

**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 16, 2012
Tuesday, 8:30 a.m.

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

Present: Trustees Benson, Hecksel, Kraus (8:41), Oleson, St. Aubin, Wood – 5.
Absent: Trustee Bernero, Fabus

Others: Angela Bennett, Karen E. Williams, Finance Department; Attorney Ken Lane, Clark Hill Law Office (representing the Law Department); Chris Lake, IAFF, Robert Rose, Trustee, Employees Retirement System Board; Wade Elton, Fire Department.

It was moved by Trustee Oleson and supported by Trustee Hecksel to approve the Official Joint Minutes of the Police and Fire Retirement System and the Employees Retirement System Board Meeting of August 21, 2012.

Adopted by the following vote: 5- 0

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 September 18, 2012.

Adopted by the following vote: 5 – 0

Mr. Chris Lake, IAFF addressed the Police and Fire Retirement Board regarding the EFI assumption changes. Mr. Lake expressed that he thought that phased-in approach to implementing the changes would be best for the system. Mr. Lake stated the Trustee St. Aubin and Trustee Hecksel had an opportunity to meet with the IAFF representative to discuss questions regarding the assumptions changes.

Mr. Lake also inquired about the status of military service credits calculations.

Attorney Kenneth Lane read a section of the statute that describes military credit calculations. Attorney Lane has provided the statute to EFI Actuaries. The statute indicates that a member who elects to claim the military service credit shall pay to the retirement system an amount together with interest equal to the annual contribution rate in effect at the time of his election multiplied by the number of years (either one or two). Attorney Lane opined that the calculation is done on an individual basis and depends on how annual contribution rate is defined.

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Trustee Hecksel expressed that he felt that issue should be expedited to make it available for the membership.

Trustee Oleson stated that he expressed that the appropriate parties, legal and the actuary, can discuss this issue before the next meeting and have the information available for the next meeting.

Trustee Kraus requested that once a definition is made, that the calculation be tested against known military service calculations.

Secretary's Report.

0 new fire member(s), 0 new police members, 1 reinstatement(s), 1 refund(s), 0 transfers, 5 retired. Total: Active membership: 349. 1 death(s), Leon S. Bryde, Police, died 8/15/2012, beneficiary to receive 50%. Refunds made since the last regular meeting amounted to \$38,973.01. Reimbursements made year-to-date amount to \$7,537.56. Retirement allowances paid for the month of September, 2012 amounted to \$2,147,690.93. Total retirement checks printed for the P&F System: 674. Total retirement checks printed for both systems: 1527 Domestic relations order received: 0 Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

There were no applications for Regular Age & Service Retirement.

Karen Williams updated the Board regarding Applicant #2012-P0821. The applicant has received the applicant material and will arrange the appointment.

There were no requests for non duty disability retirement.

There were no requests for refunds of accumulated contribution.

Trustee St. Aubin informed the Board that Trustee Fabus contacted him and requested an excuse from the meeting.

It was moved by Trustee Hecksel and supported by Trustee Oleson to excuse Trustee Fabus from the October Police and Fire Retirement System Board Meeting.

Adopted by the following vote: 6 -0

Trustee Bob Rose updated the Employees Retirement System Board regarding the pension software project. Trustee Rose reported that he has been pleased with the process so far. Trustee Rose stated that the current focus is to get the parts of the Arrivos system running as soon as possible. Trustee Rose would like to bring Tegrity to a Joint Board Meeting at a later time to meet with the Board.

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Ms. Williams reported to the Retirement Board that she had two meetings with the Tegrity Group regarding retirement data sources, and how to migrate the information to the Arrivos system. Ms. Williams indicated the second meeting involved discussion of the retirement office processes and forms that are used during the lifecycle of an employee and the lifecycle of a retiree. Ms. Williams reported that Tegrity will provide a software demonstration, November 1, 2012.

Trustee Hecksel inquired about the timeline of the project.

Trustee Rose indicated that the majority of the system would be in operation in approximately a year. Trustee Rose discussed the data mining process to supply the system. Tegrity will perform a gap analysis regarding what Arrivos can do and what the Retirement System needs.

Trustee St. Aubin stated that the Tegrity Pension Software update will be kept on the agenda under Training and Education.

Trustee Hecksel provided a NCPERS Public Safety Conference Report. Trustee Hecksel attended NCPERS and indicated that the Conference was very good and had a great agenda. He discussed Mr. Bill Hackney who provided a workshop regarding economic renaissance. Trustee Hecksel stated a highlight of the conference was meeting with Greg Stump, EFI and a representative from IAFF to discuss actuarial assumptions for the Retirement Plan.

