

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

RECEIVED  
2011 JUN 17 PM 4:47  
LANSING CITY CLERK

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

May 24, 2011  
Tuesday, 8:30 a.m.

The Board was called to order at 8:37 a.m.

Present: Trustees Fabus, Hecksel, Kraus, Oleson, St. Aubin, Wood – 6.  
Absent: Trustee Benson, Bernero

Others: Karen E. Williams, Finance Department; Attorney Ken Lane, Clark Hill Law Office (representing the Law Department).

It was moved by Trustee Oleson and supported by Trustee Hecksel to approve the Official Minutes of the Police and Fire Retirement System Board Meeting of May 24, 2011.

Adopted by the following vote: 6 – 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: 434. 1 death(s) Ronald Lyon, Police, died 4/30/2011, age 66, spouse to receive 50%. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of April, 2011 amounted to \$2,003,394.95. Total retirement checks printed for the P&F System: 660. Total retirement checks printed for both systems: 1502. Domestic relations order received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

There were no public comments for items on the agenda.

There were no applications for the Regular Age and Service Retirement.

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

May 24, 2011  
Tuesday, 8:30 a.m.

**Page Two**

It was moved by Trustee Hecksel and supported by Trustee Fabus to go into closed session to discuss sensitive medical information of a duty disability applicant.

Adopted by the following roll call vote: 6-0

Yes: Fabus, Hecksel, Kraus, Oleson, St. Aubin

The Board recessed at 8:30 a.m.

The Board resumed session at 8:43 a.m.

It was moved by Trustee Hecksel and supported by Trustee Oleson to concur with the Medical Director's recommendation and not approve the duty disability request of #2010-F1109.

Adopted by the following vote: 6 – 0

There were no requests for Non Duty Disability Retirement.

Karen Williams reported that Mr. August Krymis, police department, submitted a request for refund of his Accumulated Contributions of \$28,658.50. Ms. Krymiis was not vested.

It was moved by Trustee Fabus and supported by Trustee Kraus to refund the accumulated contributions of Mr. August Krymis.

Adopted by the following vote: 6 -0.

It was moved by Trustee Hecksel and supported by Trustee Wood to excuse Trustee Benson from the May Official Police and Fire Retirement Meeting.

Adopted by the following vote: 6 – 0.

Ms. Williams reported that she had spoken to Mr. Benson who requested an excuse due to medical issues. Mr. Benson did notify the Mayor's office to request a temporary leave of absence.

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

May 24, 2011  
Tuesday, 8:30 a.m.

**Page Three**

Trustee Kraus reported that she had spoken the Mayor's office and notified the Board that Mr. Benson did wish to remain a member of the Police and Fire Board. Mr. Benson may be available to attend some session with advance notice. He would like to remain involved.

Trustee St. Aubin provided a report of the Spring MAPERS Conference. He discussed the Fraud Monitoring workshop. Trustee Kraus also attended the Conference and also found the workshops informative. Trustee Oleson reported that the Police and Fire System was in good shape compared to other systems in terms of how the Board operates. Trustee Hecksel discussed the workshops led by Attorney VanOverbeke. Trustee Fabus discussed the workshop dealing with different pension plans that included hybrids and information on the emergency financial manager.

Karen Williams updated the Board regarding Ms. Ursula Finney. The Retirement Office received a copy of the demand letter from the City Attorney Office to the estate representative of Ms. Finney. Attorney Ken Lane reported that the representative opened the Estate and contacted the City of Lansing. Therefore, the City did not have to open a claim.

Attorney Ken Lane distributed a memo and provided a legislative update of pending Michigan House Bills. Attorney Lane discussed 4361 which was an amendment to the Income Tax Act and its treatment of public pension income. Attorney Lane also provided an overview of HB 4123 and HB 4156 – H7, requiring a public pension system board to publish its annual report, budget, and a listing of all expenditures on a website.

Attorney Ken Lane reviewed the provisions Fraud Monitoring Procedure policy. The City Attorney has agreed to sign and be bound by the policy. Attorney Lane stated the policy would establish a threshold for which a claim would be filed. The City Attorney's Office would check the claim on legal grounds and then refer it to the Retirement Board to proceed. Either the firm or Attorney Lane would present the case to the Board. Asset Consulting Group would also review the claim and inform the City Attorney if there are any issues. The Board would then authorize the City Attorney to sign the legal retainer agreement to proceed.



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

May 24, 2011  
Tuesday, 8:30 a.m.

