

**OFFICIAL PROCEEDINGS OF THE BOARD OF  
TRUSTEES  
CITY OF LANSING  
POLICE AND FIRE RETIREMENT SYSTEM**

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

September 17, 2010  
Tuesday, 8:30 a.m.

The Board met in special session and was called to order at 8:37 a.m.

Present: Trustees Fabus, Hecksel, Kraus, Oleson, Wood – 5.  
Absent: Trustee Bernero, Benson, St. Aubin

Others: Karen E. Williams, Finance Department; Attorney Ken Lane, Clark Hill Law Office (representing the Law Department), Mr. Bryan Epling, Chris Lake, IAFF.

It was moved by Trustee Wood and supported by Trustee Kraus to approve the Official Minutes of the Police and Fire Retirement System Board Meeting of August 17, 2010.

Adopted by the following vote: 5 – 0.

It was moved by Trustee Wood and supported by Trustee Fabus to approve the Official Minutes of the Joint Employees Retirement System and the Police and Fire Retirement System Board Meeting of August 17, 2010.

Adopted by the following vote: 5- 0.

Secretary's Report.

0 new fire member(s), 0 new police members, 0 reinstatement(s), 0 refund(s), 0 transfers, 0 retired. Total: Active membership: 444. 0 death(s). Refunds made since the last regular meeting amounted to \$ 0.00. Retirement allowances paid for the month of August, 2010 amounted to \$1,977,882.65. Total retirement checks printed for the P&F System: 660. Total retirement checks printed for both systems: 1506. Domestic relations order received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 2.

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There were no applications for Regular Age & Service Retirement.

Karen Williams updated the Board regarding the requests for duty disability. Ms. Williams informed the Board that Dr. Roth report and referral for Case #2010-F0422. The applicant will be referred to Dr. Margolis for evaluation.

The Board inquired if a special meeting could be held between regular meeting to decide and vote on duty disability cases.

Ms. Williams reported that the Board has called a special meeting in the past to vote on duty disability cases.

Ms. Williams informed the Board that a formal request has not received from Case #2010-F0817. The subcommittee requested that Case be tabled until the applicant submitted a formal request. Trustee Wood expressed concern that the request should not be under consideration until a formal proper request has been received.

It was moved by Trustee Wood and supported by Trustee Kraus to take Case #2010-F0817 off the table.

Adopted by the following vote: 5 – 0.

It was moved by Trustee Wood and supported by Trustee Hecksel to remove Case #2010-F0817 from the agenda and send a letter to the applicant that the request was not in proper form.

Adopted by the following vote: 5 – 0.

Trustee Oleson reported to the Board that Mr. Richard Warner asked if the Reciprocal Retirement Act can be applied in his case to request a non-duty disability.

Attorney Ken Lane was asked to review the request and opined that the Reciprocal Retirement Act can only be used for regular age and service retirement. It can not be used for disability retirement.

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Trustee Hecksel requested an explanation of the Reciprocal Retirement Act. Attorney Ken Lane and Trustee Kraus explained the Reciprocal Retirement Act was enacted to provide for the preservation and continuity of retirement system service credit for public employees who transfer their employment between units of governments in Michigan. An eligible person may be combined credited service for regular age and service retirements.

It was moved by Trustee Fabus and supported by Trustee Hecksel to excuse Trustee St. Aubin from the Police and Fire Board meeting for training. Trustee Wood added a friendly amendment to also excuse Trustee Benson from the meeting.

Adopted by the following vote: 6 – 0.

Karen Williams distributed registration confirmation for Fall MAPERS, September 26 – 28 and for NCPERS in October. Ms. Williams requested members to complete present their State withholding exemption form when checking out at Boyne Mountain.

Mr. Bryan Epling, IAFF, responded to the Board regarding Case #2010-F0817. Mr. Epling stated that the union is following up to get an appropriate request from the applicant.

Mr. Epling informed the Board that Mr. Richard Warner requested a copy of his medical report and submitted a Freedom of Information Act. Mr. Warner's Freedom of Information Act was denied by the City Attorney's Office.

Attorney Ken Lane stated that he was informed of the denial and that Mr. Warner had ten days to appeal. Trustee Wood requested that Attorney Lane inquire to the City Attorney's office regarding the denial.

Trustee Kraus reported to the Board that the subcommittee is planning to meet regarding the Actuary Bid Process to review the submission.

