

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

December 17, 2013
Tuesday, 8:30 a.m.

The Board was called to order at 8:41 a.m.

Present: Trustees Benson, Fabus (8:48), Hecksel, Kraus, Oleson, St. Aubin, Wood- 7.

Absent: Trustee Bernero

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

It was moved by Trustee Oleson and supported by Trustee Hecksel to approve the Official Minutes of the Joint Employees' Retirement System and the Police and Fire Retirement System Board Meeting of November 21, 2013, as amended.

Adopted by the following vote: 6 - 0

It was moved by Trustee Hecksel and supported by Trustee Wood to approve the Official Minutes of the Police and Fire Retirement System Board Meeting of November 19, 2013, as amended.

Adopted by the following vote: 6 - 0

There were no public comments.

Trustee St. Aubin requested that the Board move to item 12 to discuss hiring Mr. Bob Rose as project sponsor for the Police and Fire Retirement System Board. Mr. Rose expressed his concerns regarding liability protection if he was to resume his role as project sponsor. Mr. Rose stated that he could be exposed to lawsuits regarding the execution and implementation of the software project. He believed that the Retirement Board did not have liability protection for him in the event of litigation and was not comfortable going forward.

Mr. Hecksel suggested that the Police and Fire Retirement Board could purchase an umbrella policy for Mr. Rose's liability concerns. Attorney Ken Lane stated that the umbrella policy could offer some protection, but may not offer any protection if there was a dispute between Mr. Rose and the Board.

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

December-17, 2013
Tuesday, 8:30 a.m.

Page Two

Trustee Wood inquired if Mr. Rose apprehension and concern would cause him to not move forward as the project sponsor.

Trustee Benson requested an explanation on the type of issues that could litigation. Attorney Lane opined that individual member or retirees of the plan could bring litigation because of the use of Plan funds. Trustee Benson inquired if Mr. Rose could be attached to the City's contract. Mr. Rose stated that he would not be insulated from legal action from individual members or retirees.

Trustee Hecksel suggested that Mr. Bob Rose establish a limited liability company LLC for liability protection. Attorney Lane opined that the Police and Fire Board could contract with the LLC. Mr. Bob Rose had concerns about legal fees if there was a need to hire an attorney.

Trustee Wood stated that if Mr. Rose would only be comfortable as an independent contractor who would sit in on the status meetings and report back to the Board, that it may be better to have a Board member serve as project sponsor. Trustee St. Aubin stated that he is unable to fully participate as project sponsor. He inquired if the Board would have an objection to asking Trustee Mark Parker of the Employees Retirement System Board to serve as project sponsor. Trustee St. Aubin will reach out to Trustee Parker regarding the project sponsor position.

Secretary's Report.

0 new fire member(s), 0 new police members, 0 reinstatement(s), 0 refund(s); 0 transfers, 1 retired. Total: Active membership: 336. 2 death(s), Thomas Roush, Fire, died December 7, 2013, age 63, spouse to receive 50%; Katherine Winslow, Police (Non-Duty Disability), died December 5, 2013, age 40, spouse to receive 50%. Refunds made since the last regular meeting amounted to \$0.00. Reimbursements to the System year-to-date amount to \$0.00. Retirement allowances paid for the month of November, 2013 amounted to \$2,212,164.97. Total retirement checks printed for the P&F System: 691. Total retirement checks printed for both systems: 1575. Domestic relations order received: 0 Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

Trustee Fabus arrived to the meeting.

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

Elizabeth Reust, Police Department, 25 years of service credits, age 46, effective December 14, 2013 (w/ purchase 7 months of universal buy-in of time).

Adopted by the following vote: 7 - 0

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

December 17, 2013
Tuesday, 8:30 a.m.

Page Three

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

John A. Prince, Police Department, 25 years of service credits, age 51, effective January 6, 2014.

Adopted by the following vote: 7 - 0

Trustee Kraus inquired about when notification of retirements is provided to the departments. Trustee Kraus spoke of some incidents where employees put in an application for retirement but did not inform the department in a timely manner.

Ms. Angela Bennett reported that Human Resources and Finance Department involved with retirement is working on a termination procedure that would automate the notification when an application is received. Currently, the retirement analyst submits notification to Human Resources, who notifies the affected Department.

Karen Williams reported that the Fire Chief had submitted a request for duty disability for Applicant #2013-F1217.

It was moved by Trustee Hecksel and supported by Trustee Oleson to begin the Board's process to send Applicant #2013-F1217 to the medical director for evaluation.

Accepted by the following vote: 7-0

Karen Williams reported that Applicant #2013-P1015 has submitted documentation and is waiting to see the medical director.

Karen Williams reported that Applicant #2013-P0917 is waiting to see the medical director.

Ms. Williams notified the Board that the medical report for Applicant #2013 -F0717 has been received for review by the disability subcommittee.