**Page Four**

Trustee Wood requested that the Board attach a resolution to the policy affirming the two firms that were approved by the Board.

Trustee Kraus suggested that the policy be voted upon separately, because in the future the firms may change.

Trustee Wood expressed concern that a case can be brought by the City Attorney's Office and pursued without consent from the Police and Fire Board.

Trustee Oleson requested that the policy be tabled until the next meeting after Asset Consulting Group is consulted regarding a dollar threshold for the policy.

Attorney Ken Lane distributed and reviewed policy updates for the Trustee Handbooks.

Attorney Ken Lane provided a review and distributed a memo of the Reciprocal Retirement Act.

Attorney Ken Lane provided an update from the City Attorney's Office that the Retirement Ordinance will be in its final form for next month's meeting.

Trustee St. Aubin reported that he had been contacted from Mr. Ronald Hansen regarding medical re-evaluation for duty disability. Mr. Hansen had been seriously injured in an accident that has limited his mobility. Mr. Hansen was selected He has requested that he not be evaluated by the medical director at this time.

Mr. Hansen also sent a letter of request to the Retirement Office request re-instatement of his disability benefits due to his inability to work. Mr. Hansen's pension benefits were suspended last fiscal year due to his outside earnings and pension exceeded the amount of a police officer at his same rank. His pension is reduced according to the Police and Fire Retirement Ordinance, pro-rated over 12 months. He would be eligible to receive a pension in July. The Board discussed how overages from outside earnings are repaid.

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

May 24, 2011  
Tuesday, 8:30 a.m.

**Page Five**

It was moved by Trustee Hecksel and supported by Trustee Fabus to remove Mr. Hansen from the medical re-evaluation list.

Adopted by the following vote: unanimously

Karen Williams reported that 4 fire and 3 police members who did not submit their information. A second notice will be sent those members informing them that if their certification is not received, the monthly pension payment would be subject to adjustment.

The Board selected Mr. Edward Bedecs to replace Mr. Ronald Hansen on the duty disability medical re-examination list.

Karen Williams announced that the Real Estate Investment Search meeting would be held June 8, 2011 at 8:30 a.m.

Karen Williams reviewed the Gabriel, Roeder, Smith minute master proposal for calendar year 2010. Karen Williams explained that minute master comprised of all the Board's minutes, contracts and decision in a searchable electronic database. The Board has adopted Minute Master as its official records for minutes prior to 1999. The Board requested that the Retirement Office contact EFI and inquire if EFI would adopt minute master and provide a proposal for its maintenance.

It was moved by Trustee Hecksel and supported by Trustee Wood to have the Retirement Office inquire to EFI to provide Minute Master Services. If the Minute Master is available, request that EFI submit a fee proposal to the Police and Fire Board. If there are no Minute Master services available, the Board approves the Gabriel, Roeder, Smith proposal with fees not to exceed, \$2,650.

Adopted by the following vote: unanimously

Karen Williams updated the Board regarding the pension software. The Project Manager reviewed the RFPs and provided a fee summary of the proposals. The Police and Fire Board voted at the Joint Meeting to extend Dawn Polihonki's contract.

Attorney Ken Lane drafted a contract extension for the Project Manager for the period of six additional months.

The Board discussed terminating securities lending as recommended by Asset Consulting Group. At the Joint meeting, Mr. John Jackson, Asset Consulting Group reviewed the risks associated with security lending products. The Board discussed if they wished to continue securities lending and their risks involved with the investment. The Board discussed three options: 1) terminate security lending, 2) leave the investment "as is", 3) request that Northern Trust lower the caps.

Trustee Wood explained the original purpose of the fund to provide extra benefits to retirees. Trustee Wood suggested that Asset Consulting Group provide a written recommendation on the options regarding security lending.

It was moved by Trustee Fabus and supported by Trustee Hecksel to request the Asset Consulting Group provide a written recommendation regarding the three options outlined by John Jackson for securities lending at Northern Trust. Additionally, the Board requests options regarding what can be done with the reserves if withdrawn from Securities Lending.

Adopted by the following vote: unanimously

Karen Williams distributed and reviewed the Securities Lending Report Board Expense report for month ending April 30, 2011.

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

Adopted by the following vote: 6 -0

The meeting adjourned at 10:00 am.

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

\_\_\_\_\_  
Jerry Ambrose, Secretary  
Police & Fire Retirement System

\_\_\_\_\_  
Brad St. Aubin, Chairperson  
Police & Fire Retirement System