

**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

August 25, 2011  
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 9:00 a.m.

Present: Dedic, Munroe, Parker, Rose, Singleton (9:10 a.m.) - 5  
Absent: Trustee Bernero, Kraus, McCaffery, Robinson

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

Secretary's Report. 5 new member(s), 0 reinstatement(s), 1 refund(s), 0 transfers, 6 retired. Total active membership: 499. Total deferred: 57. Refunds made since the last regular meeting amounted to \$21,869.26. Retirement allowances paid for the month of July, 2011 amounted to \$1,701,353.18. Total retirement checks printed for the ERS System: 846. 4 death(s), Mr. James Crisp, died 7/8/2011, (Public Service – duty disability 2/20/2004), age 57, spouse to receive 100%; Ruth E. Meckes, died 7/10/2011, age 89, no beneficiary; Ms. Meriem Titus, died 6/20/2011, age 94, spouse of Exempt retiree; Ms. Lillie Thornton, died 6/18/2011, age 90, spouse of Exempt retiree. Eligible domestic relations orders received: 1. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

There were no public comments for items on the agenda.

There were no requests for Duty Disability Retirements.

There were no requests for NonDuty Disability Retirements.

Karen Williams announced that Trustee should have received their MAPERS and hotel registrations. Ms. Williams distributed an invitation for dinner hosted by Keri Hepburn of Invesco during MAPERS. She asked that interested Trustees contact the Retirement Office.

Karen Williams announced upcoming Asset Consulting Dates: September 13 will be ERS Investment Subcommittee for International Global Investment Search; September 14 for Joint Investment Subcommittee meeting to review Multi-Sector Fixed Income Investments. John Jackson proposed a date in November to reschedule Trustee Training and December 6 -7 for the due diligence visit to Asset Consulting Group.

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The Retirement Office reported 1 request for Refund of Accumulated Contributions for Danielle Stubbs, City Council Staff, \$3,108.60. Ms. Stubbs was not vested.

It was moved by Trustee Rose and supported by Trustee Parker to approve the Official minutes of the Employees Retirement System Regular Meeting of July 21, 2011.

Adopted by the following vote: 5 - 0

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

Timothy J. May, (Parks- Teamster 580), 8 years, 4 months of service, age 58, Effective August 1, 2011. (From Deferred)

Adopted by the following vote: 5 – 0.

It was moved by Trustee Munroe and supported by Trustee Rose to excuse Trustees Kraus and McCaffery from the Employees Retirement System Board meeting.

Adopted by the following vote: 5 - 0.

Attorney Ken Lane reviewed the Disability Application Review Policy. Attorney Lane explained that the disability subcommittee would work with the Human Resources Department to provide a list of eligible job for Dr. Roth to review when determining duty disability.

It was moved by Trustee Rose and Trustee Parker to approve the Employees Retirement System Disability Application Review Policy and that it supersedes any previous Disability Application Review Policy and will be placed in the Trustee Handbook.

Adopted by the following vote: 5 – 0.

Attorney Lane reviewed the amended draft for the Frequently Asked Question Document for the Employees Retirement System.

It was moved by Trustee Rose and supported by Trustee Parker to approve the Employees Retirement System Frequently Asked Question Document.

Adopted by the following vote: 5 – 0

Attorney Lane distributed updates for the Trustee Handbooks.

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Attorney Lane updated the Board regarding the pending Fraud Monitoring Policy. Milberg withdrew its case against Integrated on behalf of the Board because Puerto Rico will be lead plaintiff. 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. The policy was placed on pending until next month.

Attorney Ken Lane provided a legislative memo that summarized the legislation regarding Health Care in the Michigan Senate. The bill is a hybrid that would provide an option for employers to set a hard dollar amount cap or allow employers to pay no more than 80%. The bill passed both houses and would have an effective date of July 2012. Attorney Lane indicated that the current bill is not applicable to retiree health care plan.

Attorney Ken Lane requested to go into closed session to review attorney-client privileged information.

It was moved by Trustee Rose and supported by Trustee Singleton to go into closed session to review attorney client privileged legal opinion.

Adopted by the following roll call vote: 5 - 0  
Yes: Dedic, Munroe, Parker, Rose, Singleton  
No: 0

The session was closed at 9:25 a.m.

The session was opened and resumed at 9:45 a.m.

Karen Williams updated the Board that she talked with the Greg Stump of EFI to determine if EFI has Minute Master Services. EFI did not have these services, but would be willing to look into these services in the future. Trustee Dedic suggested that the Board review the Minute Master proposal from Gabriel, Roeder, and Smith. Ms. Williams indicated the Minute Master fee proposal provided a range of \$1,850 -\$2,650 not to exceed \$3,100. The Police and Fire System approved the fee for Minute Master.

It was moved by Trustee Rose and supported by Trustee Parker to approve the Gabriel, Roeder, Smith fee for Minute Master with expenses not to exceed \$2,650.

Adopted by the following vote: 5 – 0.

Trustee Mark Parker reported that the Investment subcommittee met to review managers to replace Artio Global. The three firms selected for interviews were Arrowstreet, Earnest, Harding-Loevner.

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Trustee Rose reported that the investment subcommittee also discussed adding emerging market sector into the portfolio.

It was moved by Trustee Rose and supported by Trustee Parker to accept the Investment subcommittee recommendations to interview Arrowstreet, Earnest and Harding-Loevner and to start a search for an emerging market manager.

Adopted by the following vote: 5 – 0

Karen Williams distributed a memo from John Jackson of Asset Consulting Group regarding Multi-Sector Fixed Income Review. Mr. Jackson would like to have the review September 14 for both retirement boards to further diversify their investment portfolio. Mr. Jackson will provide a list of managers within the strategy for the investment subcommittees to review. The Employees Retirement Board approved moving forward with the Multi-Sector Fixed Income strategy.

Karen Williams distributed a memo from Asset Consulting Group for quarterly cash withdrawals. ACG recommends withdrawing \$1.2 million from Artio Global and \$1.8 million from Western Asset Management. Ms. Williams also notified the board that it was time for the quarterly cash flow from Northern Trust Securities Lending to Comerica of \$5,000.

It was moved by Trustee Rose and supported by Trustee Parker to approve the Asset Consulting Group Recommendation to withdraw \$1.2 million from Artio Global and \$1.8 million from Western Asset Management for quarterly cash flow withdrawals. The Board also will withdraw \$5,000 from Northern Trust Securities Lending for quarterly administrative expenses.

Adopted by the following vote: 5 – 0.

Karen Williams distributed a memo from Asset Consulting Group providing an overview of the SAS 70 report by Northern Trust that discusses the safety precautions in place regarding their system. The Employees Retirement System policy recommends that the Board review and accept the SAS 70 report each year. ACG's report includes information regarding the following Northern Trust services: Account administration, securities movement, securities custody and reconciliation, cash movement and reconciliation, trade communication and settlement, active collateral management, asset data maintenance, asset pricing, income collections, tax reclamations, corporate actions, proxy voting, client reporting and account, and securities lending. Attorney Lane suggested that the Information Technology department should review the safety precautions and controls surrounding the use and implementation of technology.