

**CITY OF LANSING
POLICE & FIRE and ERS RETIREMENT SYSTEM
JOINT BOARD
OFFICIAL MINUTES**

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

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May 19, 2011
Thursday, 9:30 a.m.

The meeting was called to order at 9:36 a.m.

A quorum of the Police and Fire Retirement System Board and the Employees Retirement System Board was present.

Trustees present: (ERS), Dedic, Munroe, McCaffery, Parker, Robinson, Rose – 6.
(Police & Fire), Fabus, Hecksel, Oleson, St. Aubin, Wood – 5.

Other presents: John Jackson, Asset Consulting Group, Inc. (ACG); Karen Williams; Eric Tumbarella, Finance; Attorney Kenneth Lane, Clark Hill Law Office (representing the City Attorney's Office); Don Anderson, Mark Fetters, John Napoli, Northern Trust Global Investments.

Trustee Dedic moved to Quarterly Cash Flow Recommendations. Mr. John Jackson distributed Asset Consulting Group memo recommendations for the Police and Fire Retirement System and the Employees Retirement System.

It was moved by Trustee Rose and supported by Trustee Parker to transfer \$3,000,000 from the Northern Trust S & P 500 Index Fund – Non Lending portfolio to fund quarterly cash withdrawals as recommended by Asset Consulting Group.

Adopted by the following vote: 6 - 0

It was moved by Trustee Rose and supported by Trustee Parker to transfer \$5,000.00 from Northern Trust Securities Lending to Comerica for quarterly administrative expenses.

Adopted by the following vote: 6 – 0

It was moved by Trustee Hecksel and supported by Trustee Oleson to transfer \$2,000,000 from the TRowe Price portfolio to fund quarterly cash withdrawals as recommended by Asset Consulting Group.

Adopted by the following vote: 5 – 0.

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It was moved by Trustee Hecksel and supported by Trustee Oleson to transfer \$5,000.00 from Northern Trust Securities Lending to Comerica for quarterly administrative expenses.

Adopted by the following vote: 5 -0.

Mr. Eric Tumbarella provided an overview of the Pension Administration Software Project. Mr. Tumbarella reviewed the progress of the Request for Proposals mailed to targeted vendors on behalf of the Retirement Board. Mr. Tumbarella reported that the Project Manager's contract has expired and he suggested that the contract be renewed to complete the selection process.

It was moved by Trustee Rose and supported by Trustee Parker for the Employees Retirement Board to renew the Project Manager's contract.

Adopted by the following vote: 6 - 0.

It was moved by Trustee Hecksel and supported by Trustee Wood for the Police and Fire Retirement Board to renew the Project Manager's contract.

Adopted by the following vote: 5 - 0.

Trustee Rose requested to address the Joint Board regarding security for the Retirement Office's data. Trustee Rose had concerns about Board liability if the data was lost. Eric Tumbarella reviewed the current security information for City of Lansing data. Data can be saved on special drives that are backed up each night to the mainframe.

Trustee Wood requested that Eric Tumbarella prepare a written report regarding security measures for retirement data. The Board requested that Eric Tumbarella set up the special drive as the default on the Retirement Office's computer.

It was moved by Trustee Robinson and supported by Trustee Munroe that the special drive be set up as default on the Retirement Office's computer.

Adopted by the following vote: 6 - 0.

It was moved by Trustee Hecksel and supported by Trustee Oleson that the special drive be set up as default on the Retirement Office's computer.

Adopted by the following vote: 5 - 0.

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Mr. Mark Feters, Mr. Don Anderson and Mr. John Napoli of Northern Trust Global Investments provided an overview of the Northern Trust Global Securities Lending. Mr. Anderson provided a background and summary of the lending process. The investment team also discussed historical earnings, and provided a Securities Lending and Collateral Management Market Update. Mr. Napoli discussed the Portfolio Detail and Summary.

John Jackson reviewed the risks associated with security lending products. The Board discussed if they wished to continue securities lending and their risks involved with the investment. The Board discussed three options: 1) terminate security lending, 2) leave the investment "as is", 3) request that Northern Trust lower the caps. Trustee McCaffery indicated that with any investment there is risk, but the security lending process has provided the ERS Board with a good investment and he would not like to see it terminated at this time. The Police and Fire Retirement Board requested that this item be added to their meeting agenda.

It was moved by Trustee Wood and supported by Trustee Hecksel for the Police and Fire Retirement Board to go into closed session to discuss attorney-client privilege information, 8H of the Open Meetings Act.

Adopted by the following roll call vote: 5 – 0
Yeas: Fabus, Hecksel, Oleson, St. Aubin, Wood
Nays: 0

It was moved by Trustee Rose and supported by Trustee Parker for the Employees Retirement System Board to go into closed session to discuss attorney-client privilege information, 8h of the Open Meetings Act.

Adopted by the following roll call vote: 5 - 0
Yeas: Dedic, Munroe, McCaffery, Parker, Rose
Nays: 0

The Board recessed at 11:40 a.m.

The Board resumed session at 11:55 a.m.

It was moved by Trustee Wood and supported by Trustee Hecksel for the Police and Fire Retirement System Board to move forward with the China Integrated litigation based on a recommendation from Milberg, Inc.

Adopted by the following vote: 5 – 0.

It was moved by Trustee Rose and supported by Trustee Parker for the Employees Retirement System Board to move forward with the China Integrated litigation based on a recommendation from Milberg, Inc.

Adopted by the following vote: 5 - 0

Mr. John Jackson provided a quarterly performance review of the Employees Retirement System and the Police and Fire Retirement System investment portfolios. Mr. Jackson discussed the Market Environment and provided an executive summary of the Investment Reports presented to the Boards. Mr. Jackson provided an equity analysis, fixed analysis and real estate analysis of the retirement portfolios. Mr. Jackson provided an update on the Real Estate Search to replace ING Clarion.

Trustee Wood inquired into the status of the Retirement Ordinances. Trustee Wood asked that legal counsel provide an update on the Ordinances for the next Board meetings.

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

Adopted by the following vote: unanimously

The meeting adjourned at 12:10 a.m.

Minutes approved on _____

Jerry Ambrose, Secretary

Scott Dedic, Chairperson
Employees Retirement System

Brad St. Aubin, Chairperson
Fire and Police Retirement System