



**LANSING BOARD OF WATER & LIGHT
PENSION FUND TRUSTEES MEETING MINUTES
November 15, 2022**

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 15, 2022.

Trustee and Board Chairperson Semone James called the meeting to order at 4:30 p.m.

Corporate Secretary LaVella Todd called the Roll:

The following Trustees were present: Beth Graham, Dusty Horwitt, Semone James, Tony Mullen, David Price, Tracy Thomas, and Sandra Zerkle.

Absent: Commissioner DeShon Leek

The Corporate Secretary declared a quorum.

Public Comments

There were no public comments.

Approval of Minutes

Motion by Trustee Price and **Seconded** by Trustee Thomas to approve the minutes from the November 16, 2021 Pension Fund Trustees Meeting.

Action: Motion Carried.

Pension Fund

Chief Financial Officer (CFO) Heather Shawa provided an overview of the information from the Pension Memo and Pension Dashboard.

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

- 1) Nathan Burk, Director with Asset Consulting Group (ACG); ACG assists in investment allocation, evaluation of investment managers, reporting of investment performance and investment policy statements for the DB and VEBA plans.
- 2) Mark Miller, 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) Dori Drayton, Principal Financial Advisor 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 401 and 457 Plans administrator and provides personalized resources to help employees and retirees reach their financial goals.

Mr. Nathan Burk gave a capital market update for 2022. Mr. Burke stated that interest rates have increased and created volatility; there were strong equities in the fiscal year period but low returns. Mr. Burke noted that the VEBA plan has a 6.5% target return on assets for FY 2022, with a performance of -7.9%; and the DB plan had a target return of 6% with a performance of -10.5%. BWL outperformed about 90% of investors across the country for the VEBA plan and 50% of investors across the country for the DB plan.

Chairperson James asked about the investment fees for the VEBA Plan. Mr. Burk responded the rate fee was 0.5% of total assets and is in the lower quartile of the industry standard for active investing.

Mr. Mark Miller spoke about the actuarial work for the DB and VEBA plans funding. He noted that the funded status for the DB plan is 106% which is about 21% lower than 2021. The funded status for the VEBA plan is 146% which is about 22% lower than 2021. BWL is in the top 6% out of 865 Michigan plans.

Ms. Dori Drayton spoke about the roles of CAPTRUST in investment management, fiduciary process, plan fees, and participant choices for the 401(a) and 457(b) plans.

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

Commissioner Zerkle asked about the process of borrowing from a retirement fund and the amount in losses. Mr. Burkhart responded that it depends on the investments. The amount borrowed is set aside as a receivable, a loan interest rate is assumed, and the borrowers pay themselves back. Commissioner Thomas asked about the number of loans taken out annually. Mr. Burkhart responded that there are 224 loans outstanding and the number of loans declined by 35 over the course of the year. Mr. Taylor added that there is a cap of \$50,000 on the loan amounts.

RESOLUTION #2022-11-01

ACCEPTANCE OF 2022 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 Commissioner Zerkle, **Seconded** by Commissioner Price to approve the Resolution for the Acceptance of 2022 Audited Financial Statements for Defined Benefit Pension Plan, Defined Contribution Pension Plan, and Retiree Benefit Plan at a Board meeting held on November 15, 2022.

Action: Motion Carried.

Other

There was no other business.

Excused Absence

Motion by Trustee Zerkle, **Seconded** by Trustee Price, for an excused absence for Trustee DeShon Leek.

Action: Motion Carried.

Adjourn

There being no further business, the Pension Fund Trustees meeting adjourned at 5:18 p.m.

Approved by the Trustees on November 14, 2023