

**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

January 19, 2012
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:37 a.m.

Present: Dedic, Kraus, McCaffery, Munroe, Parker, Robinson (8:40), Rose, Singleton -
8

Absent: Trustee Bernero

Others: Karen E. Williams, Finance Department; Attorney Kenneth Lane, Clark Hill
(representing the City Attorney's Office); Ms. Keri Hepburn, Mr. Justin Boller, Mr.
Blaine Smith and Mr. Marvin Flewellen, Invesco; John Jackson, Asset Consulting
Group.

It was moved by Trustee Parker and supported by Trustee Singleton to approve the
Official minutes of the Employees Retirement System Regular Meeting of December 15,
2011.

Adopted by the following vote: 8 - 0

There were no public comments for items on the agenda.

Secretary's Report. 0 new member(s), 1 reinstatement(s), 1 refund(s), 0 transfers, 6
retired. Total active membership: 480. Total deferred: 61. Refunds made since the last
regular meeting amounted to \$0.00. Retirement allowances paid for the month of
December, 2011 amounted to \$1,685,545.95. Total retirement checks printed for the
ERS System: 844. 2 death(s), William F. Jipson, died 12/18/2011, (NonBargaining) -
retired 1/4/1992), age 83, no surviving beneficiary; James F. Wolter, died 12/16/2011
(Parks - T580 Sup), age 65 no beneficiary. Eligible domestic relations orders received:
1. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

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

Elaine M. Kellicut, Planning - Non Bargaining, 26 years of service credits, age
57, effective January 7, 2012 (65 points, old plan)

**Employees Retirement System
Regular Meeting of January 19, 2012
Page 2**

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

Gerald Ambrose, Finance – Executive Plan, 6 years, 1 month of service credits, age 62, effective January 21, 2012. (Mr. Ambrose is vested for retirement through the Reciprocal Retirement act with 21 years, and 6 months of service from Ingham County)

Frederick Kopf, Finance, - Teamster 580, 20 years, 3 months of service credits, age 68, effective January 20, 2011 (Mr. Kopf purchased five years of service credits – New Plan)

Adopted by the following vote: 8 – 0.

There were no requests for Duty Disability Retirements.

There were no requests for NonDuty Disability Retirements.

The Retirement Office reported 1 request for Refund of Accumulated Contributions for Erik J. Frost, District Court Teamster, \$10,471.44. Mr. Frost was not vested.

It was moved by Trustee Rose and supported by Trustee Parker to approve the Request of Accumulated Contributions for Mr. Erick J. Frost.

Adopted by the following vote: 8 – 0.

Trustee Dedic and Trustee Robinson requested to be excused from the meeting. Trustee Kraus assumed the chair.

Keri Hepburn, Invesco provided an overview of the Mortgage Recovery Fund. Ms. Hepburn provided a review of the initial investment strategy. The strategy had Legacy securities under its partnership with the U.S. Treasury and Legacy loans through the Invesco Master Feeder Fund. Mr. Marvin Flewellen reviewed the Portfolio Activity and Performance Overview. In 2011, Invesco explained the decision to terminate its partnership with the Treasury Department and its investment into the Mortgage Securities portion of the strategy. Invesco would continue private investments with Mortgage-Related Loans. Mr. Blaine Smith reviewed the current Portfolio Investments.

Trustee Kraus requested that the Invesco Team provide a summary for the change of emphasis from securities to loans.

**Employees Retirement System
Regular Meeting of January 19, 2012
Page 3**

Mr. Smith informed the Board that the Mortgage-related loans offer the best opportunity to meet its return rate objectives. Invesco does not see future opportunities to meet its goals with the Mortgage Securities. Ms. Hepburn added that the fund wanted to invest the contributed capital rather than just return it.

Mr. Justin Boller provided an overview of the Invesco International Equity investment. He provided an investment team overview, investment philosophy and process, equity portfolio and performance.

Mr. John Jackson reviewed the Invesco Mortgage Fund's presentation with the Board and how it relates to the existing portfolio. Mr. Jackson also provided a review of the Investment portfolio for the month of December 2011.

Attorney Ken Lane reviewed the original contract and presentation materials and opined there the Board is locked into the investment for the duration of the contract. Attorney opined everything that was done was in the confines of the contract.

Attorney Lane distributed Board policies for the Trustee Handbooks. Attorney Lane distributed a legislative update for Michigan Senate Bill 797 to amend the Public Employee System Investment Act (PA 314).

Attorney Lane updated the Board that the Franklin Templeton paperwork was ready the chair's signature and the contract can be executed.

Karen Williams distributed the Board's current subcommittee and informed the Board that officer election and updates to the subcommittee will be held at February's meetings.

Karen Williams informed the Board of Northern Trust new products. Northern Trust has a Web Cash Movement service that would allow clients to initiate payment instructions via electronic mail. Trustee Kraus moved the item to pending for the next meeting.

Karen Williams informed the Board that Milberg has provided a year-end Fraud Monitoring Reports for review. Trustee Kraus moved the item to pending for the next meeting.

Karen Williams reported to the Board that Integrity Asset Management has requested to use the name and publish the City of Lansing Employees Retirement System as its client in promotional material.

It was moved by Trustee Rose and supported by Trustee Parker to approve of the use and publication of the City of Lansing Employees Retirement System by Integrity Asset Management.

Adopted by the following vote: 6 – 0.

Trustee Rose updated the Board regarding the Pension Software committee. Trustee Rose informed the Board that the subcommittee reviewed both vendors and their demos. The subcommittee discussed the presentation and will provide its finalist at the Joint Board Meeting in February. Ms. Williams also discussed hosted versus and non-hosted and the subcommittees suggestions. Mr. Eric Tumbarella and the Project manager will be at the meeting to review the project.

Karen Williams distributed the Securities Lending Monthly report for January.

Karen Williams distributed a list of proposed due diligence meetings and investment manager performance reviews for 2012 from Asset Consulting Group. The Board agreed to discuss the dates at the February Board meeting.

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

Adopted by the following vote: 5 -0.

The meeting adjourned at 10:30 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees' Retirement System

Scott Dedic, Chairperson
Employees' Retirement System