

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

COPY

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

June 19, 2012
Tuesday, 8:30 a.m.

The Board was called to order at 8:35 a.m.

Present: Trustees Benson, Fabus, Hecksel, Kraus, St. Aubin, Wood – 6.

Absent: Trustee Bernero, Oleson

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

It was moved by Trustee Kraus and supported by Trustee Hecksel to approve the Official Minutes of the Police and Fire Retirement Board Meeting of April 17, 2012.

Adopted by the following vote: 6- 0

It was moved by Trustee Hecksel and supported by Trustee Fabus to approve the Official Joint Minutes of the Employees Retirement System and the Police and Fire Retirement System Meeting of May 17, 2012.

Adopted by the following vote: 6 - 0

Secretary's Report.

0 new fire member(s), 1 new police members, 0 reinstatement(s), 1 refund(s), 0 transfers, 1 retired. Total: Active membership: 353. 1 death(s), Robert Curtis, Police, died 5/22/2012, age 91, spouse to receive 50%. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of May, 2012 amounted to \$2,114,889.32. Total retirement checks printed for the P&F System: 674. Total retirement checks printed for both systems: 1524. Domestic relations order received: 0 Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

It was moved by Trustee Kraus and supported by Trustee Hecksel to approve the following application for Regular Age and Service Retirement:

Brian Hunter, Police Department, 25 years of service credit, age 50,
effective May 16, 2012.

Adopted by the following vote: 6 - 0

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Ms. Williams reported that there were three requests for duty disability: Applicant #2012-P0619; Applicant #2012-F0620; Applicant #2012-F0621.

It was moved by Trustee Kraus and supported by Trustee Hecksel to recess to allow the disability subcommittee to meet and review the requests for duty disability.

Adopted by the following vote: 6 -0.

The meeting recessed at 8:39 a.m.

It was moved by Trustee Hecksel and supported by Trustee Wood to rise from recess.

Adopted by the following vote: 6 - 0

The meeting resumed at 8:48 a.m.

It was moved by Trustee Hecksel and supported by Trustee Kraus to begin the process the following applications for duty disability, Applicant #2012-P0619, Applicant #2012-F0620, Applicant #2012-F0621, and for the Retirement Office to send a letter of request to obtain the required documentation.

Trustee Benson requested an explanation regarding the process and the requested documentation.

Trustee Hecksel reviewed the duty disability process and reviewed the letter template requesting attendance records, return to work status, copies of incident reports, employment records and a list of all medical and psychological professionals. Trustee Hecksel stated that the information should be made available to the medical director to make an informed decision. Trustee Hecksel indicated that the letter would outline and make clear what is required for documentation.

Adopted by the following vote: 6 – 0

Trustee Wood suggested that the Request for Documentation letter be made a part of the policy.

Trustee St. Aubin informed the Board that the disability subcommittee recommends that medical records be transferred from doctor to doctor.

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Trustee Wood requested that Attorney Ken Lane amend the letter and provide the letter for approval by the Board for inclusion with the duty disability application policy.

Trustee Hecksel requested that once a letter has been finalized, that a copy be sent to the bargaining unit to speed up the process.

Trustee Kraus suggested that the disability applicant can contact the Retirement Office for a copy of the letter instead of sending the letter to the bargaining unit.

Trustee Hecksel stated that it was acceptable for the member to get a copy of the letter from the Retirement Office.

There were no requests for Non Duty Disability Retirement.

Ms. Williams reported to the Police and Fire Retirement Board that Mr. Ryan Kilpatrick, Police Department requested his accumulated contributions of \$11,854.97.

It was moved by Trustee Fabus and supported by Trustee Wood to approve the Request for Refund of Accumulated Contributions of Mr. Ryan Kilpatrick, Police Department for \$11,854.97.

Trustee Kraus inquired if Mr. Kilpatrick would be called back to service. Trustee St. Aubin indicated that Mr. Kilpatrick would not be returning.

Adopted by the following vote: 6 – 0.

Trustee Hecksel requested an excuse for Trustee Oleson from the June Retirement Board meeting. Trustee St. Aubin also informed the Board that he had been contacted by Trustee Oleson for an excused absence. Trustee St. Aubin also indicated that absence members from the May meeting need to be excused because there was no quorum.

It was moved by Trustee Hecksel and supported by Trustee Wood to excuse Trustee Oleson from the June Police and Fire Retirement Board Meeting.

Adopted by the following vote: 6 – 0

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It was moved by Trustee Wood and supported by Trustee Kraus to excuse Trustees Benson, Fabus and Hecksel from the May Police and Fire Retirement Board Meeting.

Adopted by the following vote: 6 – 0.

Trustee St. Aubin provided a MAPERS Spring Conference Report. Trustee St. Aubin attended a workshop regarding actuarial assumption rates. He also got an opportunity to talk with trustees from other municipalities regarding some of the common issues effecting Retirement Board. Trustee St. Aubin was pleased to report that the City of Lansing Police and Fire Retirement Board is ahead of the curve in regards to having MAPERS recommended policies in place. He thanked the Board for their hard work adopting these policies.

Trustee Fabus added that he also found the MAPERS Spring Conference informative. He informed the Board that he attended the Emerging Markets Presentation workshop. He also gained insight regarding legislative updates presented during the Conference.

Trustee Benson also enjoyed attending his first MAPERS Conference. He attended the workshop relating to the Role of the Custodian and found the conference very informative.

Karen Williams reviewed the Travel and Expense Reports. The fillable report was specifically designed for the Retirement Boards. Ms. Williams also reviewed written guidelines for completing the report.

Karen Williams announced that the MAPERS Fall Conference will be held, September 9 through September 11, 2012.

