



**LANSING BOARD OF WATER & LIGHT  
PENSION FUND TRUSTEES MEETING MINUTES  
November 16, 2021**

The Pension Fund Trustees of the Lansing Board of Water & Light (BWL) met at the BWL Headquarters in the REO Town Depot located at 1201 S. Washington Ave., Lansing, MI) at 5:00 P.M. on Tuesday, November 16, 2021.

Trustee and Board Chairperson David Price called the meeting to order at 5:00 p.m.

Corporate Secretary Griffin called the Roll:

The following Trustees were present: Beth Graham (arrived @5:26 p.m.), Dusty Horwitt (arrived at 5:22 p.m.), Semone James (arrived @5:22 p.m.), DeShon Leek, Tony Mullen, David Price, Tracy Thomas, and Sandra Zerkle. Also Present: Douglas Jester (East Lansing), Larry Merrill (Delta Township), and Brian Ross (DeWitt Township)

Absent: None

The Corporate Secretary declared a quorum.

**Public Comments**

None.

**Approval of Minutes**

**Motion** by Trustee Zerkle and Seconded by Trustee Mullen to approve the minutes from the November 17, 2020; March 16, 2021; and May 25, 2021 Pension Fund Trustees Meetings.

**Action:** Motion Carried.

**Pension Fund**

Chief Financial Officer (CFO) Heather Shawa provided an overview of the information from the Pension Memo and Pension Dashboard. VEBA plan updates include Atlanta Capital being appointed to replace Aristotle as a VEBA small/mid cap investment manager, amending the plan for non-bargaining employee premium sharing, and executing three rebalancing transactions as needed for the VEBA Trust to maintain required asset allocations. DC plan updates include the transition to Nationwide, application to an IRS Voluntary Correction Program for DC Plans 1 & 2, and extending the Captrust contract for investment advisory services through 5/31/2023. The DB Plan has approximately \$62 million in funded assets and 127% funding status; the VEBA Plan has approximately \$248 million in funded assets and 168% funding status. This is an increase of 39% which is largely due to market performance of 25% returns. These results were achieved while maintaining very low fees of 0.65% and 0.63%. The 401(a) and 457(b) plans have 1,081 and 966 participants respectively and there are 261 active loans.

Commissioner Zerkle asked how the loans were repaid and what percentage was lost by taking out a loan on the 401. CFO Shawa responded that the participants repay their loans and can have up to

two loans outstanding. CFO Shawa responded that it depended on their asset allocation. Mr. Taylor responded that the money borrowed wouldn't be part of market returns on what is invested.

Mr. Scott Taylor, BWL Finance Manager, introduced the financial advisory panel. The Panel provided financial plan information and followed by a question and answer session.

- 1) Nathan Burk, Vice President and Senior Consultant with Asset Consulting Group (ACG); ACG assists in investment allocation, evaluation of investment managers, reporting of investment performance and investment policy statements.
- 2) Mark Miller, Founder and Principal Consultant with Benassist Retirement Consulting, LLC; Mr. Miller provides actuarial evaluation reports, assists with required annual state filing requirements, and performs calculations for DB employee benefits at retirement.
- 3) Anthony Bergstrom, Financial Advisor and Relationship Manager with Captrust; Captrust assists with fund line up selection and monitoring, investment performance reporting, fee benchmarking and fiduciary compliance for the DC plans.
- 4) Michael Burkhart, Executive Relationship Manager with Nationwide; Nationwide is the DC Plan administrator and provides personalized resources to help employees and retirees reach their financial goals.

Mr. Nathan Burk gave a capital market update for 2021. Mr. Burke stated that as the market came from the bottom due to the pandemic, due to the cutting of Federal Reserve interest rates to zero and pumping liquidity into the system, there were strong equities in the fiscal year period—up on average of about 40% to 60%. Fixed income rates were a little higher and private real estate was higher due to the industrial sector. Mr. Burke noted that the VEBA plan had a 25.2% return on assets for FY 2021 and the DB plan had a return of 22.13%.

Commissioner Mullen asked if anything special is done with real estate investments, relating to the real estate situation in 2008. Mr. Burk responded that there are two primary real estate managers in the VEBA and DB plans who invest in high quality properties without taking a lot of risk. Commissioner Mullen also asked if the real estate situation with China has any effect on decisions made. Mr. Burke responded that all of the real estate investments are domestic.

Chair Price asked how unusual it was for retirement funds to have a 25% return in one year. Mr. Burke responded that it is not common, not to be expected and it was a very good year.

Mr. Mark Miller spoke about the actuary of the DB and VEBA plans funding. He noted that the funded status for the DB plan is 127.3% while the average for funded plans in Michigan is 75%. The funded status for the VEBA plan is 167.8% while the average for funded plans in Michigan is 50.9%. BWL is in the top 3% out of 862 Michigan plans.

Mr. Anthony Bergstrom with Captrust spoke about the investment management, fiduciary process, plan design, vendor monitoring, and participant engagement for the 401(a) and 457(b) plans and the conversion from ICMA to Nationwide.

Mr. Michael Burkhart with Nationwide provided information about the retirement services that Nationwide furnishes.

**RESOLUTION #2021-11-01**

**ACCEPTANCE OF 2021 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.

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Staff comments: All three Plans received clean audit reports.

**Motion** by Trustee Mullen, **Seconded** by Trustee Zerkle, to accept the 2021 Audited Financial Statements for Defined Benefit Pension Plan, Defined Contribution Pension Plan, and Retiree Benefit Plan.

**Action:** Motion Carried.

**Other**

None.

**Adjourn**

There being no further business, the Pension Fund Trustees meeting adjourned at 5:47 p.m.

**Approved by the Trustees on November 15, 2022**