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

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

March 17, 2011
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:38 a.m.

Present: Dedic, Kraus, McCaffery, Munroe, Parker, Rose, Robinson (8:51), Singleton -
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Absent: Trustee Bernero

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

It was moved by Trustee Kraus and supported by Trustee Rose to approve the Official
minutes of the Employees Retirement System Regular Meeting of February 17, 2011.

Adopted by the following vote: unanimously

It was moved by Trustee Kraus and supported by Trustee Singleton to approve the
Official Joint Police and Fire Retirement System and the Employees Retirement System
Board Meeting of February 15, 2011.

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), 0 refund(s), 0 transfers, 0
retired. Total active membership: 510. Total deferred: 51. Refunds made since the last
regular meeting amounted to \$0.00. Retirement allowances paid for the month of
February, 2011 amounted to \$1,663,653.52. Total retirement checks printed for the
ERS System: 845. 1 death(s) Albert E. Howell, died 2/28/2011, (Public Service – UAW),
age 67, spouse to receive 50%. Eligible 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.

There were no requests for duty disability retirements.

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It was moved by Trustee Kraus and supported by Trustee Singleton to recess the meeting to allow the Disability subcommittee to meet to discuss disability applicants.

Adopted by the following roll call vote: 7 - 0

Yeas: Dedic, Kraus, McCaffery, Munroe, Parker, Rose, Singleton

Nays: 0

The meeting recessed at 8:41 a.m.

It was moved by Trustee Kraus and supported by Trustee Singlet to rise from recess.

Adopted by the following roll call vote: 7 - 0.

Yeas: Dedic, Kraus, McCaffery, Munroe, Parker, Rose, Singleton

Nays: 0

The meeting resumed at 8:45 a.m.

Trustee Kraus reported that the Disability subcommittee met and recommends that the Board concur with the Medical Director's opinion to approve non-duty disability for Case #2010-E1021.

It was moved by Trustee Kraus and supported by Trustee Munroe to concur with the Medical Director's report and approve the non-duty disability of Case #2010-E1021.

Adopted by the following vote: 7 - 0

Ms. Williams reported that Case #2011 -E0315 has applied for non-duty disability based upon a serious health condition and cannot return to work. The case has been referred to the disability committee and has been reviewed.

It was moved by Trustee Kraus and supported by Trustee Munroe to refer Case #2011-E0315 to the Medical Director for evaluation.

Adopted by the following vote: 7 - 0.

There were no Requests for Refunds of Accumulated Contributions.

It was moved by Trustee Kraus and supported by Trustee Singleton to excuse Trustee Robinson from the Employees Retirement System Meeting of March 17, 2011.

Adopted by the following vote: 7 - 0

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Karen Williams announced that members should have received their registration material for the Spring MAPERS that will be held May 1 – 3, to the City of Lansing Retirement Office. Ms. Williams was waiting for information for hotel registration.

Trustee Robinson arrived to the meeting.

Attorney Ken Lane provided a brief preview of some of the proposed board policies.

Attorney Ken Lane provided a legislative update regarding HB4214 on the Emergency Financial Manager. Attorney Lane discussed the provision that would authorize the emergency manager to reject, modify, or terminate the terms of an existing contract or a collective bargaining agreement (CBA). Additionally, Attorney Lane discussed the provision regarding that would authorize the emergency manager to assumed control of the government's pension system, set and approve actuarial assumptions and eliminate the pension's system board for local governments not funded at a level of 80% or more.

Attorney Ken Lane provided an update of fraud monitoring presentation by Milberg. Attorney Lane reported that the Employees Retirement System did not enter the litigation with the Police and Fire Retirement System. Attorney Lane reported that the Police and Fire Retirement Board had escrowed shares of Invacare stock. Milberg has sent a letter to Invacare as provided by Ohio law giving them 45 days to address their procedures before litigation would be initiated.

Attorney Lane reported to the Employees Retirement System Board that the City Attorney informed him that Barrack Rodos and Bacine will be the third fraud monitoring firm for the Retirement Boards. Attorney Lane summarized that the Boards only voted for two firms, Milberg and Robbins, Geller, Rudman & Dowd. Attorney Lane explained that the City Attorney's provided an opinion that his interpretation of the Ordinance provided him the authority as legal counsel to hire the third firm. The City Attorney had Barrack Rodos and Bacine added to the City Council list of pre-approved legal firms.

