

**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

October 18, 2011  
Tuesday, 8:30 a.m.

The Board was called to order at 8:30 a.m.

Present: Trustees Fabus, Hecksel, Kraus (8:35), 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); Mr. Brian Epling, IAFF; Mr. Greg Stump, EFI Actuaries.

It was moved by Trustee Oleson and supported by Trustee Hecksel to approve the Official Minutes of the Police and Fire Retirement Board Meeting of September 13, 2011.

Adopted by the following vote: 6 - 0

Mr. Brian Epling, IAFF provided public comments regarding a voluntary 20 year Retirement option for the police and fire system. Mr. Epling informed the Board that the union has talked with the administration regarding ideas for ways to retain membership and to recall laid off fire members. This voluntary 20-year option would provide a reduced pension for members who chose to retire and be cost neutral to the system. Mr. Epling discussed that an actuarial evaluation was requested and completed via the Board chairman.

Secretary's Report.

0 new fire member(s), 0 new police members, 0 reinstatement(s), 3 refund(s), 0 transfers, 1 retired. Total: Active membership: 364. 3 death(s), Edward N. Dailey, Police, died 8/26/2011, age 95, no surviving beneficiary; Raymond F. Doyle, Fire, died 9/22/2011, age 81, no surviving beneficiary; William Cochran, Police, died 10/3/2011, age 80, spouse to receive 50%. Refunds made since the last regular meeting amounted to \$82,800.99. Retirement allowances paid for the month of September 2011 amounted to \$2,121,224.16. Total retirement checks printed for the P&F System: 677. Total retirement checks printed for both systems: 1522. Domestic relations order received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

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Mr. Greg Stump, EFI Actuaries provided a presentation for the Police and Fire Retirement Board. Mr. Stump provided an Actuarial background of pension funding and the factors that impact plan funding. Mr. Stump discussed Funding Policy, and potential changes. He provided examples of closed amortization.

Mr. Stump addressed the actuarial evaluation and reviewed voluntary 20 year option for the Police and Fire Retirement System. Mr. Stump recommended a retirement window and discussed background, provisions, analysis and risks associated with the 20 year option.

Mr. Greg Stump discussed the transition to EFI Actuaries and a proposed timeline for upcoming actuarial projects and meeting.

It was moved by Trustee Fabus and supported by Trustee Kraus to approve following application for regular age & service retirement:

Melvin Johnson, Police, 17 years, 1 months of service credits, age 55,  
effective September 1, 2011. (From Deferred)

Adopted by the following vote: 6 – 0.

There were no requests for Duty Disability Retirement.

There were no requests for Non Duty Disability Retirements.

It was moved by Trustee Hecksel and supported by Trustee Wood to approve the following request for refund of Accumulated Contributions:

Ryan Kellom, Lansing Police Department, \$7,103.02  
Brian R. Rasdale, Lansing Police Department, \$21,398.23  
Josh Traviglia, Lansing Police Department, \$7,318.02

Adopted by the following vote: 6 – 0.

It was moved by Trustee Hecksel and supported by Trustee Wood to excuse Trustee Benson from the Police and Fire Retirement System October meeting.

Adopted by the following vote: 6 – 0.

Karen Williams provided an update on Trustee Benson. Trustee Wood inquired if Trustee Benson was receiving Board materials. Ms. Williams informed the Board that the Retirement Office was emailing Board information to Trustee Benson.

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Trustee Hecksel provided a MAPERS Fall Conference Report. He discussed the sessions at the Conference: New Trustee Workshop, Pension Fundamentals, Michigan Economics and Forecasts. He stated that it was a very good conference and good networking opportunity.

Trustee Oleson also attended MAPERS and discussed Transition Managers, new in Michigan. Trustee Oleson informed the Board that at the time of transition, monies can be lost. These managers assist when monies are moved from one investment to another. Trustee Oleson suggested that he would contact Asset Consulting regarding the transition managers that he met at MAPERS.

Trustee Brad St. Aubin provided a NCPERS Fall Conference Report. Trustee St. Aubin attended sessions: Emerging Markets, Pension: Past, Present, Future, Drop programs, and Globalization. Trustee St. Aubin stated that the Globalization was very good and he would like to pass his name on to MAPERS as a future speaker.

Karen Williams announced upcoming Asset Consulting Dates: October 26 is the rescheduled date for Trustee Training, October 26 is also the date for the interviews for the Multi-Sector Fixed Income Interviews, starting at 8:30 a.m., and December 6 -7 for the due diligence visit to Asset Consulting.

