

**LANSING BOARD OF WATER & LIGHT
PENSION FUND TRUSTEES MEETING
November 13, 2018**

The Pension Fund Trustees of the Lansing Board of Water & Light (BWL) met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 6:07 P.M. (Officially Publicly Noticed for 5:35 P.M.) on Tuesday, November 13, 2018.

Chairperson David Price called the meeting to order at 6:07 p.m. and asked the Corporate Secretary to call the roll.

Present: Trustees Beth Graham, Anthony McCloud, Tony Mullen, David Price, Ken Ross, Tracy Thomas, and Sandra Zerkle.

Absent: None and a quorum was declared.

Public Comments

None.

Approval of Minutes

Motion by Trustee Mullen and Seconded by Trustee Graham to approve the minutes from the November 14, 2017 Pension Fund Trustees' Annual Meeting.

Action: Motion Carried

Defined Benefit Plan Information

RESOLUTION 2018-11-06

**Revised Lansing Board of Water & Light Defined Benefit Plan
for Employees' Pensions Statement of Investment Policies,
Procedures and Objectives**

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions (the "Defined Benefit Plan"); and

WHEREAS, the Retirement Plan Committee has reviewed the current Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives in conjunction with a transition to a new benefit plan investment consultant; and

WHEREAS, the Retirement Plan Committee recommended the Sponsor adopt the revisions reflected in the attached Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor adopted the attached, revised Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives;

THEREFORE, it is:

RESOLVED, that the Trustees acknowledge the attached, revised Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives

Motion by Trustee Mullen, Seconded by Trustee Graham to acknowledge the Revised DB Investment Policy Statement.

Action: Motion Carried

Post-Employment Benefit Plan Information

RESOLUTION 2018-11-07

Revised Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light Statement of Investment Policies, Procedures, and Objectives

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the VEBA (Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light); and

WHEREAS, the Retirement Plan Committee has reviewed the current VEBA Statement of Investment Policies, Procedures and Objectives, in conjunction with a transition to a new benefit plan investment consultant; and

WHEREAS, the Retirement Plan Committee recommended the Sponsor adopt the revisions reflected in the attached VEBA Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor adopted the attached, revised VEBA Statement of Investment Policies, Procedures and Objectives;

THEREFORE, it is:

RESOLVED, that the Trustees acknowledge the attached, revised VEBA Statement of Investment Policies, Procedures and Objectives.

Motion by Trustee Zerkle, Seconded by Trustee Graham, to acknowledge the Revised Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light of Investment Statement of Investment Policies, Procedures and Objectives.

Action: Motion Carried

Defined Contribution Plan Information

RESOLUTION 2018-11-08

Amendment of Defined Contribution Plan Number 106696; Delegation of Investment Authority

WHEREAS, the individual voting members of the Board of Commissioners for the Lansing Board of Water and Light serve as the trustees (collectively, the "Trustees") of the ICMA Retirement

Corporation Governmental Money Purchase Plan & Trust (the “Defined Contribution Plan Number 106696”); and

WHEREAS, the Trustees and the Lansing Board of Water and Light want to amend Defined Contribution Plan Number 106696 for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the “Committee”) of Defined Contribution Plan Number 106696, and for the purpose of changing the name of Defined Contribution Plan Number 106696.

THEREFORE, it is:

RESOLVED, that the Trustees consent to the adoption of Addendum Number 1 to Defined Contribution Plan Number 106696 effective as indicated therein.

FURTHER RESOLVED, that, after reviewing the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 1 Statement of Investment Policies, Procedures and Objectives (the “IPS”), the Trustees acknowledge said IPS, effective as indicated therein.

FURTHER RESOLVED, that the Trustees delegate to said Committee authority to perform the investment functions that are assigned to the Committee in the IPS, a copy of which is attached hereto and incorporated herein by reference. The delegation of said authority shall be effective as set forth in the IPS.

FURTHER RESOLVED, that the Trustees indemnify and hold harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys’ fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee’s discharge of its duties that are described in the attached IPS; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

Motion by Trustee Zerkle, Seconded by Trustee Graham to acknowledge the Resolution for amendment of Defined Contribution Plan Number 106696 by Board adoption of Addendum; Acknowledgment of IPS; Delegation of Authority; and Indemnification.

Action: Motion Carried

RESOLUTION 2018-11-09

Amendment of Defined Contribution Plan Number 108824;
Delegation of Investment Authority

WHEREAS, the individual voting members of the Board of Commissioners for the Lansing Board of Water and Light serve as the trustees (collectively, the “Trustees”) of the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 108824 (the “Defined Contribution Plan Number 108824”); and

WHEREAS, the Trustees and the Lansing Board of Water and Light want to amend Defined Contribution Plan Number 108824 for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the “Committee”) of Defined Contribution Plan Number 108824, and for the purpose of changing the name of Defined Contribution Plan Number 108824.