Trustee Kraus reported that the disability subcommittee met and reviewed the medical report. The disability subcommittee recommended concurring with the medical director and approving the disability retirement of Applicant #2013- F0717.

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

December 17, 2013
Tuesday, 8:30 a.m.

Page Four

It was moved by Trustee Kraus and supported by Trustee Oleson to approve the disability retirement for Applicant #2013-F0716.

Adopted by the following vote: 6 – 1

There were no requests for Non Duty Disability Retirement.

There were no requests for Refund of Accumulated Contribution.

Attorney Lane provided an updated EDRO Policy and Investment Policy for Trustee Books.

Attorney Ken Lane reported that Attorney Paul Novak of Milberg contacted him and stated that there was no security breach of the VERITAS system in the last five years. Milberg also provided assurances that the Board would be immediately notified if there is a security breach. Attorney Lane provided the email notification from Milberg to the Police and Fire chairperson to satisfy the Board's motion.

Attorney Lane opined that he reviewed the SAS 70 Report and had no issue with the information. Attorney Lane had not heard from Asset Consulting Group regarding the report.

Attorney Lane discussed Dewpoint's contribution to elected officials. Public Act 314 would prohibit the Retirement Board from using its assets to pay vendors or service providers that make campaign contributions over \$350.00. The Public provides that if the contribution is discovered within 4 months, and the portion over \$350 is refunded, there is no violation. Attorney Lane stated that the City Attorney's Office verified that the Lansing elected officials who received contributions from Dewpoint returned all of the contributions. Attorney Lane drafted a letter to send out to all vendors to make them aware of the Public Act 314 and its provisions regarding campaign contributions.

Trustee Wood informed the Police and Fire Board that at the December 2, 2013 Council Meeting, the City Attorney provided a retirement board closed session confidential memo to the Council. The City Attorney provided a memo telling the Council that she concurred with the closed session memo. Trustee Wood stated that she asked the City Attorney repeatedly was she waiving the confidentiality of the memo. The City Attorney did waive the confidentiality. Trustee Wood stated that Council members were previously told that no one person can waive the confidentiality of the documents considered, except the body that went in to closed session.

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

December 17, 2013
Tuesday, 8:30 a.m.

Page Five

Attorney Lane explained that the City Attorney was copied on the confidential memo. Attorney Lane stated that due to the issue involving the Mayor and administration, he felt that the information should be shared with City Attorney. Trustee Wood inquired if the Attorney Lane or Trustee St. Aubin was informed of the City Attorney's decision to waive the confidentiality of the memo. Neither Attorney Lane nor Trustee St. Aubin was aware that the memo had been shared with City Council.

Trustee Wood had concerns that members of the public are requested to leave for closed session, yet the items considered are made public, without notification to the Police and Fire Retirement Board. Trustee Benson inquired about why there was an issue with the release of the confidential meeting. Trustee Wood did not want the appearance the Board was doing something inappropriate behind closed doors.

Attorney Lane stated that in the future, he will communicate and coordinate with the retirement board chairperson, if he feels that memos should be copied and shared with individuals outside of the closed session.

The Board reviewed the suggested letter from legal counsel regarding the Public Act 314 and campaign contributions.

Trustee Benson had some concerns and suggestions regarding the wording of the letter and how the elected officials are listed. Attorney Lane will review the letter with the Employees' Retirement System Board and revise where needed before sending the letter.

Karen E. Williams reported to the Board regarding the positing for the Fire Trustee. Ms. Williams indicated that the Retirement Office received one valid nominating petition from Trustee Robert Hecksel. The Police and Fire Retirement Board election rules provide that if there is only one valid petition, the member is assumed to be running unopposed and is elected to the position. Trustee Robert Hecksel was confirmed as the winner of Fire Trustee position by the Secretary of the Board, Ms. Angela Bennett.

Mr. Gregory Stump provided an overview of the 2012 Actuarial valuation from the Police and Fire Retirement System. Mr. Stump discussed the valuation results and changes from the prior year. He reviewed the investment experience, the expected contribution for next year, and the 20-year outlook. Mr. Stump discussed the experience impact on the actuarial liability.

Trustee Hecksel inquired about the Police and Fire Retirement System funding percentage and wondered when a retirement board be concerned.

Mr. Stump recommended that the Police and Fire Retirement Board establish a written funding policy. The Policy should be reviewed with every experience study. The Policy will include objectives, assumption guidelines and the amortization adopted by the Board. The Funding policy will also include normal costs and contributions levels.

Karen Williams distributed and reviewed Quarterly Expense Report and Monthly Security Lending Report.

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

Adopted by the following vote: 7 - 0

The meeting adjourned at 10:31 am.

Minutes approved on _____

Angela Bennett, Secretary
Police & Fire Retirement System

Brad St. Aubin, Chairperson
Police & Fire Retirement System