

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

COPY

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

June 25, 2012
Monday, 12:00 noon.

The Board met in special session and was called to order at 12:09 p.m.

Present: Trustees Kraus, Munroe (12:14pm), Parker, Rose, Taylor, Woods – 6.
Absent: Trustee Bernero, Dedic, McCaffery

Others: Karen E. Williams, Angela Bennett, Finance Department.

Trustee Rose presided and opened the meeting to public comments.

There were no public comments

Ms. Angela Bennett distributed and reviewed the accounting details regarding the request for reimbursement of \$4.7 million to the general fund for Employees Retirement System operating expenses.

It was moved by Trustee Kraus and supported by Trustee Parker to approve the \$4.7 million from the Comerica to the General Fund to reimburse the City for Employee Retirement System accrued payroll liabilities, investment and contractual fees.

Trustee Rose requested an explanation of the fiscal year 2011 and fiscal 2012 payroll tax liabilities.

Ms. Bennett explained that the gross payroll liabilities included federal, state taxes and health care expenses. The end of Fiscal Year 2011 was not included in the last reimbursement. The current reimbursement request for \$4.7 million will pay for FY 2011 and FY 2012 and make the Employees Retirement System current in payroll expenses.

Trustee Taylor inquired regarding the time period the expenses for the investment managers were paid.

Ms. Bennett explained that the investment manager and contractual fees were paid quarterly and during the same period of time as the payroll liabilities request.

Trustee Wood requested to make comments regarding her feelings and serious concern regarding the whole reimbursement request process.

Trustee Wood stated that the memo was received late in the process and indicated that reimbursement was for management fees. Trustee Wood expressed that the Police and Fire Board was led to believe that the reimbursement was for management fees and the time frame consisted of a couple of years. Trustee Wood stated that there was an insistence that the Board was aware of the total operating expenses in previous years. The minutes reflect quarterly withdrawals and did not indicate that there was a difference between the gross amount and net amount of retirement payments, income taxes or operating expenses. Trustee Wood stated that moving forward that the Boards should receive a clearer accounting of what is being paid and future cash withdrawals should handle the total gross amount of operating expenses. Trustee Wood added that if there is a deficit at the end of the period, that amount is clearly indicated in the future.

Trustee Rose suggested that a policy be regarding monthly reports regarding operating expenses at that next meeting.

Ms. Bennett indicated that she believed that she stated the reimbursement consisted of payroll liabilities in addition to management fees. Ms. Bennett also stated that she supports revisiting how retirement expenses are paid and reimbursed.

Adopted by the following vote: 6-0.

The meeting adjourned at 12:17 p.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees Retirement System

Scott Dedic, Chairperson
Employees Retirement System