THEREFORE, it is:

RESOLVED, that the Trustees consent to the adoption of Addendum Number 1 to Defined Contribution Plan Number 108824 effective as indicated therein.

FURTHER RESOLVED, that, after reviewing the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 2 Statement of Investment Policies, Procedures and Objectives (the “IPS”), the Trustees acknowledge said IPS, effective as indicated therein.

FURTHER RESOLVED, that the Trustees delegate to said Committee authority to perform the investment functions that are assigned to the Committee in the IPS, a copy of which is attached hereto and incorporated herein by reference. The delegation of said authority shall be effective as set forth in the IPS.

FURTHER RESOLVED, that the Trustees indemnify and hold harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys’ fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee’s discharge of its duties that are described in the attached IPS; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

Motion by Trustee Zerkle, Seconded by Trustee Graham to acknowledge the Resolution for amendment of Defined Contribution Plan Number 108824 by Board adoption of Addendum; Acknowledgment of IPS; Delegation of Authority; and Indemnification.

Action: Motion Carried

RESOLUTION 2018-11-10

Amendment of Lansing Board of Water & Light 457 Deferred Compensation Plan; Acknowledgement of IPS; Delegation of Investment Authority; Indemnification

WHEREAS, the individual voting members of the Board of Commissioners for the Lansing Board of Water and Light serve as the trustees (collectively, the “Trustees”) of the ICMA Retirement Corporation 457 Governmental Deferred Compensation Plan and Trust Number 300435 (the “457 Plan”); and

WHEREAS, the Trustees and the Lansing Board of Water and Light want to amend the 457 Plan for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the “Committee”) of the 457 Plan Trust, and for the purpose of changing the name of the 457 Plan.

THEREFORE, it is:

RESOLVED, that the Trustees consent to the adoption of Addendum Number 1 to the 457 Plan effective as indicated therein.

FURTHER RESOLVED, that, after reviewing the attached Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust Statement of Investment Policies, Procedures and Objectives (the "IPS"), the Trustees acknowledge said IPS, effective as indicated therein.

FURTHER RESOLVED, that the Trustees delegate to said Committee authority to perform the investment functions that are assigned to the Committee in the IPS, a copy of which is attached hereto and incorporated herein by reference. The delegation of said authority shall be effective as set forth in the IPS.

FURTHER RESOLVED, that the Trustees indemnify and hold harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys' fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee's discharge of its duties that are described in the attached IPS; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

Motion by Trustee Zerkle, Seconded by Trustee Graham, to acknowledge the Resolution for amendment of the 457 Plan by Board adoption of Addendum; Acknowledgment of IPS; Delegation of Investment Authority; and Indemnification.

Action: Motion Carried

Supplemental Information

Chief Financial Officer Heather Shawa introduced George Tarlas, Senior Managing Director with ACG Asset Consulting Group, who presides over the DB and VEBA plan advisors and provided a market overview of the DB and VEBA plans; Sandra Rouse-Thames, Retirement Plan Specialist and Lisa Burks-Wilson, Director of Relationship Management from ICMA-the DC Plan administrator, who provided a participant education review from ICMA; and Steven Gibson, Senior Consultant with Plante Moran-the DC Plan advisors. Ms. Shawa also acknowledged, Finance Manager Scott Taylor, Finance Supervisor David Houser, and Financial Analyst Kyle Page for their work on the Trustee packet and audit overview.

Trustee Ross asked if the cumulative return value was from the start date to present, and for an explanation of the index in the narrative that is comparable to the investment style. Ms. Shawa responded that the cumulative return was from the start date to the present, and Mr. Tarlas responded that large cap growth stocks are selected and the benchmark is the Russell 1000 growth index which has a growth and value style. Trustee Ross also asked whether BWL has evaluated whether it made more sense to do index investing to save fees as some of the stock selections have beat the index and others have not. Ms. Shawa responded BWL is working with ACG Consulting and they will be examining the different options throughout the next year.

Trustee Ross thanked Ms. Shawa for the dashboard and the amount of information provided.

Trustee Zerkle commended the Board and the ICMA representatives for the retirement program provided to the employees.

Trustee Thomas thanked the ICMA representatives for their excitement, motivation, and enthusiasm.

Trustee Ross asked for an explanation of the asset allocation for the plans and the side by side comparison between employees and other participants. Ms. Shawa responded that the participants are more educated when it pertains to their personal investment strategies. Ms. Rouse-Thames also responded that a lot of employees select the managed accounts tool where Morningstar makes the decision for them for a small fee. Trustee Ross also inquired as to why the asset allocation totaled more than 100 percent for the 401(a) plans. Ms. Rouse-Thames responded that they will look into that and provide the information to the Trustees.

