

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

Regular Meeting
City Council Conference Room
10th Floor, City Hall
Lansing, MI

January 24, 2019
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:41 a.m.

Present:, Dedic, Kraus, Munroe, D. Parker, M. Parker, Sanchez-Gazella– 6
Absent: Trustee Schor, Washington

Others: Angela Bennett, Karen E. Williams, Finance Department; Attorney Joseph Abood, Law Department; Denise Estee, retiree; Lynne Meade, Teamster 243; Eric Hassett, employee.

It was moved by Trustee Mark Parker and supported by Trustee Kraus to approve the Official Minutes of the Employees' Retirement System Board Regular Meeting of December 20, 2018.

Adopted by the following vote: 6 - 0

Denise Estee, City of Lansing Teamster retiree, had public comments for items on the agenda. Ms. Estee retired in 2005. Ms. Estee stated that in June 2014, several retirees came to the Employees Retirement System Board to dispute the calculated of their health care premiums. At that time, the retiree group were informed that the Employees Retirement Board does not govern health care and that the Administration did. The retiree group took their complaint to the Internal Auditors, and the Way and Means Committees of 2014, 2015, 2016, 2017. In 2018, City Attorney Janene McIntyre and acting Human Resources Director provided a report that agreed with the retiree group. The City Council requested that Administration to supply documents to back up their premium costs.

Ms. Estee stated that retirees under the same contract were paying different rates, with some retirees following actives, and others having no premium. Ms. Estee states that no legal documents to back up their premium costs. Ms. Estee requested that Employees Retirement System Board to request the document from the City Administration that supports the dollar amount taken for her premiums from her pension. Ms. Estee believes that she is owed a refund of \$8,679.49 from 2010-2018.

In March 22, 2019, the retiree complaint was reviewed by the current administration and was denied.

**Employees Retirement System
Regular Meeting of January 24, 2019
Page 2**

Trustee Dennis Parker stated that retiree health care is out of the Board's purview and the health care is determined under the collective bargaining agreement. The Employees Retirement System Board governs the pension benefit. The Board does not determine what payroll deduction are made.

Attorney Abood provided background of the retiree complaint that was reviewed by the City Attorney's Office. Attorney Abood reported that a privileged and confidential memorandum by Attorney McIntyre to the administration was released to the public. Attorney Abood while acting as City Attorney was requested to review the information and provide an opinion. Before his opinion was delivered, Attorney Smiertka became the new City Attorney. Attorney Abood provided his findings to the Attorney Smiertka for review and then the opinion was delivered to City Council. Mr. Robert Engel filed a grievance to the State Bar against Attorney Smiertka for delivering his opinion. The grievance was dismissed by the State Bar of Michigan.

Ms. Lynne Meade stated that the Collective Bargaining Agreement phrase "retirees follows actives" was included to ensure the coverage level is not less than what actives receive. The contract makes no mention of premiums and was not negotiated with the Teamster.

The Employees' Retirement System Board acknowledged the City Council appointment of Jodi Washington to the Board for 2019.

Secretary's Report. 1 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 1 retired. Total active membership: 427. Total deferred: 75. 1 death(s), Oakley Lyons (retired 6/15/2002 – UAW), died 12/27/2018, age 66, no beneficiary. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of December 2018, amounted to \$1,944,789.92. Total retirement checks printed for the ERS System: 920. Total Retirement Checks printed for both systems: 1664. Eligible domestic relations orders received: 0. Domestic relations orders pending: 1. Eligible domestic relations orders certified: 0.

Karen Williams reported that the Retirement Office received a letter from Julia M. Cherry requesting to rescind her application request to retire.

It was moved by Trustee Mark Parker and Trustee Dedic to approve the application withdrawal of the request for regular age and service for Julia M. Cherry.

Adopted by the following vote: 7 – 0.

**Employees Retirement System
Regular Meeting of January 24, 2019
Page 3**

It was moved by Trustee Dedic and supported by Trustee Mark Parker to approve the following requests for Regular Age & Service Retirement:

Jill Rhode, (Finance/NonBargaining), 9 years, 2 months of service credits, age 58, effective February 1, 2019 (From Deferred)

Toni Thomson(Finance/T243), 22 years, 6 months of service credits, age 58, effective December 18, 2018 (NonDuty Death).

Charles Wolbeck, (Public Service/UAW), 22 years, 2 months of service, age 58, effective February 16, 2019.

Ms. Williams explained the Employees Retirement System Ordinance provision for NonDuty Death.

Adopted by the following vote: 6 – 0

Ms. Williams reported that Applicant #2018 – E1108 has submitted her medical records. The Retirement Office has arranged an appointment with the Medical Director for evaluation for duty disability.

There were no requests for Non Duty Disability.

It was moved by Trustee Mark Parker and supported by Trustee Dedic to excuse Trustee Jody Washington from the January Employees' Retirement System Board.

Adopted by the following vote: 6 -0.

Karen Williams reported that the MAPERS One Day Conference would be held March 1, 2019. Members who wished to attend should contact the Retirement Office to register.

Attorney Abood reported that the Retirement Ordinance was under review by the City Attorney's Office. The City Attorney's Office has been trying to harmonize the Retirement Ordinance with the various collective bargaining agreements.

The Employees' Retirement System Board tabled the discussion regarding 2019 budget until trustees are able to review previous years' numbers.

Attorney Abood reported that the budget is not required to be approved in January.

