

**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

December 16, 2010
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:44 a.m.

Present: Dedic, Kraus, McCaffery, Parker, Singleton, Wood - 6
Absent: Trustee Bernero, Rose

Others: Karen E. Williams, Eric Tumbarella, Finance Department; Attorney Kenneth Lane, Clark Hill (representing the City Attorney's Office).

It was moved by Trustee Wood and supported by Trustee Parker to approve the Official minutes of the Joint Police and Fire and the Employees Retirement System Regular Meeting of November 18, 2010.

Adopted by the following vote: unanimously

It was moved by Trustee Kraus and supported by Trustee Wood to approve the Official minutes of the Employees Retirement System Regular Meeting of November 30, 2010.

Adopted by the following vote: unanimously

There were no public comments for items on the agenda.

Secretary's Report. 0 new member(s), 0 reinstatement(s), 1 refunds(s), 0 transfers, 2 retired. Total active membership: 509. Total deferred: 50. Refunds made since the last regular meeting amounted to \$35,703.18. Retirement allowances paid for the month of November 2010 amounted to \$1,697,036.78. Total retirement checks printed for the ERS System: 846. 3 death(s). James D. Goodin, died 10/18/2010 (Executive Plan), retired, 11/1/1989, age 60, beneficiary to receive 50%; Bert W. Jackson, 11/29/2010, (NonBargaining), retired 6/15/1993, age 89, no beneficiary; Vernon C. Fountain, died 12/9/2010 (Exempt), retired 11/21/1992, age 78, no beneficiary. Domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

There were no Requests for Regular Age and Service Retirements.

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There were no requests for duty disability retirements.

Ms. Williams reported that she had spoken to the medical director regarding non-duty applicant E2010-1021. His report is almost done and he will forward it to the Retirement Office when it has been completed.

There were no Requests for Refunds of Accumulated Contributions.

It was moved by Trustee Wood and supported by Trustee Parker to excuse Trustee Rose from the Board Meeting.

Adopted by the following vote: 6 -0.

Trustee Mark Parker provided a report of the New York Due Diligence Visit. He reported that he learned a lot regarding real estate and enjoyed the Milberg presentation. Trustee Singleton concurred and related that she especially enjoyed ING Clarion Real Estate Presentation. She encouraged all trustees to attend the future due diligence visit.

Trustee Kraus also provided an overview of the ING Clarion, MD Sass, and Milberg Presentation. Trustee Kraus expressed her concerns regarding Artio Investments. Trustee Dedic also suggested having a policy regarding how claims are filed with the fraud monitoring firms.

Attorney Ken Lane concurred that the Board should have a policy and internal procedure on how claims are filed with the fraud monitoring firms. Attorney Lane briefly also discussed the Milberg investigative techniques.

Karen Williams distributed a survey from MAPERS requesting financial information regarding the retirement system. Ms. Williams reported that the Police and Fire Retirement Board recommended that the Retirement Office send a copy of Actuary Report and year-end financial data and the investment report.

It was moved by Trustee Wood and supported by Trustee Parker to send a copy of the actuary report and the year-end investment report to MAPERS in response to their survey.

Adopted by the following vote: 6 – 0.

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Karen Williams updated the Board regarding Mr. John Salmons who wished to change his beneficiary post retirement. Ms. Williams distributed a memo from Brad Armstrong, Gabriel, Roeder, Smith responding to the issues and concerns of a change to a beneficiary post-retirement.

It was moved by Trustee Wood and supported by Trustee Kraus to have legal counsel provide clarification of the impact that a change of beneficiary post-retirement would have on the retirement fund.

Adopted by the following vote: 6 – 0

Karen Williams distributed a memo from Asset Consulting Group recommending that the Employees Retirement System re-invest UBS and ING Clarion cash dividends into the real estate portfolio.

It was moved by Trustee Kraus and supported by Trustee Parker to follow the Asset Consulting Group recommendation to re-invest cash dividends from UBS and ING Clarion back into the real estate portfolio.

Adopted by the following vote: 6 - 0

Karen Williams updated the Board regarding Asset Consulting Group memo that recommended replacing Northpointe. Ms. Williams reported that at the Joint Meeting, the Employees Retirement System did not have a quorum and did not vote to replace Northpointe. Ms. Williams informed the Board that John Jackson of Asset Consulting Group would like to meet with the Joint Investment subcommittee on January 19, 2011 to choose finalists for the Boards to interview.

Trustee Singleton requested that she would like the opportunity to hear Northpointe. The Board discussed having Northpointe included with Asset Consulting Group Small/Mid Cap Investment Company search presentation on January 19, 2011.

It was moved by Trustee Wood and supported by Trustee Parker to have Northpointe included in the Asset Consulting Group Small/Mid Cap Investment Company search presentation.

Adopted by the following vote: 6 – 0.

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Karen Williams distributed a memo from Asset Consulting Group regarding the Munder Acquisition of Integrity agreement. Asset Consulting Group had no issue with Munder and recommended the Board sign the Integrity Agreement letter concerning the acquisition. Karen Williams also informed the Board that the agreement was sent to legal counsel review. Attorney Lane had no issues with the Integrity agreement letter.

It was moved by Trustee Wood and supported by Trustee Parker to follow the recommendation of Asset Consulting Group and have the chairperson sign the Integrity Agreement Letter regarding the Munder acquisition.

Adopted by the following vote: 6 – 0.

Karen Williams updated the Board that she met with Eric Tumbarella, Mark Colby and Jerry Ambrose regarding comprehensive pension software for the Retirement Office. Mr. Tumbarella suggested Ms. Dawn Polihonki as a project manager to assist with selecting a vendor. He provided a proposal for her services from the Dewpoint Company for the Board's consideration.

Attorney Ken Lane provided a contract based upon the Dewpoint proposal. The Board discussed the proposal and the duties of the project manager.

It was moved by Trustee Wood and supported by Trustee Kraus to contract with Dewpoint for the services of Ms. Dawn Polihonki as project manager to assist the Board with the selection of comprehensive retirement software. The funding for the contract would be contingent on final legal counsel review and not exceed \$20,000 and the cost would be split with the Police and Fire Retirement Board.

Adopted by the following vote: 6 - 0

Karen Williams distributed a copy of the Police and Fire Board letter to City Council regarding Board appointment.

Trustee Kraus requested assistance to help to finalize the actuary bid process review so that interviews can be scheduled.

Attorney Ken Lane distributed copies of a suggested Code of Ethics for the Employees Retirement System Board. The Board requested a month to review the policy. Attorney Lane updated the Board that the ERS Ordinance review was near completion from the City Attorney Office and would be presented to City Council.