

CITY OF LANSING
JOINT EMPLOYEES' RETIREMENT SYSTEM BOARD
and
POLICE AND FIRE RETIREMENT SYSTEM
BOARD MEETING MINUTES

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

December 15, 2016
Thursday, 9:30 a.m.

The meeting was called to order at 9:30 a.m.

A quorum of both the Employees' Retirement System Board and Police and Fire Retirement System Board were present.

Trustees present: (ERS), Dedic, Good, Munroe, D. Parker, M. Parker, Wood. – 6.
(Police & Fire), Good, Oleson, Rose, St. Aubin, Wohlfert, Wood. - 6.

Others present: Karen E. Williams, Finance Department; Ken Lane, Clark Hill Law Office (representing the City Attorney's Office); George Tarlas, Nathan Burk, Asset Consulting Group.

It was moved by Trustee Wood and supported by Trustee Rose to excuse Trustee Fabus from the December Joint Meeting.

Adopted by the following vote: 6 – 0

It was moved by Trustee Wood and supported by Trustee Dedic to excuse Trustee Kraus from the December Joint Meeting.

Adopted by the following vote: 6- 0.

Mr. George Tarlas discussed the difference between the K2 Direct Access fund arrangement offered by the Asset Consulting Group and the alternative private equity fund of funds, ABS or Rock Creek. Mr. Tarlas reviewed that the K2 Access fund would require a fee increase for ACG to provide oversight for the K2 Access Fund. Mr. Tarlas reviewed that it would also require additional work for both boards to select managers for portfolio. K2 Access Fund would be used as a mechanism to provide a broad array of investment managers. ACG would select from the investment managers. The Board would receive recommendation from Asset Consulting Group. The Board would be able to customize their portfolio.

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It was moved by Trustee Rose and supported by Trustee Oleson to approve K2 Direct Access as investment for the Police and Fire Retirement System.

The Joint Boards discussed the differences between the different types of funds.

Trustee St. Aubin expressed concern regarding the management of the K2 Direct Access Fund with future Board turnover. Trustee St. Aubin also expressed concern regarding ACG having two roles as consultant and providing the oversight for the K2 Access Fund portfolio.

Trustee Wood also expressed concern regarding Asset Consulting Group additional role overseeing the K2 Direct Access Fund.

Attorney Lane noted that the Boards would require a lot more due diligence with the customized portfolio and need to rely heavily on ACG.

Trustee Rose withdrew his motion.

Trustee Munroe noted that the direct access could be re-visited at a later time.

Trustees expressed concern about the dual roles of Asset Consulting Group if the direct access portfolio had been selected.

Mr. Tarlas and Mr. Burke discussed ABS and Rock Creek fund of funds. These investments would be similar to the Private Advisors. ABS or Rock Creek would select the managers available in the portfolio.

It was moved by Trustee Wood and supported by Trustee Rose to select and approve ABS as the new equity long short investment manager for the Police and Fire Retirement System.

Adopted by the following vote: 6 - 0

It was moved by Trustee Mark Parker and supported by Trustee Munroe to select and approve ABS as the new equity long short investment manager for the Employees' Retirement System.

Adopted by the following vote: 6 – 0.

Trustee Munroe left the meeting.

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Mr. Burk distributed and discussed an update of the Employees' Retirement System and the Police and Fire Retirement System Investment Policies. Mr. Burk noted that the new strategy for Absolute Return Fixed Income had been added and that some of the investment benchmarks had been updated.

It was moved by Trustee Wood and supported by Trustee Good to approve the updated Police and Fire Retirement System Board Investment Policy dated December 15, 2016.

Adopted by the following vote: 6 – 0.

It was moved by Trustee Mark Parker and supported by Trustee Dedic to approve the updated Employees' Retirement System Board Investment Policy dated December 15, 2016.

Adopted by the following vote: 5 – 0.

Mr. George Tarlas discussed the selection and funding of Black Rock as investment manager for both the Employees' Retirement System and the Police and Fire Retirement System. The documentation and legal agreements were forwarded to Attorney Ken Lane for review.

Attorney Lane raised questions regarding account set up, distribution of investment and asset allocation.

The Board discussed that the account would be set up through Black Rock, the distributions would be re-invested.

It was moved by Trustee Wood and supported by Trustee Rose for the Police and Fire Retirement Board to redeem \$2.5 million from Integrity and \$12.5 million from Franklin Templeton to fund Black Rock Investment as recommended by Asset Consulting Group.

Adopted by the following vote: 6 – 0.

It was moved by Trustee Wood and supported by Trustee Mark Parker for the Employees' Retirement System Board to redeem \$2 million from Integrity and \$9 million from Franklin Templeton to fund Black Rock Investment as recommended by Asset Consulting Group

Adopted by the following vote: 6 – 0.

There were no public comments.

Mr. Burk reviewed the financial performance of the Employees' Retirement System and the Police and Fire Retirement System for the period ending November 30. He provided an analysis of the portfolios equity, fixed income, and real estate investments.

Trustee St. Aubin noted that both Boards received a letter from Mr. Steve Harry requesting summary financial information to be located on the website. Trustee St. Aubin requested that Trustee Wood respond to Mr. Harry. The information requested had been placed on the website and Trustee Wood has provided the links to where the information could be located.

It was moved by Trustee Rose and supported by Trustee Wood to have legal counsel send a written response to Mr. Harry's letter.

Adopted by the following vote: 6 – 0.

Trustee St. Aubin expressed his appreciation for the service of Trustee Robert Oleson, who will retire from the Board after the December 2016 Police and Fire Retirement meeting. Trustee St. Aubin noted that they both became trustees around the same time and stated that Trustee Oleson would be missed. The Boards expressed their gratitude for his hard work.

Trustee Oleson thanked the Trustees for their hard work. Trustee Oleson expressed his gratitude for the character and integrity of each Board member.

The meeting adjourned at 11:21 a.m.

Minutes approved on _____

Angela Bennett, Secretary

Dennis R. Parker, Chairperson
Employees' Retirement System

Brad St. Aubin, Chairperson
Police and Fire Retirement System