

**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

March 20, 2015  
Thursday, 8:30 a.m.

RECEIVED  
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LANSING CITY CLERK

The Board met in regular session and was called to order at 8:30 a.m.

Present: Kraus, McCaffery, McIntyre (8:38), Munroe, D. Parker, M. Parker, Wood  
Absent: Trustee Bernero, Dedic

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 Mark Parker to approve the Official Minutes of the Employees' Retirement System Board Regular Meeting of February 19, 2015.

Adopted by the following vote: 6 - 0

It was moved by Trustee Wood and supported by Trustee Kraus to approve the Official Minutes of the Joint Police and Fire Retirement System and Employees' Retirement System Board Meeting of February 17, 2015.

Adopted by the following vote: 6 - 0.

There were no public comments.

Secretary's Report. 1 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 1 retired. Total active membership: 298. Total deferred: 68. 2 death(s) William A. Swix (Parks/Teamster, retired 10/1/1988), died 2/27/2015, age 78, spouse to receive 100%; Diana Terry, (Finance/Teamster, retired 12/19/1992), died 3/1/2015, age 70, no surviving beneficiary. Refunds made since the last regular meeting amounted to \$4,643.72. Retirement allowances paid for the month of February 2015, amounted to \$1,884,414.02. Total retirement checks printed for the ERS System: 906. Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

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

Catherine M. Brechtelsbauer, (Human Resources/Teamster), 5 years, 6 months of service credits, age 58, effective April 1, 2015. (Eligible for Retirement with w/ 2years and 6 months of reciprocal time through the Reciprocal Retirement Act with the State of Michigan) ~ From Deferred

Michael C. Payne (Finance/Teamster), 26 years, 11 months of service credits, age 62, effective April 1, 2015.

Darren E. Rogers (Public Service/UAW), 29 years, 4 months of service credits, age 50, effective April 4, 2015.

Milton Alston (Parks/Teamster), 21 years, 7 months of service credits, age 62, effective April 15, 2015.

Adopted by the following vote: 6-0

There were no requests for duty disability retirements.

Ms. Williams reported that the Medical Director contacted the Retirement Office and requested additional documents from Applicant #2014 – E0619. Ms. Williams contacted the applicant with the Medical Director's request.

There were no requests for Refunds of Accumulated Contribution.

Karen Williams reported that Trustee Dedic had contacted the Retirement Office to request an excused absence from the March Board meeting.

It was moved by Trustee Kraus and supported by Trustee Mark Parker to excuse Trustee Dedic from the March Retirement Board meeting.

Adopted by the following vote: 6 – 0.

Trustee Mark Parker provided an oral report of the One Day MAPERS Seminar. Trustee Parker reviewed sessions that included health care, plans adding a defined benefits, and a discussion regarding active versus passive investments.

Karen Williams announced the MAPERS Spring Conference that will be held in May 17-19, 2015. Members who wished to attend should contact the Retirement Office.

Karen Williams distributed the City of Lansing Travel and Business Expense Policy

update. The mileage reimbursement increased to 57.5 cents.

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Attorney Ken Lane reported that the Employees Retirement System Board's Education policy is written in such a way as to automatically adopt the City's Travel and Business Expense policy.

Karen Williams reported that the Retirement Office has contacted Asset Consulting Group regarding having a Trustee Training Session for new trustees. Ms. Williams also reported that the Police and Fire Retirement Board had requested a list of managers for possible due diligence meetings. Ms. Williams inquired to the ERS Board if they also wishes to have due diligence meetings. The Retirement Office will contact ACG for potential due diligence visits for the ERS Board.

Attorney Ken Lane reported that the City Attorney's office continues to work on revising and updating the ERS Ordinance.

Attorney Ken Lane distributed to the Employees Retirement System Board amended Annual Report Policy. Attorney Lane reviewed the timelines for the actuarial valuation: June 30, data submission to actuary; August 31, draft from actuary; September 30, final draft. Attorney Lane reported that City's annual financial audit recommended that the Finance Department submit data to the actuary in a more timely fashion. Attorney Lane stated that the amended policy would address the issue.

Attorney Lane reported that at the request of the Joint Boards, he contacted TRowe Price who notified the Boards that its was transferring its recordkeeping duties to BY Mellon. Attorney Lane reported that he received the Invesco documents for Mortgage Recovery Fund II Investment.

Attorney Lane updated the Employees Retirement System Board regarding the Eligible Domestic Relations Order (EDRO) for a former member, Sherry Longoria, who transferred to Ingham County as a part of the 911 Dispatch Center agreement. Attorney Lane reached out to the Municipal Employees Retirement System (MERS). The MERS representative stated that she would contact Ms. Longoria regarding amending the EDRO.

Trustee Wood reported that City Attorney's office presented a resolution to the Committee of the Whole meeting to add a new law firm to Outside Legal Counsel list. During the meeting, members were informed that the requested addition was being added to the pension board. Trustee Wood expressed concern that the Retirement Board had procedures for contracting with its outside legal counsel. The Retirement Board did not get an opportunity to interview or discuss the firm.

