

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

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

May 14, 2015
Thursday, 8:30 a.m.

LANSING CITY CLERK

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The meeting was called to order at 8:32 a.m.

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

Trustees present: (ERS), Dedic, Kraus, McCaffery, McIntyre, D. Parker, M. Parker, Wood (8:45) –7.
(Police & Fire), Kraus, Oleson, Rose, St. Aubin, Wohlfert, Wood (8:45)– 6.

Others present: Karen Williams, Angela Bennett, Finance Department; Ken Lane, Clark Hill Law Office (representing the City Attorney's Office); George Tarlas, Asset Consulting Group; Gregory Stump, Boomershine Consulting Group; Tammy Paquette, Tegrit Group.

Ms. Tammy Paquette provided a demonstration of the Arrivos Web Site Estimator for the Tegrit software project. The Web Site Estimator would allow employees to perform and print retirement calculations. The estimator is still in the test environment.

Trustee Wood expressed concern that a disclaimer print on calculation page. The disclaimer would indicate that calculation is for informational purposes and that an official final calculation could only be provided by the retirement office.

Ms. Williams explained that legal counsel did provide a disclaimer that addressed Trustee Wood's concern and that it will print on the calculation page for employees. Ms. Williams requested that trustee test the system and report to the Retirement Office issues, so they can be corrected.

Ms. Williams provided a brief overview of the Retirement Office Arrivos site and the function available with the system.

Trustee Wood inquired if there was an audit trail available within the Arrivos system.

Ms. Williams responded that an audit trail would be created with any edits, corrections or deletions in the Arrivos System.

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

May 14, 2015
Thursday, 8:30 a.m.

Page 2

Trustee Dedic left the meeting.

Ms. Williams provided an update from the Tegrity project manager that outlined the remaining data migration issues and recommendations to address the items to complete the project. Ms. Williams reported that Tegrity will have a meeting with the City of Lansing Information Technology department to provide a status of the data migration issues.

Trustee St. Aubin informed the Police and Fire Retirement System that Trustee Fabus requested to be excused from the Joint Meeting for work-related duties.

It was moved by Wood and supported by Trustee Oleson to excuse Trustee Fabus from the Police and Fire Retirement Board May Joint meeting.

Adopted by the following vote: 6 - 0

It was moved by Trustee Oleson and supported by Trustee Wohlfert to excuse Trustees Fabus, St. Aubin and Wood from the Police and Fire Retirement Board May meeting.

Adopted by the following vote: 6 - 0

Ms. Williams reported that Trustee Munroe of the Employees Retirement System requested to be excused from the Joint Meeting and May official meeting due to illness.

It was moved by Trustee Mark Parker and supported by Trustee Wood to excuse Trustee Carol Munroe from the May Employees Retirement System Board meeting and the Joint Board meeting.

Adopted by the following vote: 5 - 0

Trustee St. Aubin and Trustee Dennis Parker presented a plaque to Trustee Antonia Kraus in recognition of her years of dedicated service on the Police and Fire Retirement Board and the Employees Retirement Board. Both Boards congratulated Trustee Kraus on her retirement from the City of Lansing.

Trustee Kraus expressed her appreciation and commended the work of both boards to ensure a strong retirement system. She also thanked Asset Consulting Group for their leadership in assisting the Board with investment guidance.

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

May 14, 2015
Thursday, 8:30 a.m.

Page 3

It was moved by Trustee Wood and supported by Trustee Wohlfert to approve the Official Minutes of the Police and Fire Retirement System Board meeting of April 21, 2015.

Adopted by the following vote: 6 – 0

It was moved by Trustee Oleson and approved by Trustee Kraus to approve the following application for Regular Age & Service Retirement:

Brian Ellis, Police Department, 25 years of service credits, age 45, effective June 13, 2015.

Adopted by the following vote: 6 -0.

It was moved by Trustee Kraus and supported by Trustee Wood to send Applicant #2015-P0512 to the medical director for non-duty disability evaluation. Trustee St. Aubin offered a friendly amendment that was accepted to request additional information from the applicant regarding the condition or injury that will be evaluated. The information will be kept confidential and used to send the applicant to the appropriate medical personnel.

Adopted by the following vote: 6 – 0.

Trustee Oleson requested approval for NCPERS conference expenses. The conference was held in a high cost area and exceeded the regular meal per diem amounts.

It was moved by Trustee Wood and supported by Trustee Wohlfert to approve the NCPERS Conference Expenses for Trustee Oleson.

Adopted by the following vote: 6 – 0.

Trustee Wood requested that Mr. George Tarlas address the City of Lansing performance in light of reports during the budget process that the system has 100 million dollar liability, and discussion of other municipalities that have had bankruptcy.

Mr. George Tarlas of Asset Consulting Group distributed and reviewed the cash needs recommendation for the City of Lansing Employees' Retirement System for \$5,000,000 and the Police and Fire Retirement System Retirement Board for \$6,000,000.

