OFFICIAL PROCEEDINGS OF THE BOARD OF TRUSTEES
CITY OF LANSING
EMPLOYEES' RETIREMENT SYSTEM

Regular Meeting	March 15, 2022
10th Floor City Council Conference Room	Tuesday, 9:39 a.m.

The Board was called to order at 9:39 a.m. and met in Joint Session with the Police and Fire Retirement System Board.

Present: ERS: Bahr, Carrigan, Dedic (10:00), Ebright, Garza, Kirkland, Kraus, D. Parker, Sanchez-Gazella, Schor –10
Absent: 0
Police and Fire: Kirkland, Moore, Schor, Taylor, C. Wilcox, R. Wilcox, Wohlfert, Wood - 8

Others: Karen E. Williams, Human Resources Department; Attorney Aaron Castle, (legal counsel); George Tarlas, Asset Consulting Group (via phone).

Mr. Tarlas reviewed the Russian investment within the Employees' Retirement System Board.

Attorney Castle indicated that he could draft a resolution regarding divesting in current Russia investments and prohibiting future investment.

It was moved by Trustee Wood and supported by Trustee Wilcox to have legal counsel draft a resolution regarding Russian investment divestiture.

Adopted by the following vote unanimous

It was moved by Trustee Kraus and supported by Trustee Sanchez-Gazella to have legal counsel draft a resolution regarding Russian investment divestiture.

Adopted by the following vote: unanimous

The Joint meeting ended 9:56.

The Employees' Retirement System meeting resumed a 10:00 a.m.

It was moved by Trustee Bahr and supported by Trustee Carrigan to approve the Official Minutes of the Joint Employees' Retirement System Board and the Police and Fire Retirement System Board Meeting of February 15, 2022, with amendments.

Trustee Carrigan wanted his comments regarding the Board adding private equity and private debt added to the minutes. Trustee Carrigan added that he thought adding private equity was important and would like to keep the topic on the agenda, to discuss further with the investment consultant and actuary.

Adopted by the following vote: unanimous

Trustee Kraus indicated that comments should be done during the public comments sections.

Attorney Castle suggested that there should be a section for Trustee comments toward the end of the agenda. Trustee Parker requested that Trustee comments be placed after other business.

There were no public comments.

Secretary's Report:

2 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 0 retired. Total active membership: 492. Total deferred: 75. 5 death(s) Vilo Acker (Parks – UAW, retired 1/4/1997), died 2/14/2022, age 80, no surviving beneficiary; Robert Goodsell (Parks - Teamster, retired 12/18/1980), died 2/12/2022, age 90, surviving spouse to receive 50%; Donald F. Magyar (Public Service -UAW, retired 5/1/1995), died 2/1/2022, age 84, Spouse to receive 50%; Dayne K. Miller (Public Service, retired 11/15/2013), died 12/19/2021, age 73, surviving spouse to receive 100%; Jeffery Mills (Finance - UAW, retired 10/1/2013), died 12/22/2021, age 69, . Refunds made since the last regular meeting amounted to $0.00. Retirement allowances paid for the month of February 2022, amounted to $2,032,408.80. Total retirement checks printed for the ERS System: 943. Total Retirement checks printed for both systems: 1713. Eligible domestic relations orders received: 0. Domestic relations orders pending: 1. Eligible domestic relations orders certified: 0.

It was moved by Trustee Bahr and supported by Trustee Ebright to approve the following Request for Regular Age and Service Retirement:

Michele Rachel (Public Service -UAW), 19 years, 10 months of service credits, age 62, effective April 1, 2022

Adopted by the following vote: unanimous

The medical reports for duty disability Applicant #2022 – E0118 and Applicant #2021 - E1108 have been received and the requests have been forwarded to Dr. Roth for an appointment for evaluation.

The medical reports for non-duty disability for Applicant #2022-E0118 have been received and has been forwarded to Dr. Roth for an appointment for evaluation.

There were no requests for refund of accumulated contributions.

Karen Williams reported to trustees that Asset Consulting Group Due Diligence Visit would be April 7-8 in St. Louis Missouri.

Karen Williams reported to trustees that the MAPERS Spring Conference would be held May 21-24 in Acme, Michigan.

Karen Williams provided retirement board March invoices (Income Research + Management, TRowe Price) for approval in accordance with the new authorized signer's policy.

It was moved by Trustee Dedic and supported by Trustee Kraus to pay the March invoices for the Employees' Retirement System.

Adopted by the following vote: unanimous

Attorney Castle updated the Employees' Retirement System Board on the proposed amendments to the Board's Contract with Tegrit that was sent on February 21, 2022. Attorney Castle summarized the amendments: clarified that the agreement may be terminated by the Board, at will, upon 30 days advance written notice; required quarterly reporting from Tegrit detailing the status of all support services performed; established a 5-year term of contract (1/1/2022 – 12/31/2026) during which time the fees charged by Tegrit shall not be increased no more than 3% annually.

Attorney Castle updated the Securities Fraud Monitoring Services and the Board Policies and Procedures. Attorney Castle has been working to finalize the agreements approved by the board.

