

**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

October 18, 2012
Thursday, 8:30 a.m.

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

Present: Dedic, Kraus, Parker, Rose, Taylor (8:45), Wood - 6
Absent: Trustee Bernero, McCaffery, Munroe

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

It was moved by Trustee Wood and supported by Trustee Rose to approve the Official Minutes of the Joint Police and Fire and the Employees Retirement System Boards Regular Meeting of August 21, 2012.

Adopted by the following vote: 5 - 0

It was moved by Trustee Rose and supported by Trustee Wood to approve the Official Minutes of the Employees Retirement System Board Regular Meeting of September 20, 2012.

Adopted by the following vote: 5 - 0

There were no public comments.

Secretary's Report. 0 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 1 retired. Total active membership: 377. Total deferred: 69. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of September 2012, amounted to \$1,709,665.25. Total retirement checks printed for the ERS System: 853. 7 death(s). L.V. Boothe, died 8/24/2012, age 99, spouse of Exempt retiree; Yvonne E. Martin, died 8/30/2012, (Public Service/Teamster, retired 6/4/1983), age 87, beneficiary to receive 50%; Joe D. Crossett, died 9/18/2012 (Parks/Exempt, retired 10/1/1985), age 82, beneficiary to receive 100%; Lillian J. Grinwis, died 9/18/2012, (District Court/Exempt, retired 3/13/1982), age 91, no beneficiary; Kenneth B. Brown, died 9/19/2012, (Finance/Exempt, retired 1/1/1992) age 78, no beneficiary; Ralph William Goff, died 10/4/2012, (Planning/Teamster, retired 6/1/1997), age 77, beneficiary to receive 100%; Charles DeFrance, (Finance/Exempt, retired 11/1/1986), age 88, no beneficiary. Eligible domestic relations orders received: 0. Domestic relations orders pending: 1. Eligible domestic relations orders certified: 0.

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It was moved by Trustee Wood and supported by Trustee Kraus to approve the Request for Regular Age and Service Retirement:

Connie Norris, (Parks/UAW) – 11 years, 9 months of service credits, age 59 effective October 5, 2012.

Terry Shattuck (Public Service/UAW) – 20 years, 11 months of service credits, Age 62, effective October 27, 2012.

Rickford Wilson(Planning/ UAW) – 26 years, 3 months of service credits, age 54, effective November 1, 2012.

Jeffrey E. Bartem(Planning/Teamster) – 9 years, 2 months of service credits, age 58, effective November 1, 2012 (from Deferred)

Adopted by the following vote: 5 – 0.

Karen Williams updated the Retirement Board regarding the Duty Disability applications. Ms. Williams reported that applicant #2012-E1018 has requested a duty disability retirement. The request was referred to the disability subcommittee. Ms. Williams reported that Applicant #2012-E0719 is pending, waiting for requested information.

There were no requests for non-duty disability retirements.

Karen Williams reported to the Retirement Board that Ms. Karen Hulett, City Council Staff requested a refund of her accumulated contributions in the amount of \$4,286.39. Ms. Hulett was not vested.

It was moved by Trustee Wood and supported by Trustee Rose to approve Ms. Karen Hulett's Request for Refund of Accumulated Contributions of \$4,286.49.

Adopted by the following vote: 5 – 0.

Trustee Taylor arrived to the meeting.

Karen Williams announced that she reviewed requests from Trustee Carol Munroe and Trustee Howard McCaffery to be excused from the Employees Retirement System Board meeting.

It was moved by Trustee Wood and supported by Trustee Rose to excuse Trustee Carol Munroe and Trustee Howard McCaffery from the Employees Retirement System Board October meeting.

Adopted by the following vote: 6 – 0.

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Karen Williams reported that the NCPERS and IFEBP Annual Membership Fees are due for renewal. Ms. Williams indicated that last year the membership fees were split between the Employees Retirement System Board and the Police and Fire Retirement Board. The renewals are paid from the Securities Lending account.

It was moved by Trustee Wood and Trustee Parker to renew the NCPERS and IFEBP Annual Memberships and pay the fees from security lending funds.

