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

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

June 23, 2011
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:58 a.m.

Present: Dedic, Kraus, Munroe, Parker, Robinson (9:15), Rose - 6
Absent: Trustee Bernero, McCaffery, Singleton

Others: Karen E. Williams, Finance Department; Attorney Kenneth Lane, Clark Hill
(representing the City Attorney's Office; John Jackson, Asset Consulting Group;
Scott Rubin, Brian Holland, Artio Global Investments.

Secretary's Report. 0 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 0 retired. Total active membership: 506. Total deferred: 54. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of May, 2011 amounted to \$1,659,621.09. Total retirement checks printed for the ERS System: 840. 1 death(s), John C. Wabake, died 5/22/2011, (Traffic - retired 1/5/1993), age 75, no beneficiary. Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

It was moved by Trustee Parker and supported by Trustee Munroe to approve the Official minutes of the Employees Retirement System Regular Meeting of May 19, 2011.

Adopted by the following vote: 5 - 0

It was moved by Trustee Kraus and supported by Trustee Parker to approve the Official minutes of the Joint Employees Retirement System and the Police and Fire Retirement System Boards meeting of May 19, 2011

Adopted by the following vote: 5 - 0

There were no public comments for items on the agenda.

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It was moved by Trustee Munroe and supported by Trustee Parker to approve the following Request for Regular Age and Service Retirement:

Murdock Jemerson (Parks – Executive Management), 11 years, 11 months, age 60, effective June 14, 2011.

Adopted by the following vote: 5 – 0.

There were no requests for duty disability retirements.

Ms. Williams reported that the Retirement Office received the Medical Director's Report for Case #2011 --E0317 and the report was forwarded to the disability subcommittee for review.

Trustee Kraus reported that the disability subcommittee reviewed Dr. Roth's report for Case #2011 – E0317 and recommends concurrence with the Medical Director's evaluation to approve non-duty disability retirement.

It was moved by Trustee Rose and supported by Trustee Parker to concur with the Medical Director's report to approve the non-duty disability retirement of Case #2011 – E0317.

Adopted by the following vote: 5 – 0.

There were no Requests for Refunds of Accumulated Contributions.

It was moved by Trustee Rose and supported by Trustee Parker to excuse Trustee McCaffery from the Employees Retirement System Meeting of June 23, 2011.

Adopted by the following vote: 5 - 0

Mr. Scott Rubin and Mr. Brian Holland of Artio Global Management provided a performance review of City of Lansing Retirement System investment. Mr. Rubin provided an overview of the Firm, the Artio Global Team and account summary. Mr. Holland reviewed the Calendar Year Performance for 2010 and 2009, and the portfolio risk characteristics. Mr. Brian Holland provided an overview of the Artio Global philosophy, process and market strategy.

Trustee Robinson arrived to the meeting.

The Employees Retirement Board discussed with John Jackson, the Artio Global Investment underperformance for 2008 – 2010 relative to its benchmarks. The Board discussed replacing the Artio Global investment and asked John Jackson to provide recommendations to the investment subcommittee.

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The Board moved to the Real Estate Investment Subcommittee Report. Trustee Rose reported that the subcommittee reviewed three potential replacements for ING Clarion. The committee received good presentations from JP Morgan and Prissa II and it was hard decision between the two firms. Trustee Rose felt that Prissa II met their goals better and were not weighted with a lot of industrial properties. Trustee Rose felt that Prissa II had a better balance of properties within the east and west coast.

Trustee Parker also reported that he liked the Prissa II value-added approach. The subcommittee recommendation was to hire Prissa II.

John Jackson reviewed Prissa II entrance and exit strategy for investments. The Board will commit a certain dollar amount and then Prissa II will call for the capital when needed. Mr. Jackson also explained how Prissa II acquires properties for the portfolio. Mr. Jackson also explained the differences between JP Morgan, Prissa II and the current manager, ING Clairon.

Asset Consulting Group has recommended 5% real estate investment. The current investment is 1% with ING Clairon. John Jackson stated that the Board keep at 1% allocation to ING Clarion, and pull the money for capital calls from the over weighted assets in the portfolio.

It was moved by Trustee Rose and supported by Trustee Parker to hire Prissa II and pull the capital calls from the over weighted asset in the portfolio, then slow withdraw from ING Clarion.

Adopted by the following vote: 6 -- 0

John Jackson reviewed the replacement strategy for Artio Global. He reported that Asset Consulting generally provided six possible investment managers for the Board to narrow down to 2-3 finalists for interviews.

Attorney Ken Lane reviewed the Election Policy and the Board requested that the current draft be revised with alternatives. Attorney Lane also reviewed the current Disability Application Review Policy. Trustee Dedic suggested that the criteria should be that a duty disability applicant should only be evaluated for the job in which he was injured. Attorney Lane stated that Trustee Dedic's suggestion would require an amendment to the Ordinance.

Attorney Lane provided a draft for the Frequently Asked Question Document for the Employees Retirement System. The Board requested another month to review with corrections made by the Retirement Office.

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Attorney Lane reported that the City of Lansing did not get the lead plaintiff position for the litigation against China Integrated. Attorney Lane provided an update of the Invacare possible litigation. Milberg is waiting for a response to its letter outlining the concerns regarding Invacare's product. Milberg has reported that Invacare may voluntarily take care of the issue and they may not be a need for litigation.

Attorney Lane reviewed the Fraud Monitoring Policy. John Jackson also discussed that he was checking with other firms to advise the Board regarding a dollar amount for the policy. Attorney Lane suggested a \$50,000 dollar amount threshold in which the fraud monitoring firms would not bring litigation issues to the Board. Attorney Lane discussed the dollar amount with Milberg and Robbins, Gellar.

Attorney Ken Lane provided a legislative update that summarized the pending Michigan House and Senate Bills and recently adopted Public Acts. He reviewed HB 4060 and 4123. The HB 4156 would require public pension system boards to publish its annual report, budget, and a listing of all expenditures on a website.

Trustee Rose and Trustee Robinson discussed costs to the retirement system keep a retirement website updated with the required information if passed by the Michigan legislature.

Attorney Ken Lane also discussed HB 4223 and SB 7. Senate Bill 7 would create the "Publicly Funded Health Insurance Contribution Act" to require that all public employees pay a certain percentage of the overall cost of the health insurance. Attorney Lane stated that as the current bill is written, it does not apply to retirees.

Attorney Ken Lane reviewed the Public Act 38 of 2011 that amended the Michigan Income Tax law to tax public pensions, depending the age of the taxpayer.

Trustee Dedic moved the ERS Ordinance Status and Board policies to pending until the next meeting.

Karen Williams distributed the handbook updates to trustees and Attorney Ken Lane reviewed the updated table of contents.

Karen Williams updated the Board that she provided a demonstration on the Retirement Calculation worksheets for the State of Michigan group working on pension software.

Karen Williams distributed the Securities Lending and Board Expense Monthly report for May.

John Jackson provided a review of the Investment Report for the month ending May 31, 2011.

Attorney Ken Lane reported that EFI Actuaries has returned a signed original copy for the contract for actuarial services.

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

Adopted by the following vote: 5 -0.

The meeting adjourned at 11:01 a.m.

Minutes approved on _____

Jerry Ambrose, Secretary
Employees' Retirement System

Scott Dedic, Chairperson
Employees' Retirement System