Attorney Castle reviewed that the Special projects sub-committee continues to meet and review recommended policies and procedures as well as updates and amendments to the Retirement Ordinances and the Boards' existing policies. The subcommittee plans to update disability retirement policy and procedures and discussed a Reciprocal Retirement Act policy.

Attorney Castle discussed House Bill 5054 that was passed by the Michigan Hose of Representative on March 1 and has been referred to the Senate Committee on Appropriations. Applicable sections of HB 5054 provide for the availability of up to $1.15 billion in grant awards to local units of government. Attorney Castle reviewed the two grants: Local Unit Municipal Pension Principal Payment Grant and Pension Best Practices and Debt Reduction Grant Program.

Trustee Parker indicated that some of the requirements for the grants included uniform actuarial assumptions, and collective bargaining agreements

Attorney Castle updated the Employees' Retirement System Board regarding Mr. Oscar Mazuca's request to change his pension beneficiary. Attorney Castle opined that Mr. Mazuca is not permitted to change his designated survivor beneficiary. It was acknowledged that waiver language contained in his Judgement of Divorce could be honored. Attorney indicated that he spoke with the retirement office and past practice of the retirement system was not to permit such waivers after retirement.

Attorney Castle recommended that the retirement system require a written waiver in addition to the Judgement of Divorce.

It was moved by Trustee Kraus and supported by Trustee Bart to have legal counsel draft a waiver that would be notarized for Mr. Mazuca's spouse to sign.

Adopted by the following vote: unanimous

Attorney Abood requested and was granted permission to provide comments for the Board's consideration. Attorney Abood commented that City Attorney has reviewed the Securities Fraud Monitoring and Litigation policy and stated there was no problem securities monitoring portion of the policy and is appropriate. The City Attorney opined that the City Charter 406, sections 5,6, and 7 requires that before any litigation is undertaken, that it is approved by the City Attorney. The policy that was adopted at the February meeting would violate the City Charter in the City Attorney's opinion.

Attorney Abood reported to the Employees' Retirement Board regarding the liability exposure for trustees of the Board. Attorney Abood agreed with Attorney Castle's analysis that there is exposure for Board members who breach their fiduciary responsibility. Attorney Abood indicated that as part of the Charter, there was some coverage under budget policy. Attorney Abood reviewed a recent litigation regarding a retirement board. The City Attorney has recommended that the Retirement Boards procure insurance for the Board Trustees. The expense for insurance would be an allowable and appropriate for the Retirement Board.

Attorney Abood indicated that there was a distinction between City Attorney and Board's legal counsel. Attorney Abood indicated that if the Board is following the City Attorney opinion, there is a level of protection that is not there if the Board uses outside counsel. The Board cannot breach its fiduciary liability if it is following the City Attorney's advice. With outside counsel and there is a breach, liability exposure becomes significant because the City Attorney is not providing the advice.

Attorney Castle recommended fiduciary liability insurance and indicated that the Board had a presentation from Union Services. Trustee Carrigan disclosed that he worked with and received some type of compensation from Union Services. Attorney Castle indicated there may be a perceived conflict of interest.

Attorney Abood stated that an opinion had been drafted, but the issue raised by the retirement boards has broadened to other Boards and the City Attorney wanted to review the liability prior to issuing the opinion.

Trustee Dedic inquired how would a member know if he or she is not following the City Attorney's advice and if City employees and officials covered under the City Policy

Attorney Abood indicated that if there was a City Attorney opinion contrary to the Board's legal counsel, then the members would have liability exposure if the member did not follow the City Attorney's advice. Attorney Abood recommended that liability exposure would be for members regarding their actions as Board members and recommended that each member have fiduciary liability insurance.

Attorney Kirkland stated that in the Boards have requested legal counsel in a previous meeting for a listing of fiduciary liability insurance companies for the Boards to review.

Karen Williams reported that the Finance Department reported that on February 22, 2022, $322,071.65 was transferred by the City of Lansing to the Employees Retirement System for the Net Employee Contribution for the period 10/1/2021 thru 12/31/2021.

It was moved by Trustee Kraus and supported by Trustee Sanchez-Gazella to accept the FY 2022 Employees' Retirement System Net Employee Contribution.

Trustee Parker inquired why the contributions are not sent directly to the Employees' Retirement System instead of sitting in the General Fund until it is moved quarterly.

Adopted by the following vote: 8 -0

Karen Williams reported to the Employees' Retirement System that the Finance Department would send a memo regarding the transfer of contributions from ERS to OPEB (VEBA).

Attorney Kirkland indicated that Mr. Schnarowske was not aware that there was a contribution made annually to the VEBA.

Karen Williams reviewed the Joint meeting, that the Russian exposure within the Employees' Retirement System was very low. Mr. George Tarlas, Asset Consulting Group, indicated that small Russian investments were a part of collective funds and did not recommend terminating the collective funds.

The Board voted to have legal counsel draft a resolution regarding Russian investment divestiture.

Karen Williams reviewed the monthly investment report for the month ending March 31, 2022.

Trustee Carrigan announced that he planned to resign his membership as trustee from the Board.

The meeting ended at 10:43 a.m.

Minutes approved on __4/19/2022________

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Desiree Kirkland, Secretary
Employees' Retirement System

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Dennis R. Parker, Chairperson
Employees' Retirement System