Karen Williams requested Board approval for membership renewals for MAPERS, IFEPB and NCPERS. The fees are: MAPERS, \$50.00; ½ IFEBP, \$377.50, ½ NCPERS, \$112.50. The IFEPB and NCPERS dues are split with the Employees Retirement System.

It was moved by Trustee Oleson and supported by Trustee Wood to pay dues renewal for MAPERS, IFEBP and NCPERS from securities lending.

Adopted by the following vote: 6 – 0.

Mr. Brian Epling, IAFF, requested and was granted permission to add additional comments regarding the voluntary 20-year Retirement option. Mr. Epling stated that he had numerous conversations with administration regarding their intention to bring employees back as part of the option. Mr. Epling stated that 40 names were submitted to the actuary for evaluation of this proposed program. Mr. Epling discussed changes that have occurred since the previous experience study. Mr. Epling stated that the IAFF would like to move forward with this option.

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Attorney Ken Lane updated the Board regarding the SAS 70 Report Policy. He has contacted Mr. Eric Tumbarella, IT Department to review the technology aspects of the SAS Report. Attorney Lane will follow up with Mr. Tumbarella for a report.

Trustee Kraus requested and was granted permission to leave the meeting.

Attorney Lane updated the Board on the Police and Fire Retirement Ordinance. He stated that the City Attorney's Office is still reviewing the draft. Attorney Lane stated that he will continue to request action on the Ordinance.

Trustee Wood requested that the legal counsel have the Police and Fire Retirement Ordinance completed by the next meeting. Trustee Wood further requested that the chair request that the City Attorney be at the next meeting if the Ordinance is not complete.

Karen Williams reported that approximately 2/3 of the exams completed. There was one remaining duty disability retirees whose information was not located by the Medical Director. Trustee St. Aubin reported that he spoke with Ms. Williams regarding contacting the previous medical director for files. Ms. Williams reported to the Board that Ms. Gina Lee requested a copy of her medical report from the Police and Fire Board. Her request was denied. The Board agreed to review all of the reports at one time when they are received. Attorney Ken Lane inquired if a copy of the report was sent to Human Resources. Ms. Williams informed the Board that once a determination has been made, a copy of the medical report is forwarded to Human Resources.

Karen Williams discussed the Fire Trustee election. The posting for the position was distributed October 4, 2011. The deadline for nominating petitions would be November 4, 2011.

Attorney Ken Lane provided a legislative update from MAPERS regarding amendments to Public Act 314. Attorney Lane also distributed a memo that discussed the Economic Vitality Incentive Program, Public Act 63 of 2011, as a replacement to the statutory revenue sharing. The legislation identified three different measures or categories that eligible cities, villages and townships need to accomplish to receive state funding under the program. A community would receive 1/3 of the maximum funding amount for each of the three categories it fulfills the specific requirements.

Trustee Hecksel inquired to the Board how much of the money received from the State of Michigan was statutory compared to constitutional.

Trustee Wood provided an explanation to the Board that approximately 1/3 of the funding from the State of Michigan was statutory.

Trustee St. Aubin inquired about the new health care cost sharing agreement that would allow municipalities to pay no more than 80% of health care. Trustee St. Aubin asked if a contract is open due to negotiation or modification, would active employees be subjected to the new health care act at that point. Trustee St. Aubin stated that his understanding is that the entire bargaining unit would subject to new premium changes.

Attorney Lane stated that modification to current agreements can subject that bargaining unit to the new health care premium act. All agreements executed after May 1, 2012 will be subject to the Health Care Premium changes.

Trustee St. Aubin requested information from Attorney Lane regarding Fiduciary liability insurance. In the past, the Administration has made decisions not approved by the board.

Attorney Ken Lane stated that the Board does have the authority to purchase Fiduciary Liability insurance. Attorney Ken Lane also discussed governmental immunity and how it covers trustees except for gross negligence.

Karen Williams distributed information regarding the pension software demonstration. Ms. Williams met with Dawn Polihonki to set up an agenda for Wednesday, November 9 in the 3<sup>rd</sup> Floor computer room. The demos will be in the form of a webinar. Ms Williams stated that the demos will feature pension administration, the retirement calculator and web site estimator, reports and data conversions. Ms. Williams updated the Board that the external drive to back up the retirement data files has been purchased and implemented.

Karen Williams reviewed the Investment and Securities Lending Reports for month ending September 30, 2011.

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

Adopted by the following vote: 5 -0

The meeting adjourned at 10:32 am.

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

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Jerry Ambrose, Secretary  
Police & Fire Retirement System

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Brad St. Aubin, Chairperson  
Police & Fire Retirement System