

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

COPY

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

April 22, 2010
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:34 a.m.

Present: Trustees Antekeier, Dedic, Korkoske, Kraus, McCaffery, Murphy, Singleton, Wood – 8.
Absent: Trustee Bernero

Others: Karen E. Williams, Jerry Ambrose, Finance Department; Attorney Kenneth Lane, Clark Hill Law Office (representing the Law Department); Mark Parker, UAW; Sue Topping, Finance Department.

It was moved by Trustee Kraus and supported by Trustee Wood to approve the Official Minutes of the Joint Police and Fire Retirement and the Employees' Retirement System Board Regular Meeting of February 16, 2010.

Adopted by the following vote: 8 – 0.

It was moved by Trustee Kraus and supported by Trustee Dedic to approve the Official Minutes of the Employees Retirement System Meeting of March 16, 2010 with amendments.

Adopted by the following vote: 8 - 0.

Secretary's Report.

0 new member(s), 0 reinstatement(s), 3 refund(s), 0 transfers, 2 retired. Total: Active membership: 583. Total deferred: 54. Refunds made since the last regular meeting amounted to \$ 11,217.31. Retirement allowances paid for the month of March, 2010 amounted to \$1,519,857.83. Total retirement checks printed for the ERS System: 801. 5 death(s), Tadeusz Chruscielski, (Public Service -UAW), retired 2/7/2005, age 61, died 2/17/2010, spouse to receive 50%; Merle W. Peacock, (Planning - Exempt), retired 6/1/1984, age 91, died 2/18/2010; Walter H. Byrd, (Parks-NonBaraining), retired 5/27/1979, age 92, died 2/24/2010, spouse

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Secretary's Report - cont.

to receive 50%; Beverly Pascalenas, age 75, died 2/24/21, surviving spouse of UAW retiree; James B. Ramsey (Public Service - T580, retired 8/1/1987, age 87, died 3/30/2010, spouse to receive 50%; Eligible domestic relations order received: 1. Domestic relations orders pending: 0. Eligible domestic relations order certified: 1.

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

Sharon H. Bommarito, (Human Resources - Executive Plan), 9 years, 9 months, age 58, effective 4/1/2010 (From Deferred).

Michael Rouse (Parks - UAW), 25 years, 2 months, age 50, effective April 1, 2010.

Edward Simons, (Public Service - UAW), 29 years, age 50, effective April 16, 2010.

Jesus G. Gonzalez (Central Garage - UAW), 13 years, 8 months, age 66, effective April 17, 2010.

Adopted by the following vote: 8 - 0.

There was two requests for Refund of Accumulated Contributions: Ms. Yvonne Zuk, beneficiary of Daryl Zuk (deceased), Code Compliance, \$19,161.00. Ms. Amber Paige, FOP 911, \$676,00.

Karen Williams updated trustees regarding the MAPERS Conference. Registrations were made and would be distribution once received.

Trustee Kraus provided an report of the Michigan Trustee Education Forum hosted by Asset Consulting Group. Trustee Kraus discussed the topics of the Forum and suggested members review the material and contact Asset Consulting with questions.

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Ms. Sue Topping requested direction from the board, regarding her desire to purchase three years of service. Ms. Topping actuarial cost was more than the annual IRS limits for after-tax contributions. She wanted to purchase the entire amount but was informed by the Retirement Office and the City Attorney's Office that her purchase would violate IRS guidelines. She inquired how much time she could purchase this year because she made an after-tax contribution to an Individual Retirement Account.

Gabriel, Roeder, Smith and the City Attorney's Office informed Ms. Topping that she should contact a tax expert regarding how much of the three years that she could purchase this year. Ms. Topping requested that the board waive the actuary fee, so that she could purchase the remaining service credit in the following year.

Attorney Lane advised that he was aware of Ms. Topping's request and had reviewed her request. Attorney Lane opined that the Board or the City Attorney's Office could provide her advise on how much service credit that she could purchase. Attorney Lane opined that the Board could not give any tax advise regarding the purchase.

Trustee Antekeier suggested that the Board can work with Gabriel, Roeder, Smith to assist with a fee waiver for the recalculation. Trustee Korkoske suggested that the Actuary provide an evaluation for how much the remaining service credits would cost as of January of next year.

It was moved by Trustee Wood and supported by Trustee Kraus for the chair to write a letter to Gabriel, Roeder, Smith to request an one-time waiver for the calculation of Ms. Topping actuary cost to purchase the remainder of three years. Adopted by the following vote: unanimously.

Trustee Kraus suggested an one-page document that explains the IRS Annual limit for after-tax contributions. Attorney Kenneth Lane stated that he would discuss with the City Attorney's Office regarding drafting a disclaimer document to use with the purchase of service credits.

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Attorney Kenneth Lane provided an update regarding the Invesco Mortgage Recovery Fund. Paperwork for the \$4.3 million was submitted by the March 30, 2010 deadline. Karen Williams reported that investment is funded through Capital Calls. The first investment was for \$1,318,589 to the Invesco Mortgage Recovery Fund.

Karen Williams distributed a memo from Gabriel, Roeder, Smith and Company regarding the effect of the 2010 Retirement Incentive on the assets for 911 Employees Transfer.

Trustee Wood inquired to legal counsel if the memo was considered a supplemental actuarial evaluation that satisfies the PA 314 requirement. Attorney Lane responded that the memo did satisfy the PA 314 requirement.