**Employees Retirement System
Regular Meeting of January 24, 2019
Page 4**

It was moved by Trustee Munroe and supported by Trustee Kraus by unanimous vote to reconfirm and approve Dennis Parker as chairperson and Mark Parker as vice chairperson for the Police and Fire Retirement System Board for 2019.

Adopted by the following vote: unanimous.

Karen Williams requested that trustees should contact the Retirement Office or the chairperson for subcommittee memberships assignments.

Karen Williams reported that the Employees' Retirement System has received a memo from Angela Bennett detailing the fiscal year pension contribution. The 2018 pension contribution was 10,380,932 was transferred December 28, 2018 by the City to the Employees' Retirement System. The total was actuarially calculated amount plus \$500,000 that was appropriated by City Council.

It was moved by Trustee Kraus and supported by Trustee Munroe to accept the 2018 Employees' Retirement System pension contribution.

Adopted by the following vote: 6 – 0

Karen Williams reported that Gabriel Roeder Smith has sent a proposal to update Minute Master. The cost would not exceed \$3,100.

It was moved by Trustee Mark Parker and supported by Trustee Sanchez-Gazella to approve appropriations for the Minute Master update.

Adopted by the following vote: 6 – 0.

The Employees Retirement System discussed the Eric Hassett request for eligibility to retire.

Attorney Abood has indicated that Attorney Lane was reviewing the documents and will present his opinion at the February meeting.

Trustee Dennis Parker stated that the Board discussed providing a recommendation to City Council for a determination.

Trustee Sanchez-Gazella indicated that the grievance was denied and the 45-day period for arbitration had expired.

Attorney Abood stated an opinion from Attorney Lane that the section to restore service credit in special circumstances does not apply to this situation.

**Employees Retirement System
Regular Meeting of January 24, 2019
Page 5**

Trustee Mark Parker provided a review of what the Employees Retirement System Board had discussed. He referred to the Frequently Asked Questions that were provided to employees in 2004 that stated members would have all full time years of service counted for eligibility.

Attorney Abood stated that it was his understanding that Frequently Asked Questions document could not be used to supersede the release agreement signed by Mr. Hassett or supersede the Retirement Ordinance or Collective Bargaining agreement. Attorney Abood recommended that the Board review the documents and receive Attorney Ken Lane opinion before making a decision.

Mr. Hassett indicated that he used his own money to buy in to the Employees Retirement System in 2004.

Trustee Kraus inquired how long City Council would take to act upon the issue.

Ms. Bennett indicated the items must first be reviewed by the Committee of the Whole, before referral to the appropriate action. No action will be made the date the item was placed on the agenda.

Trustee Munroe recommended that the Employees Retirement System have a special meeting to review documents and consider Mr. Hassett's eligibility.

It was moved by Trustee Munroe and supported by Trustee Mark Parker to have a special meeting, Wednesday, February 6 at 8:30 a.m. to review documents and discuss Mr. Eric Hassett's request for eligibility to retire.

Adopted by the following vote: 6 – 0.

The Employees Retirement System Board discussed Mr. Robert Engel's complaint regarding health care premiums. Mr. Engel provided a request to the Employees Retirement System to refund his health care premiums of \$20,915.08 taken from his pension check from 2010 -2018. His requested stated that the City Administration has not legal document to back up their premium charges for healthcare, or that links him

Trustee Kraus inquired if all retirees have the same premiums within the same contract.

Ms. Bennett indicated that retirees after February 20, 2004 follow active employees.

Trustee Kraus clarified her question, asking if a member retired February 19, 2004, would that retiree follow active employees.

**Employees Retirement System
Regular Meeting of January 24, 2019
Page 6**

Ms. Bennett stated that employees, who were subject to the collective bargaining agreement, would follow active employees after the February 20, 2004.

Trustee Dedic stated that the Employees Retirement System Board determined the pension amount for years of service. The ERS Board does not govern if the City administration takes out deductions incorrectly, the Board is not responsible for items after the gross amount has been determined.

The Employees Retirement System Board discussed Mr. Walter Funches, deceased, option selection.

Karen Williams indicated that the Retirement Office received a letter from the lawyer representing Mr. Funches's estate. Attorney Fleck indicated that Mr. Funches signed up for a straight life pension and was told in 2004, that his spouse and children would continue to receive benefits after his death. Attorney Fleck requested that the Employees Retirement System review the issue

The Retirement office provided copy of Attorney Fleck's letter and Mr. Funches application signed in 2004. Mr. Funches application indicated the Straight life option that was chosen and states it terminates at death.

Attorney Abood reported that he became aware of Mr. Funches's claim when Attorney Fleck presented it. Attorney Abood gathered all of the supporting documentation pertaining the Straight Life option and provided it to Mr. Fleck. Attorney Abood spoke with Attorney Fleck and indicated that there was nothing that could be done because Mr. Funches and Mrs. Funches had signed off on the application indicating Straight Life option.

Ms. Angela Bennett updated the Employees' Retirement System regarding the Corrective Action Plan that had been approved by the State of Michigan. It will be monitored annually. Each December the system will need to file new form 5572.

Ms. Williams presented the Monthly Investment Report and Securities Lending Report for the month of April 2015.

It was moved by Trustee Dedic and supported by Trustee Mark Parker to adjourn the Employees Retirement System Board meeting.

Adopted by the following vote: 6 – 0.

The meeting adjourned at 10:02 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees Retirement System

Dennis R. Parker, Chairperson
Employees' Retirement System