Trustee McIntyre reported that the firm Labaton Sucharow made a formal request to be added to the outside legal counsel list. Trustee McIntyre explained the outside legal

counsel list and the process for additions to the list.  
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Trustee McIntyre reported that Labaton Sucharow offered a variety of services and indicated that there was no intention to select a firm for either board and added that there was no contract in place.

Trustee Kraus expressed her concern that any outside counsel would need to be vetted and selected by the retirement board.

Trustee McIntyre reviewed her discussion with the Police and Fire Retirement System. Trustee McIntyre indicated that a previous city attorney had a relationship with a firm that was added to the list. Trustee McIntyre indicated that neither she nor any member of her staff has a relationship with Labaton Sucharow.

Trustee Dennis Parker inquired to legal counsel if the Retirement Board would be required to work with the firm.

Attorney Ken Lane indicated the Employees Retirement Board had a policy in place regarding its work with outside legal counsel. The ERS Board would not be required to contract with the firm.

Trustee Wood reported that the Police and Fire Retirement was sending a letter to the City Council to state its position regarding the Board's use of outside legal counsel. Trustee Wood recommended that the Employees Retirement System sign on to the letter to Council.

It was moved by Trustee Wood and supported by Mark Parker to provide a Joint Retirement Board letter to City Council to state its position regarding the Board's use of outside legal counsel.

Adopted by the following vote: 7 – 0.

Karen Williams distributed Asset Consulting Group's discussion of Equity/Long Short recommendations for the Employees Retirement System. The ERS Board requested information on direct hedge fund managers versus fund of fund managers. Ms. Haley Rives indicated that the direct hedge fund would require additional subscriptions.

Trustee Kraus recommended the fund of fund approach. Trustee Kraus expressed concern over the additional time commitments to manage direct hedge fund investments.

Trustee Mark Parker indicated that he was in favor of a bundled direct investment managed through Asset Consulting Group. Trustee Parker believed that the bundled approach would have lower fees, be more transparent and better returns.

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Trustee Kraus expressed concern about the relationship with Asset Consulting Group if hired as an investment manager.

Trustee Wood suggested that the Board have a more indepth discussion with Asset Consulting Group regarding the Equity Long/Short investment recommendations.

It was moved by Trustee Mark Parker and supported by Trustee Munroe to table the discussion.

Adopted by the following vote: 7 – 0.

Trustee Wood recommended that the May Joint meeting be held first and followed by the ERS meeting.

It was moved by Trustee Wood and supported by Trustee Kraus to hold the May Joint meeting be held first, followed by the Employees Retirement System meeting,

Adopted by the following vote: 7 – 0.

Karen Williams updated the Employees' Retirement System Board regarding Tegrity Pension Software project. Karen Williams reviewed the timeline for the completion of the project, scheduled for August 2015. Karen Williams requested that Tegrity attend the April Board meeting to demonstrate the web site estimator. Trustees will be able to perform user testing and provide feedback.

Trustee Wood discussed two audit repeat comments that were detailed in the City's Annual Financial Report regarding the Retirement System. Trustee Wood indicated that the Board's amended Annual Report Policy and the Tegrity software should address the comments. Trustee Wood indicated that the Police and Fire Retirement Board approved a letter to be drafted to the Mayor and City Council detailing the actions that the Retirement Boards had taken to address the audit comments.

It was moved by Trustee Wood and supported by Trustee McIntyre to provide a Joint Retirement Board letter to the Mayor and City Council detailing the actions the Boards have taken to address the audit repeat comments in the Comprehensive Annual Financial Report.

Adopted by the following vote: 7 – 0.

Trustee Wood reported that the City Clerk's Office provides a listing of expired terms and appointments for Boards and commission. Trustee Wood indicated that the list did not have updated information and needed to be clarified. The list showed that Trustee

Carol Munroe term had expired.

Trustee Munroe was re-elected, June 2014 to a four-year term. Trustee Wood requested that the Retirement Office contact the City Clerk's Office with clarification.

Trustee Mark Parker requested that the Employees Retirement System Board extend the contract for Dawn Polihonki through the end of the year to assist with the completion of the Tegrity software project.

Attorney Ken Lane reported that Ms. Polihonki had not used up the funds that had been allocated for the project. The extension would be at her current rate of \$90/hour, not to exceed \$15,000.

It was moved by Trustee Mark Parker and supported by Trustee Wood to extend Dawn Polihonki's contract through the end of 2015.

Adopted by the following vote: 7 – 0.

Ms. Williams presented the Monthly Investment Report and Securities Lending Report for the month of February 2015.

It was moved by Trustee Wood and supported by Trustee Mark Parker to adjourn the Employees Retirement System Board meeting.

The meeting adjourned at 9:29 a.m.

Minutes approved on \_\_\_\_\_

System

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Dennis R. Parker, Chairperson  
Employees' Retirement System

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Angela Bennett, Secretary  
Employees Retirement