It was moved by Trustee Wood and supported Trustee Kraus by based on the supplemental actuarial report, that the Employees Retirement Office recommends that transfer of the 911 employees.

Adopted by the following vote: unanimously

Attorney Kenneth Lane opined that Public Act 314 states that the supplemental actuarial evaluation is required for the Board's review and City Council at least seven days before pension benefit changes.

The Board requested that Ms. Williams contact Gabriel, Roeder, Smith and Company for a supplemental actuarial evaluation regarding the Proposed Ordinance Change that would amend the Employees Retirement System to allow members to purchase service credits.

Attorney Kenneth Lane provided an legislative update of amendments for PA 314. Attorney Lane also reviewed proposed legislation that would allow MERS to take over distressed pension systems.

Trustee Murphy expressed concerned with the distressed pension legislation. He reported to the Board that he was familiar with the proposed legislation but stated that the House Bill had opposition from the Detroit City Council.

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Trustee Kraus reported that the Joint Employees Retirement System and the Police and Fire Retirement System Investment subcommittees met and chose

finalists to interview. Trustee Kraus further reported that the subcommittee received a memo from Asset Consulting Group that there were some concerns with Axel Rosenberg. Asset Consulting Group recommended removing Axel Rosenberg from consideration for the interviews. Trustee Kraus suggested Analytic as a replacement for Axel Rosenberg.

It was moved by Trustee Kraus and supported by Trustee Wood to remove Axel Rosenberg from interview consideration and replace that firm with Analytic.

Adopted by following vote: unanimously

Trustee Kraus explained how the purchase of time is handled using direct rollovers.

It was moved by Trustee Kraus and supported by Trustee Wood to designate Mark Colby, Finance Department Payroll and Benefits Supervisor, as an additional authorized signer for the Employees Retirement System for the sole purpose of executing the T Rowe Price and ING rollover forms, acknowledging acceptance by the plan of the funds to purchase service credits, pursuant to Ordinance Section 292.155(b)(5), effective until July 1, 2010.

Adopted by the following vote: 7 - 0

Karen Williams distributed a memo from Gabriel, Roeder, Smith and Company regarding the 2010 Retirement Incentive Plan.

Trustee Wood inquired to legal counsel if the report from Gabriel, Roeder, Smith satisfies the requirements of PA 314 as a supplemental report. Attorney Kenneth Lane informed the board that the report does satisfy the requirement.

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It was moved by Trustee Wood and supported by Trustee Kraus that based on the letter received by Gabriel, Roeder, Smith stating that the Incentive will have .064 percent effect on Retirement system, that the Employees Retirement Board move this letter forward to City Council with a recommendation that they adopt the Retirement Incentive.

Adopted by the following vote: 7 - 0.

Trustee Dedic updated the Board regarding the ERS Retirement Ordinance.

It was moved by Trustee Dedic and supported by Trustee Wood to accept the language changes to the ERS Retirement Ordinance contingent on legal counsel review.

The Board discussed compensation for a retiree who returns to work for the City as contract workers.

Adopted by the following vote: unanimously

It was moved by Trustee Wood and supported by Trustee Singleton for the chair to draft a cover letter to be sent with the Ordinance to City Council.

Adopted by the following vote: unanimously

Trustee Kraus updated the Board regarding the Request for Proposals for the Actuary services. Trustee Kraus requested that Trustee Dedic and Trustee Antekeier review the benefit provisions and any recent amendments.

It was moved by Trustee Wood and supported by Trustee Murphy to start the search for an Actuary firm.

Adopted by the following vote: unanimously

Attorney Kenneth Lane provided an update of the Joint Committee for Fraud Monitoring/Securities Litigation firms. Three firms have accepted the Board's invitations for interviews.

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Karen Williams distributed a memo from Gabriel, Roeder, Smith and company regarding the Proposed Ordinance Change - Amending Employee Retirement System to allow members to purchase service credits.

Jerry Ambrose read a memo from Brad Armstrong also indicating that the Proposed Ordinance change will be cost neutral.

Trustee Wood inquired to legal counsel if the memo from Gabriel, Roeder, Smith satisfies the requirements of PA 314 as a supplemental report. Attorney Kenneth Lane informed the board that the memo does satisfy the requirement.

It was moved by Trustee Wood and supported by Trustee Kraus that pursuant to the memo from Gabriel, Roeder, Smith and Company that the proposed Ordinance Amendment would be cost neutral to the Retirement System for the purchase of up to five years of service credits. It was further moved that this memo be forwarded to City Council with the Board's recommendation, stating that this amendment will have no effect on the Retirement System. .

Adopted by the following vote: 7 - 0.

It was moved by Trustee Wood and supported by Trustee Dedic that provide to counsel its recommendation that the Employees Retirement System supports the Ordinance language changes for the Retirement Incentive.

Adopted by the following vote: 7 - 0.

Karen Williams distributed and reviewed the March Investment Report.

Karen Williams reported the Quarterly Cash Flow Withdrawal recommendation from Asset Consulting Group of liquidating \$3.5 million from BlackRock and \$500,000 from Western Asset Management to Comerica. Karen Williams also requested \$5,000 from Northern Trust Securities Lending to Comerica for Board Administrative Expenses.

It was moved by Trustee Kraus and supported by Trustee Dedic that based on the recommendation from Asset Consulting Group that \$3.5 million from Black