Attorney Kenneth Lane provided a legislative update for Public Act 314. The legislation to amend Public Act 314 did pass the Senate

Attorney Lane provided an update on the Draft Ordinance recommendation. Attorney Lane reviewed the recent Board policy regarding repaying accumulated contributions to the Retirement System. The Board policy was to be incorporated into the draft ordinance.

Trustee Fabus inquired what the time frame for repaying accumulated contributions to the Retirement System. Trustee Fabus stated that he had questions from officers who had been called back. He was informed that members had five years.

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Attorney Lane opined that the Police and Fire Retirement System Ordinance had no time frame listed. The Police and Fire Retirement Board adopted a policy to allow repayment within 6 months. Members could be granted another six month extension to repay the contributions.

Ms. Williams indicated that the Police and Fire Retirement System followed the Employees Retirement System guidelines for repaying accumulated contributions.

Trustee St. Aubin indicated that members can repay the monies by rollover.

Attorney Ken Lane stated that the Ordinance indicates that accumulated contributions must be repaid with interest up to the time of repayment. Attorney Lane also indicated that members who were not called back within four years, the former must pull their contributions out or risk losing the money. The time limit from separation of service to pull unvested monies out of the system is five years.

Trustee Wood inquired if members who were laid off prior to the new policy are allowed the extra time to pay back accumulated contributions.

Trustee St. Aubin inquired if extra monies can be deducted from payroll for members who are returning from lay-off.

Trustee Hecksel stated that he would support a member being allowed to repay accumulated contributions over five year period through payroll deduction.

Trustee Kraus indicated payroll deductions must be addressed by the administration.

Attorney Ken Lane discussed the modified benefit of purchasing military service credits with 457 deferred compensation monies. Attorney Lane indicated that because the language would modify a benefit. The issue should be initiated through collective bargaining. Attorney Lane inquired if the Police and Fire Retirement Board wished to go forward with recommending the Ordinance without the military service credits amendment.

Trustee Wood recommended that the Police and Fire Retirement Board move the Ordinance forward without the military service credit amendment. Trustee Wood stated that a letter from the Retirement Board stating that will be forwarded to the Mayor's Office and then presented to the City Council.

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Karen Williams announced that there were 6 duty disability retirees that had not submitted their Income Verifications. Ms. Williams reviewed the Board Policy that indicated second requests are sent out to disability retirees that did not report their income. The Board agreed that if the retirees did not return their income verification, that those members' pension would be suspended.

Karen Williams distributed the EFI Actuaries recommendations for assumption changes to the Police and Fire Retirement Boards based on the Experience Study.

It was moved by Trustee Hecksel and supported by Trustee Fabus to amend the interest rate from 8% to 7.5% phasing the rate changes over a five year period, and allow one-year forbearance to the City Administration. Trustee St. Aubin offered a friendly amendment to begin the first rate change January 1, 2014, moving from 8% to 7.9% and each January 1, the rate would decrease by .1% until the recommended rate is reached.

Trustee Benson inquired what basis was used to determine the recommendation for the interest rate change to 7.5% and the inflation rate change to 3%.

Trustee Hecksel stated that the motion was made to provide the City Administration time to budget for the impact of the changes.

Ms. Bennett indicated these assumptions are revisited after every Experience Study.

Adopted by the following vote: 5 – 0.

The Board discussed amending the Police and Fire Retirement System's inflation rate assumption.

It was moved by Trustee Wood and Trustee Kraus to amend the inflation rate assumption from 4% to 3% based upon the EFI recommendation. Trustee Fabus offered a friendly amendment to change the inflation rate from 4% to 3.8% beginning January 1, 2014, and each January 1, the rate would decrease by .2% until the recommended rate is reached.

Adopted by the following vote: 6 – 0.

Karen Williams asked the Police and Fire Retirement Office if they wanted EFI Actuaries to come to the July meeting to review the remaining assumption with Trustees.

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The Board agreed to have EFI Actuaries at the July meeting to review the remaining assumption change recommendations.

Attorney Kenneth Lane updated the Police and Fire Retirement Board contract discussion with Tegrit. Trustee Rose of the Employees Retirement System has been involved with negotiating an appropriate price and solving contract issues.

Attorney Ken Lane updated the Board that language regarding military service credits has been drafted. Attorney Lane discussed the differences between service credits and military service credits.

Karen Williams distributed the request for cash needs requirement.

It was moved by Trustee Hecksel and supported by Trustee Kraus to liquidate \$2.7 million from the T. Rowe Price portfolio and \$1.5 million from the Northern Trust S & P 500 Index Fund for the cash needs request from the City Finance Department to reimburse the General Fund.

Trustee Kraus requested if Ms. Bennett knew the time frame that the cash needs request for management fees covered.

Ms. Bennett indicated she was uncertain if the cash needs request for just for management fees. The reimbursement request may also include pension payment liabilities. Ms. Bennett informed the Retirement Board that the General Fund also pays the pension payments and investment fees up front and then is reimbursed by the Retirement System.

Trustee Wood requested a breakdown of all the fees that were included in the request and asked that the Retirement Board investigate paying the reimbursement on a regular schedule.

Adopted by the following vote: 6 – 0.

Karen Williams informed the Police and Fire Retirement Board that Asset Consulting Group received a request for the Board to receive quarterly commission recapture payments instead of monthly payments.

The Board agreed to receive quarterly commission recapture payments.

Karen Williams reviewed the March Investment and Securities Lending Report.

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

Adopted by the following vote: 5 – 0

The meeting adjourned at 10:13 am.

Minutes approved on _____

Brad St. Aubin, Chairperson
Police & Fire Retirement System

Angela Bennett, Secretary
Police & Fire Retirement System