

CITY OF LANSING
JOINT POLICE & FIRE RETIREMENT SYSTEM
and
EMPLOYEES RETIREMENT SYSTEM
MEETING MINUTES - Amended

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

August 20, 2013
Tuesday, 9:30 a.m.

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

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

Trustees present: (Police & Fire), Benson, Fabus (9:38), Hecksel, Oleson, Wood
St. Aubin was excused.

(ERS), Munroe, Parker, Rose (9:39), Wood – 4.

Other presents: Angela Bennett, Karen Williams, Finance Department; Ken Lane, Clark Hill Law Office (representing the City Attorney's Office); Patrick Flanagan, Brian Duhn, Jivko Chederov, Northern Trust; Greg Stump, Boomershine Consulting Group; George Tarlas, Asset Consulting Group.

Mr. Patrick Flanagan provided introductions of the Investment team, a Northern Trust Update and Custody Overview. Mr. Brian Duhn presented a market update and reviewed the portfolio performance for the Employees Retirement System and the Police and Fire Retirement System. Mr. Jivko Chederov provided an update of the Securities Lending program.

Mr. Greg Stump, Boomershine Consulting Group discussed issues regarding the retirement plan's definition of Actuarial Equivalence. Mr. Stump provided a background of the concept and provided recommendations for the Employees Retirement System Board and the Police and Fire Board's consideration. Mr. Greg Stump provided an update of the 911 Transfer.

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The Employees Retirement System Board deferred the Cash Flow Withdrawal request and International Value Search to their Board meeting, due to lack of quorum.

Mr. George Tarlas provided an investment performance review for the City of Lansing Joint Retirement Boards for the Periods Ending June 30, 2013. Mr. Tarlas reviewed the market environment and discussed the equity, fixed income and real estate investments within the financial portfolio.

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Mr. George Tarlas distribution dedicated Emerging Market Candidates information for both retirement boards. Mr. Tarlas reviewed the candidates and recommended that the Board consider Wells Berkeley Street as the Emerging Market selection to meet the timeline. Mr. Tarlas informed the Board that Wells Berkeley Street will launch a commingled funds vehicle in September, and as initial seed investors, fees for the investment would be discounted to 63 basis points. Mr. Tarlas explained that this one-time offering is an opportunity that is not available with the other firms. Mr. Tarlas stated that there would be an approximate difference of \$30,000 in fees with the discount.

Trustee Hecksel inquired about the allocation to Wells Berkeley. Mr. Tarlas explained the allocation would be at 2%.

Trustee Wood expressed caution that the Board did not have interviews before the selection. Trustee Wood explained that an exception was warranted due to the time frame, the small allocation and the fee reduction benefit to the fund. Trustee Wood

requested a written recommendation Asset Consulting Group that memorialized the discussion and processed used for the Board's selection.

Trustee Fabus agreed that an exception to the interview of all candidates should be made. Trustee Fabus stated that the Board hired Asset Consulting Group to provide recommendations and suggestions to the Board.

It was moved by Trustee Wood and supported by Trustee Hecksel to conditionally hire Wells Berkeley contingent upon the following criteria: the contract must receive a review from legal counsel, the Board must receive written memo from Asset Consulting Group memorializing the discussion and recommendation, and the Board must be able to interview with Wells Berkeley. Trustee Hecksel offered a friendly amendment accepted by Trustee Wood to set the allocation at 2% to be recommended by Asset Consulting Group

Trustee Benson had concerns regarding the transparency of the process and expressed caution that the Police and Fire Board was not going through their usual process of interviewing all of the candidates first.

Adopted by the following vote: 4 - 1.

There were no public comments.

Trustee Rose, Employees Retirement System requested extension approval of the Dewpoint Contract for the Tegrity software project to not exceed \$15,000 per Retirement Board through June 30, 2014.

It was moved by Trustee Hecksel and supported by Trustee Fabus to approve the Dewpoint Contract extension not to exceed \$15,000.

Adopted by the following vote: 5 - 0.

It was moved by Trustee Hecksel and supported by Trustee Fabus to adjourn the meeting.

Adopted by the following vote: 5 - 0.

The Meeting adjourned at 12:02 p.m.

Minutes approved on _____

Angela Bennett, Secretary

Scott Dedic, Chairperson
Employees Retirement System

Brad St. Aubin, Chairperson
Police and Fire Retirement System