

COPY

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

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

August 21, 2012
Tuesday, 9:30 a.m.

The meeting was called to order at 9:35 a.m.

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

Trustees present: (ERS), Munroe, Kraus, Parker (9:50 a.m.), Rose, Taylor, Wood – 6.
(Police & Fire), Benson, Fabus, Kraus, Oleson, St. Aubin, Wood – 6.

The following members were excused from the Joint Meeting: Trustee Dedic (ERS), Trustee McCaffery (ERS), Trustee Benson (P&F)

Other presents: George Tarlas, Haley Rives, Asset Consulting Group, Inc. (ACG); Karen Williams; Angela Bennett; Attorney Kenneth Lane, Clark Hill Law Office (representing the City Attorney's Office); Paul Novak, Diana Gjonaj, Milberg.

Trustee Robert Rose provided an update of the Tegrit Software implementation. Mr. Rose reported that Tegrit met with members of the Finance Department, Retirement Office, Information Technology, Legal counsel and Human Resources to identify stakeholders and discuss a timeframe for implementation and project planning.

The Tegrit team suggested that there be a Board Project Representative as project sponsor to assist with the project coordination. Trustee Rose also discussed with the Board using Dawn Polihonki as a project coordinator to assist Tegrit and sponsor with project planning, resource coordination and project execution. Trustee Rose distributed a proposal from Dewpoint for the use of Ms. Polihonki's services as coordinator. Trustee Rose further suggested that the Board can use the remainder of the current extended contract until it runs out. At that time, the Board can vote to approve the new Dewpoint Contract on an "as needed" basis.

It was moved by Trustee Oleson and supported by Trustee Hecksel to approve Trustee Robert Rose as Software Project Sponsor for the Police and Fire Retirement System Board.

Adopted by the following vote: 6 - 0.

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It was moved by Trustee Wood and supported by Trustee Munroe to approve Trustee Robert Rose as Software Project Sponsor for the Employees Retirement System Board.

Adopted by the following vote: 5 - 0

It was moved by Trustee Hecksel and supported by Trustee Oleson to continue Ms. Dawn Polihonki's extended contract terms and use her services as project coordinator and liaison for the Police and Fire Retirement Board.

Trustee Rose reported to the Board that there is \$11,000 remaining on the current contract.

Adopted by the following vote: 6 - 0

It was moved by Trustee Kraus and supported by Trustee Munroe to continue Ms. Dawn Polihonki's extended contract terms and use her services as project coordinator and liaison for the Employees Retirement System Board.

Adopted by the following vote: 6 - 0.

Mr. George Tarlas and Ms. Haley Rives provided a performance review of the second quarter of the Employees Retirement System and the Police and Fire Retirement System investment portfolios. Mr. Tarlas discussed the Market Environment and provided an executive summary of the Investment Reports presented to the Boards. Ms. Rives provided an equity analysis, fixed income analysis and real estate and opportunistic strategy analysis of the retirement portfolios.

Trustee Parker arrived to the Joint Meeting.

Mr. George Tarlas reported to the Joint Boards explaining the Knight Commission Recapture program. Mr. Tarlas recommended the Boards provide additional brokerage options to its managers to provide flexibility. The managers can use the brokerage firms on a voluntary basis.

Mr. Tarlas reported to the Joint Boards regarding the termination of ING Clarion as of September 30, 2012. The Joint Board selected Prudential to replace ING Clarion. Mr. Tarlas reported that the Prudential investment is almost fully funded.

It was moved by Trustee Hecksel and supported by Trustee Kraus to finalize the Police and Fire Retirement Board's termination of ING Clarion for the quarter ending September 30, 2012.

Adopted by the following vote: 6 - 0.

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It was moved by Trustee Parker and supported by Trustee Munroe to finalize the Employees Retirement Board's termination of ING Clarion for the quarter ending September 30, 2012.

Adopted by the following vote: 6 – 0.

Mr. George Tarlas reviewed a memo from Asset Consulting Group and reviewed the Quarterly Cash Flow Recommendation to provide \$7,000,000 to the Police and Fire Retirement System Board.

It was moved by Trustee Wood and supported Trustee Kraus to redeem \$2,000,000 from T. Rowe Price, \$2,000,000 from Northern Trust S & P 500 Index Fund, and \$3,000,000 from Western Asset portfolio for Police and Fire Retirement System Quarterly Cash Flow to the Comerica account, based on the written recommendation from Asset Consulting Group.

Adopted by the following vote: 6 - 0.

It was moved by Trustee Wood and supported by Trustee Kraus to redeem \$10,000 from Northern Trust Security Lending to Comerica for Police and Fire Retirement System administrative expenses.

Adopted by the following vote: 6 – 0.

Mr. George Tarlas reviewed a memo from Asset Consulting Group and reviewed the Quarterly Cash Flow Recommendation to provide \$6,000,000 to the Employees Retirement System Board.

It was moved by Trustee Wood and supported by Trustee Kraus to redeem \$2,000,000 from T. Rowe Price and \$2,000,000 from Northern Trust S& P 500 Index Fund and \$2,000,000 from the Western Asset portfolio for Employees Retirement System Quarterly Cash Flow to the Comerica account, based on the written recommendation from Asset Consulting Group.

Adopted by the following vote: 6 – 0

It was moved by Trustee Wood and supported by Trustee Kraus to redeem \$10,000 from Northern Trust Security Lending to Comerica for Police and Fire Security Lending administrative expenses.

Adopted by the following vote: 6 - 0.

Mr. George Tarlas and the Joint Boards discussed the selection of Wasatch as the Emerging Markets managers for the Police and Fire Retirement System and the Employees Retirement Board System portfolios

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It was moved by Trustee Olesen supported by Trustee Kraus to select Wasatch as the Emerging Trends manager for the Police and Fire Retirement System portfolio as recommended by the Investment subcommittee.

Adopted by the following vote: 6 – 0.

It was moved by Trustee Kraus and supported by Trustee Wood to select Wasatch as the Emerging Trends manager for the Employees Retirement System portfolio as recommended by the Investment subcommittee.

Adopted by the following vote: 6 – 0.

Attorney Paul Novak requested permission to receive written confidential information and to discuss an attorney-client privileged matter regarding investment monitoring.

It was moved by Trustee Kraus and supported by Trustee Hecksel to move into closed session to review an attorney-client privileged matter regarding investment monitoring.

Adopted by the following roll call vote: 5-0
Yes: Fabus, Hecksel, Kraus, St. Aubin, Wood
No: None

It was moved by Trustee Wood and supported by Trustee Kraus to move into closed session to review an attorney-client privileged matter regarding investment monitoring.

Adopted by the following roll call vote: 5 – 0
Yes: Kraus, Munroe, Parker, Rose, Wood
No: None

The session was closed at 11:05 a.m.

The session resumed at 11:45 p.m.

It was moved by Trustee Wood and supported by Trustee Hecksel to authorize the escrow of 100 shares of Caterpillar stock from the Police and Fire Retirement System portfolio.

Adopted by the following vote: 5 -0

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It was moved by Trustee Wood and supported by Trustee Hecksel to authorize the escrow of 100 shares of K-12 stock from the Police and Fire Retirement System portfolio.

Adopted by the following vote: 5 – 0.

Attorney Paul Novak reported that the Invacare derivative action has been settled. The City of Lansing Police and Fire Retirement System was awarded \$8,700.

The meeting adjourned at 11:54 p.m.

Minutes approved on _____

Angela Bennett, Secretary

Scott Dedic, Chairperson
Employees Retirement System

Brad St. Aubin, Chairperson
Fire and Police Retirement System