The Retirement Office recommended \$50,000 be transferred from the Northern Trust Securities Lending Accounts to the Police and Fire Retirement System Board and the Employees Retirement System administrative accounts for expenses through March 30, 2015.

It was moved by Trustee Wood and supported by Trustee Olson to redeem \$2,000,000 from the MD Sass portfolio and to redeem \$4,000,000 from the Western Asset portfolio from the Police and Fire Retirement System Investments for quarterly cash flow needs as recommended by Asset Consulting Group, and \$50,000 to be transferred from the Northern Trust Securities Lending Accounts to the administration accounts for expenses through June 30, 2015.

Adopted by the following vote: 6-0

It was moved by Trustee Kraus and supported by Trustee Mark Parker to redeem \$2,000,000 from the MD Sass portfolio and to redeem \$3,000,000 from the Western Asset portfolio from the Employees Retirement System Investments for quarterly cash flow needs as recommended by Asset Consulting Group, and \$50,000 to be transferred from the Northern Trust Securities Lending Accounts to the administration accounts for expenses through June 30, 2015.

Adopted by the following vote: 5 – 0.

Mr. George Tarlas reviewed the William Blair corporate restructure. Mr. Tarlas explained that William Blair has formed the William Blair Asset Management Team. Mr. Tarlas discussed that William Blair has requested an amendment to the agreements with the City of Lansing retirement boards to consent to the change and assign the contract to the newly formed asset management team. Mr. Tarlas indicated that there will be no effect on investment managers, resources allocated or portfolio strategy. Mr. Tarlas recommended the Boards confirm their acceptance of the change.

Trustee Wood inquired if there was any litigation or issues with William Blair regarding the name change.

Mr. George Tarlas indicated Asset Consulting Group was not aware of any issues or litigation and that the change was not uncommon.

Attorney Ken Lane indicated that he had received and reviewed the amendment and indicated that it was ready for signatures.

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

May 14, 2015
Thursday, 8:30 a.m.

Page 5

It was moved by Trustee Kraus and supported by Trustee Wohlfert for the Police and Fire Retirement System to consent to the amendment to assign its contract to the William Blair Asset Management Team as recommended by Asset Consulting Group.

Adopted by the following vote: 6 – 0

It was moved by Trustee M. Parker and supported by Trustee Kraus for the Employees Retirement System to consent to the amendment to assign its contract to the William Blair Asset Management Team as recommended by Asset Consulting Group.

Adopted by the following: 5 – 0.

Mr. George Tarlas updated the Joint Retirement Boards regarding Northern Trust litigation settlement. Mr. Tarlas reported that Northern Trust sent documents to the Employees Retirement System Board and the Police and Fire Retirement System Board indicating that both systems were entitled to refunds from a class action lawsuit. Mr. Tarlas indicated that there was no action needed at this time. Mr. Tarlas indicated that the retirement boards will be notified of the amount of the settlement.

Mr. George Tarlas encouraged due diligence trips for visits to some of the investment managers.

Trustee St. Aubin indicated that he did not want the due diligence trips to interfere with Trustee education opportunities at MAPERS or NCPERS in the fall. Trustee St. Aubin suggested due diligence in early September or early October.

Trustee Kraus reminded members and Trustee St. Aubin confirmed that Police and Fire Retirement Board trustees will not be authorized to attend the IFEBP conference in Hawaii this year.

Mr. George Tarlas also recommended Trustee training with Asset Consulting Group. He suggested having this training in conjunction with the next Joint meeting in August. The Joint Retirement Board agreed to have training after its meeting in August.

Mr. George Tarlas provided an amended Police and Fire Retirement Board investment policy that would transfer 5% from Large Cap Equities and allocate it to increase Long/Short Equity.

It was moved by Trustee Kraus and supported by Trustee Oleson to approve the amended Police and Fire Retirement Board Investment Policy as recommended by Asset Consulting Group.

Adopted by the following vote: 6 – 0.

Mr. George Tarlas of Asset Consulting Group reviewed the Quarterly Performance reports for the 1st quarter of 2015. Mr. Tarlas discussed the financial performance of the Employees' Retirement System and the Police and Fire Retirement System for the period ending March 31, 2015. Mr. Tarlas reviewed the market environment and discussed the equity, fixed income and real estate investments within the financial portfolio. Mr. Tarlas reviewed the April monthly financial report and indicated that the portfolios performed well over the last quarter.

Mr. George Tarlas indicated that the City of Lansing retirement portfolios for the Police and Fire Retirement System and the Employees Retirement System has performed well due to its diversification. The systems are well poised to handle market changes and adjustment within its equity and bond investments. Mr. Tarlas discussed that the retirement portfolios will participate when the market is good, but the Retirement Board through its diversification have built in strategies to weather downturns.

There were no public comments.

The meeting adjourned at 10:13 a.m.

Minutes approved on _____

Angela Bennett, Secretary

Dennis R. Parker, Chairperson
Employees' Retirement System

Brad St. Aubin, Chairperson
Police and Fire Retirement System