Trustee St. Aubin provided a NCPERS Public Safety Conference Report. Trustee St. Aubin also attended the Conference and discussed the Emerging Trends workshop, disability claims management, and high Frequency Management. Mr. Greg Stump provided the GASB update and Trustee St. Aubin also had the opportunity to meet extensively with Mr. Stump and discuss actuarial issues.

Karen Williams reported that the \$225 NCPERS and \$780 IFEBP Annual Membership Fees are due for renewal. Ms. Williams indicated that last year the membership fees were split between the Employees Retirement System Board and the Police and Fire Retirement Board. The renewals are paid from the Securities Lending account.

It was moved by Trustee Hecksel and Trustee Benson to renew the NCPERS and IFEBP Annual Memberships, split the fees between Police and Fire and the Employees Retirement System and pay the fees from security lending funds.

Adopted by the following vote: 6 – 0

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Mr. Wade Elton requested permission to provide comments and ask questions to the Police and Fire Retirement Board regarding Military Service Credits. Mr. Elton inquired if any members of the current Board. Mr. Elton expressed frustration regarding the timeline to determine how the military service credits. Mr. Elton stated that he has been working on this issue for two years. Mr. Elton stated that he believed that the veterans are not a priority. Mr. Elton asked if there was a solution to the problem of comparing the actuarial valuation between the two Actuary companies. Mr. Elton also inquired what recourse a member had if his military service credit actuarial valuation is incorrect. Mr. Elton requested a timeline for the matter to be resolved.

Trustee Kraus stated that she is concerned regarding veterans. Trustee Kraus expressed her frustration with Gabriel, Roeder, Smith (GRS) and their inability to share information with EFI. Trustee Kraus would not recommend GRS even though they have provided quality service in the past. Trustee Kraus indicated that the Board has transitioned to the new actuary and there is a plan to resolve this issue.

Trustee Hecksel stated that he understands Mr. Elton's frustration and apologized for the time to resolve the military service credit calculations. Trustee Hecksel was also frustrated with Gabriel, Roeder, and Smith actions in this matter. Trustee Hecksel indicated that he serves the membership of the Police and Fire System and not individual members. Trustee Hecksel explained that the Board does have many priorities and limited resources. However, he does believe that the matter would be resolved within six months.

Ms. Karen Williams updated Retirement Board regarding the EFI Recommendations for assumption changes. Ms. Williams indicated that EFI will attend the November meeting and review the 2011 actuarial valuation and the assumption changes for the Board.

Trustee Wood requested from the administration the budgeted amount for this year's retirement contribution.

Ms. Angela Bennett reported to the Retirement Board that the budgeted retirement contribution amount for the calendar year was projected at \$10,476,000. Ms. Bennett stated that the amount does not include the EFI recommendations for assumption changes.

Trustee Wood requested that the budgeted contributions amount be noted in the official minutes.

Attorney Kenneth Lane updated the Retirement Board regarding Public Act 314. Attorney Lane stated the Senate Bill 797 was postponed for immediate effect.

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Attorney Lane also updated that Board regarding the Police and Fire Ordinance. Attorney Lane indicated that the Police and Fire Ordinance would need to be amended to incorporate a memorandum of understanding regarding the inclusion of Food Allowance in the calculation of Final Average Conference. Attorney Lane received copy of the memorandum from the Retirement Office and he has provided this information to the City Attorney's office for review.

Karen Williams updated the Police and Fire Retirement Board regarding the Police Trustee Election. The Retirement Office has posted a notice for Trustee St. Aubin's term of office as Police Department trustee that will end December 31, 2017.

Karen Williams informed the Retirement Board that the SAS 70 Report has been distributed electronically to members. Ms. Williams indicated that the Board policy directs Trustees to review and accept the SAS 70 Report annually.

Attorney Ken Lane indicated that he reviewed the SAS 70 Report. Attorney Lane informed the Board that the Report is very similar to the SAS 70 received last year. Attorney Lane further explained that the report was reviewed by the Information Technology Department and Asset Consulting Group. The Board requested that the report be provided to Asset Consulting Group for review.

Karen Williams reviewed the Investment and Securities Lending Report for the month of September 2012.

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

Adopted by the following vote: 6 – 0

The meeting adjourned at 9:32 am.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Brad St. Aubin, Chairperson
Police & Fire Retirement System