Adopted by the following vote: 6 – 0

Attorney Kenneth Lane updated the Retirement Board regarding when a supplementary actuary report is required under PA314. Attorney Lane distributed an opinion regarding when a supplementary actuary report is required. Attorney Lane opined that an analysis is necessary when changes to the multiplier will impact current employees. The proposed pension benefit change means a proposal to change the amount of pension benefits received by persons entitled to pension benefits under a system. Attorney Lane opined that since that Teamster 214 reduction in multiplier only applied to new employees that a supplemental report was not necessary.

Attorney Kenneth Lane distributed and provided a written opinion regarding an ERS Ordinance interpretation of the disability procedural issues. The disability subcommittee provided legal counsel with several questions regarding the review and decision process of disability applications.

Attorney Kenneth Lane updated the Retirement Board regarding Public Act 314. Attorney Lane stated the Senate Bill 797 was postponed for immediate effect.

Trustee Dedic was contacted by Keri Hepburn of the Invesco investments to provide an update to the Employees Retirement System Board. Trustee Dedic stated that the December meeting conflicted with Ms. Hepburn's schedule. Trustee Dedic suggested that the meeting be rescheduled to December 13, 2012 to allow the presentation.

It was moved by Trustee Wood and supported by Trustee Taylor to change the December Employees Retirement System meeting from December 20, 2012 to December 13, 2012.

Adopted by the following vote: 6 – 0.

Karen Williams informed the Retirement Board that the SAS 70 Report has been distributed electronically to members. Ms. Williams indicated that the Board policy directs to Trustees to review and accept the SAS 70 Report annually.

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Attorney Ken Lane indicated that he reviewed the SAS 70 Report. Attorney Lane informed the Board that the Report is very similar to the SAS 70 received last year. Attorney Lane further explained that the report was reviewed by the Information Technology Department and Asset Consulting Group. The Board requested that the report be provided to Asset Consulting Group for review.

Ms. Karen Williams reported to the Retirement Board that an issue has arisen regarding a member's Eligible Domestic Order. Ms. Williams provided background on the EDRO issue. The member had an EDRO certified and needed to have an alternate payee amount calculated. The member's EDRO was sent to EFI for calculation purposes. EFI reviewed the EDRO and had legal questions. Ms. Williams referred the EDRO to legal counsel for review and provided a report to the Board as suggested by the actuary.

Attorney Kenneth Lane explained that the EDRO was certified, but there are provisions in the EDRO are complex. Attorney Ken Lane and the City Attorney's Office are reviewing the EDRO to provide an interpretation of the language. The document may require that EFI to provide separate calculations based on specifications of the EDRO.

There was no update on the 911 Center transfer.

Trustee Parker reported to the Retirement Board that he will meet with Ms. Karen Williams to discuss the plans for the Conference. Trustee Parker indicated that September 2013 is a possible time for the Conference. Trustee Parker requested that the Retirement Conference be added to the Joint Meeting Agenda for November.

Ms. Karen Williams updated Retirement Board regarding the EFI Recommendations for assumption changes. Ms. Williams indicated that EFI will attend the November meeting and review the 2011 actuarial valuation and the assumption changes for the Board.

Ms. Angela Bennett reported to the Retirement Board that the budgeted retirement contribution for calendar year was projected at \$8,694,000. Ms. Bennett stated that the amount does not include the EFI recommendations for assumption changes.

Trustee Wood requested that the budgeted contributions amount be noted in the official minutes.

Trustee Bob Rose updated the Employees Retirement System Board regarding the pension software project. Trustee Rose reported that he has been pleased with the process so far. Trustee Rose stated that the current focus is to get the parts of the Arrivos system running as soon as possible. Trustee Rose would like to bring Tegrity to a Joint Board Meeting at a later time to meet with the Board.

Ms. Williams reported to the Retirement Board that she has had two meetings with Tegrity Group regarding data sources, and transferring the information to the Arrivos system. Ms. Williams indicated the second meeting involved discussion of how the retirement office handles the lifecycle of an employee and the lifecycle of a retiree.

Ms. Williams reported that Tegrit will provide a software demonstration, November 1, 2012.

Karen Williams provided and reviewed the Investment and Securities Lending Report for the month of September, 2012.

The meeting adjourned at 9:31 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees' Retirement System

Robert Rose, Vice Chairperson
Employees' Retirement System