Mr. Stump discussed that the recommended assumptions will decrease the funding ratio for the Employees' Retirement System by 1%. Mr. Stump discussed that he recommended assumption will decrease the funding ration for the Police and Fire Retirement System by 2%. Mr. Stump recommended that the assumption changes should be updated for the 12/31/2020 valuation. Mr. Stump recommended the approval of the assumption changes detailed in his report. The recommendation would include reducing the interest rate to 7%, and lowering of the amortization rates.

It was moved by Trustee Ryan Wilcox and supported by Trustee Wood to accept the assumption changes recommended by the actuary, to lower the interest rate to 6.75%, and lower the amortization to 18 years. Trustee Wilcox accepted a friendly amendment to lower the interest rate to 7% and lower the amortization to 20 years.

It was moved by Trustee Schor and supported by Trustee to table the motion due to effect it would have on budget issues.

The motion failed.

Yes: Kirkland, Schor - 2

No: Moore, C. Wilcox, R. Wilcox, Wohlfert, Wood -5

Trustee Schor expressed his concern of the significant impact that the changes would have on the budget with the increase of approximately \$2.5 million dollars. He recommended 7% instead.

It was moved by Trustee Ryan Wilcox and supported by Trustee Schor to amend the original motion to change the interest rate to 7% and lower the amortization to 20 years.

Adopted by the following vote: Yes: Kirkland, Moore, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. – 7.

No. – 0.

Trustee Kraus left the meeting.

It was moved by Trustee Wood and supported by Trustee Bahr to accept the assumption changes recommended by the actuary, to lower the interest rate to 7%, and lower the amortization to 20 years.

Adopted by the following vote: Yes: Bahr, Carrigan, Dedic, Ebright, Kirkland, Parker, Sanchez-Gazella, Schor, Wood. – 9
No. – 0.

Trustee Carrigan suggested the Boards make a press release regarding the experience study and how the Board are taking action to make the pension plans successful.

Mr. Nathan Burk, Asset Consulting Group reviewed the fixed income portfolio of the Employees' Retirement System and the Police and Fire Retirement System. Asset Consulting Group recommended the Joint Boards to terminate the Franklin Templeton investment and allocate those monies to Black Rock.

It was moved by Trustee Bahr and supported by Trustee Carrigan to terminate Franklin Templeton investment and re-allocate the fixed income portfolio as recommended by Asset Consulting Group for the Employees' Retirement System.

Adopted by the following vote: Yes: Bahr, Carrigan, Dedic, Ebright, Kirkland, Parker, Sanchez-Gazella, Schor. - 8
No: 0.

It was moved by Trustee C. Wilcox and supported by Trustee Kirkland to terminate Franklin Templeton investment and re-allocate the fixed income portfolio as recommended by Asset Consulting Group for the Police and Fire Retirement System.

Adopted by the following vote: Yes: Kirkland, Moore, Schor, C. Wilcox, R. Wilcox, Wohlfert, Wood. - 7

Mr. Nathan Burk of Asset Consulting Group reviewed the Quarterly Performance reports for the 4th quarter of 2020. Mr. Burk discussed the financial performance of the Employees' Retirement System and the Police and Fire Retirement System for the period ending January 31, 2021. 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. Burk discussed retail traders that have driven up the price of individual stocks like GameStop. Mr. Burk provided an update on the Solar Winds breach. Asset Consulting Group has surveyed the Boards' investment managers and has been collecting data. There were currently no issues or data concerns.

Ms. Julie Pierro provided an overview of the UBS Real Estate investment team.

Ms. Pam Thompson, UBS, provided an update of the organizational structure and discussed the investment philosophy. Ms. Thompson discussed positioning in the portfolio, value investing in the market place.

Ms. Pam Thompson addressed Trustee Wood's inquiry about the effect of employees' working at home. Ms. Thompson indicated city offices were doing worse than suburban offices market, with limited leasing activity. Ms. Thompson believed there would a recovery of leasing once the pandemic ended. She provided a review of the market environment, and the portfolio performance for the Employees' Retirement System and the Police and Fire Retirement System Board.

Mr. Kevin Smith, Prudential real estate investment, Prissa II, provided an update of the portfolio performance for the Employees' Retirement System and Police and Fire Retirement System. Mr. Smith provided an overview of the investment team.

It was moved by Trustee Bahr and supported by Trustee Dedic to adjourn the Employees' Retirement System meeting.

Adopted by the following vote: unanimous

It was moved by Trustee Wood and supported by Trustee C. Wilcox to adjourn the Police and Fire Retirement System meeting.

Adopted by the following vote: unanimous

The Meeting adjourned at 12:20 p.m.

Minutes approved on 3/16/2021

Robert Widigan, Secretary

Dennis R. Parker, Chairperson
Employees' Retirement System

Eric P. Wohlfert, Chairperson
Police and Fire Retirement System