Trustee Zerkle asked if there were guidelines for loans that employees take out of the 401(a) plans. Ms. Shawa responded that the 457(b) plan allows an emergency withdrawal but the 401(a) plan follows the IRS guidelines and there are no recommendations at this time for any changes.

Trustee Ross asked if employees are auto enrolled when they are hired, if there are automatic annual percentage increases. and if a percentage increase program had been evaluated if there wasn't one. Ms. Shawa responded that employees are not automatically enrolled and a percentage increase program is not in the system. Mr. Taylor responded that auto enrollment is a feature that is available in the plan but is not required, and that an annual percentage increase is available for the plan but is not in place. Commissioner Ross recommended that these features be evaluated and placed in the plan as a larger number of people is better for a savings device.

Ms. Shawa asked the Board of Trustees for acceptance of the 2018 Audited Financial Statements for the Defined Benefit Pension Plan, the Defined Contribution Pension Plan, and the Retiree Benefit Plan (VEBA) which were audited by Baker Tilly.

Commissioner Price commented that it is good to hear a good news report for the retirement plans as he has heard other municipalities are in arrears on their retirement plans.

RESOLUTION 2018-11-11

Acceptance of 2018 Audited Financial Statements for Defined Benefit Pension Plan, Defined Contribution Pension Plan, and Retiree Benefit Plan

Resolved, that the Corporate Secretary receive and place on file the Defined Benefit, Defined Contribution, and Retiree Benefit Plan reports presented during the Pension Trustee Meeting.

Staff comments: All three Plans received clean audit reports.

Motion by Trustee Ross, Seconded by Trustee Thomas, to accept the 2018 Audited Financial Statements for Defined Benefit Pension Plan, Defined Contribution Pension Plan, and Retiree Benefit Plan (VEBA).

Action: Motion Carried

RESOLUTION 2018-11-12

**Travel & Reimbursement Policy – Board of Commissioners, Board Appointees,
Employees and Investment Fiduciaries**

WHEREAS, the Board of Commissioners approved a BWL Travel & Reimbursement Policy (“Policy”) on March 28, 2017 which served to combine and replace three existing policies and two previous resolutions; and

WHEREAS, the BWL staff has conducted a review of compliance with the Policy and determined additional clarifying language would enhance compliance; and

WHEREAS, it has been determined based on the feedback and review that revising the Policy to provide additional guidance and clarity would improve understanding of the Policy, improve compliance with the Policy, and reduce the time associated with administering the Policy; and

WHEREAS, the Board of Commissioners adopted the Policy as presented.

THEREFORE, it is:

RESOLVED, that the Trustees acknowledge the attached, updated Travel & Reimbursement Policy.

Motion by Trustee Ross, Seconded by Trustee Graham, to acknowledge the Travel & Reimbursement Policy for Board of Commissioners, Board Appointees, Employees and Investment Fiduciaries.

Action: Motion Carried

Ms. Shawa stated that last year a hard copy binder of the pension plans was provided to the Commissioners and an updated electronic copy, that will be available on demand, will be available on the dashboard in the near future. In addition, a quarterly pension report will be available on the dashboard.

Other

None.

Excused Absences

None.

Adjourn

There being no further business, the Pension Fund Trustees meeting adjourned at 6:54 p.m.



**Lansing Board of Water and Light
FY 2019 Pension Trustee Packet – Table of Contents**

Pension Fund Trustees Meeting Minutes (11-13-2018) 1
Table of Contents 2
Pension Memo with Review of External Investment Management 3
Pension Dashboard 4

Defined Benefit Plan (DB)

 Audited Financial Statements (Baker Tilly) 5
 Actuarial Valuation Report (Benassist) 6
 Financial Performance Report (ACG) 7
 System Summary Data (Form 5572 – PA 202) 8
 Statement of Investment Policies, Procedures, and Objectives 9

Post-Employment Benefit Plan (VEBA)

 Audited Financial Statements (Baker Tilly) 10
 Actuarial Valuation Report (Benassist) 11
 Financial Performance Report (ACG) 12
 System Summary Data (Form 5572 – PA 202) 13
 Statement of Investment Policies, Procedures, and Objectives 14

Defined Contribution and Deferred Compensation Plans (DC)

 Audited Financial Statements (Baker Tilly) 15
 Investment Report – 401(a) (PMFA) 16
 Investment Report – 457(b) (PMFA) 17
 Statement of Investment Policies, Procedures and Objectives (Defined Contribution Plan 1) 18
 Statement of Investment Policies, Procedures and Objectives (Defined Contribution Plan 2) 19
 Statement of Investment Policies, Procedures and Objectives (Deferred Compensation Plan) 20

Supplemental Information

 Resolution – Accept Audited Financial Statements (FY 2019) 21