Attorney Ken Lane provided an overview of the proposed policy for fraud monitoring. Attorney Ken Lane stated the policy would provide a threshold in which a firm would contact the Retirement System. Attorney Lane discussed that when a company is sue, sometimes they may file a countersuit. Therefore, the City Attorney's Office must be involved in the process. When a fraud monitoring firm brought proposed litigation to the Board, the City Attorney's Office would review the case regarding the legal aspects. The case would be brought to the Board and Asset Consulting will also review the litigation.

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Attorney Lane further discussed that the Police and Fire Board had concerns that the City Attorney could give the litigation to a firm of his choosing regardless of what firm brought the case to the Board. Attorney Lane stated that the Police and Fire Retirement Board decided to wait until the Policy was drafted before any action be taken.

Trustee Carol Wood of the Police and Fire Retirement System requested to speak to the Employees Retirement System Board to provide further explanation regarding the fraud monitoring. Trustee Wood stated that she met with the City Attorney regarding the two firms voted on by the Board. At the time, the City Attorney was not happy that Barrack, Rodos and Bacine was not chosen and wished to add the third firm to the City Council resolution, and stated that the Board was under no obligation to use the firm. The agreement was that at a later time, the City Attorney would come back to the Board to request that Barrack, Rodos and Bacine be added. Trustee Wood stated that she would suggest to the Police and Fire Retirement Board to reaffirm the two chosen firms.

It was moved by Trustee Rose and supported by Trustee Robinson to have Barrack, Rodos and Bacine provide their presentation to the Employees Retirement System.

Trustee Kraus informed the members that Barrack, Rodos and Bacine and were interviewed with the other firms was not chosen. The City Attorney did not to participate in the interviews.

Adopted by the following vote: 8 – 0.

Attorney Ken Lane will set up the presentation.

Trustee Dedic referred the proposed policies to pending until next month.

Attorney Ken Lane reviewed the William Blair agreement as the new investment manager. He distributed a copy of the agreement for the Board's review. Attorney Ken Lane provided an overview of his modifications to the agreement that were sent to William Blair.

Karen Williams distributed a memo from Asset Consulting Group regarding ING Real Estate Investment Manager and a letter from ING Clarion. ING has recently announced the sale of its real estate business and entered an agreement to move its real estate division to a new company Lightyear Capital LLC.

It was moved by Trustee Kraus and supported by Trustee Rose to search a manager search to replace ING Clarion as recommended by Asset Consulting Group.

Adopted by the following vote: 8 – 0.

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Karen Williams reported that the Duty Disability income verification letters were mailed to retirees. Their verifications are due April 30, 2011. Ms. Williams explained that duty disability retirees are required by Ordinance to report their outside income to the Retirement Board.

Attorney Ken Lane provided an overview of the modifications by Asset Consulting Group to the Investment Policy. Attorney Ken Lane provided an overview of the Investment Policy changes proposed by Asset Consulting Group. Some of the changes were that the hedge fund section was eliminated, and modifications to the section regarding security lending.

The Retirement Analyst announced that the Interviews for the two finalists for Board will be held, Wednesday March 30 2011, from 8:30 am -12noon. The Joint Special Projects committee will be conducting the interviews. The interviews will consist of three parts, actuary report presentation, an education topic, and questions and answers.

Attorney Ken Lane opined that the Police and Fire Retirement System requested a policy regarding the SAS 70 report review and inquired if the Employees Retirement system would like the same policy.

Karen Williams reported to the Board that she met with the State of Michigan to receive a demonstration of their pension software system. The Software proposals (RFPs) have been received by the Retirement Office and are ready for review. The project manager will prepare an analysis of all the respondents.

It was moved by Trustee Kraus and supported by Trustee Parker to refer the proposals to the Special Projects subcommittee.

Adopted by the following vote: 8 – 0.

Karen Williams distributed and discussed the Investment Report and the Securities Lending Monthly report for February.

It was moved by Trustee Rose and supported by Trustee Singleton to adjourn the meeting.

Adopted by the following vote: 6 - 0

The meeting adjourned at 9:25 a.m.

Minutes approved on _____

Jerry Ambrose, Secretary
Employees' Retirement System

Scott Dedic, Chairperson
Employees' Retirement System