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Attorney Ken Lane reported that the Fraud Monitoring firms selected by the Board have been added to the City Council approved list. The City Attorney also included Barak Rosas firm, but will not compel the Retirement Board to use the firm. Attorney Lane will have Trustee Oleson sign the contract agreements.

Trustee Wood updated the Board regarding the status of the Ordinance Draft. Trustee Wood explained the description of the citizen representative trustee and the application of the "land freeholder" language. Trustee Wood described the residency options: should the citizen trustee own property in the City of Lansing or can the trustee rent in the city and serve on the Board.

The subcommittee recommended that the Board decide regarding the residency option.

It was moved by Trustee Hecksel and supported by Trustee Wood to strike the language that the citizen representative is a land freeholder language.

Adopted by the following vote: 5 -0.

It was moved by Trustee Kraus and supported by Trustee Hecksel to forward the amended Ordinance to the City Attorney's office for review, with the Board's support, and is aware that there are adjustments to language in the Ordinance to be made.

Adopted by the following vote: 5 – 0.

Trustee Oleson asked Attorney Ken Lane to review the Internal Revenue Service guidelines to determine if a member can purchase military time with deferred compensation money. A member received an actuary evaluation and has a limited amount of time for the purchase of service credits, and wishes to use the deferred compensation account. Attorney Jack Roberts opined that a member could not use his deferred compensation money to purchase military time.

Ms. Williams reviewed past official minutes to approve the purchase of military time. The minutes indicated that the administration would be responsible for processing the purchase. The minutes do not specifically indicate what types of funds are accepted.

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Trustee Kraus clarified that the Board does not indicate what funding sources can be used. Trustee Kraus suggested that the member contact the deferred compensation board. Trustee Kraus indicated that if something is done wrong within the 457 plan, it becomes immediately taxable to all members of the plan.

It was moved by Trustee Wood and supported by Trustee Kraus to have legal counsel develop a policy to review IRS guidelines when members wish to purchase time to determine if changes in the law would create an adverse affect to the retirement plans.

Adopted by the following vote: 5 - 0

Karen Williams distributed a draft posting for the Police Trustee Election for Thomas Fabus, who is completing the Bruce Holliday's term. Karen Williams reviewed the election rules.

It was moved by Trustee Wood and supported Hecksel to approve the Police Trustee Election Posting, as submitted.

Adopted by the following vote: 5 - 0

It was moved by Trustee Wood and supported Hecksel to appoint the chair and vice chair as electors to count ballots.

Adopted by the following vote: 5 - 0.

Karen Williams contact the City of Ann Arbor regarding Pension Software and Website. Ms. Williams has also contacted Pension Gold and a few different vendors. Most vendors could not provide a price until it had a determination of what the Board required.

Trustee Fabus inquired a small information packet regarding the Police and Fire Retirement System. Karen Williams informed the Board that the former finance director provided booklets to the Police and Fire Retirement System. Trustee Fabus requested a small guideline be made available describing how things work within the Police and Fire System, in a question and answer format.

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Trustee Wood suggested that Special Projects subcommittee review the booklets that were provided to the Police and Fire Retirement System. The Board suggested that Attorney Ken Lane review the booklets and update the information.

Attorney Ken Lane reported to the Police and Fire Board that the City Attorney has joined a lawsuit regarding several pharmacies. Some pharmacies have overcharged, violating state law. The Board does have holding in some of the pharmacies.

Trustee Wood expressed concerns that the Board has holdings in pharmacies that are being sued by the City and have a negative impact on stocks. Trustee Wood suggested a policy that the Board is contacted when the City is pursuing a lawsuit that would effect Board investments. Attorney Lane opined that the Board did not have any prior knowledge that the lawsuit would be filed and therefore, trustees did not violate its fiduciary responsibility. Attorney Lane explained that Asset Consulting Group did review the Board's holding and reported to the City Attorney that the amount of exposure was minimal.

It was moved by Trustee Wood and supported by Trustee Hecksel Trustee Wood suggested that legal counsel develop a policy that the Board is notified when the City enters a lawsuit that would effect the Board investments.

Adopted by the following vote: 5 -0.

Karen Williams distributed and reviewed the Securities Lending and Investment Monthly report for August.

It was moved by Trustee Hecksel and supported by Trustee Fabus to adjourn the Police and Fire Retirement Meeting.

Adopted by the following vote: 5 – 0.

The meeting adjourned at 10:14 am.

Minutes approved on \_\_\_\_\_

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Jerry Ambrose, Secretary  
Police & Fire Retirement System

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Robert Oleson, Vice Chairperson  
Police & Fire Retirement System