

**OFFICIAL PROCEEDINGS OF THE BOARD OF
TRUSTEES
CITY OF LANSING
EMPLOYEES' RETIREMENT SYSTEM**

COPY

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

March 18, 2010
Thursday, 8:30 am

The Board met in regular session and was called to order at 8:37 a.m.

Present: Antekeier, Dedic, Korkoske, Kraus, McCaffery, Singleton, Wood – 7.
Absent: Trustees Bernero, Murphy

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

It was moved by Trustee Dedic and supported by Trustee Wood to approve the Official minutes of the Employees' Retirement System Regular Meeting of February 19, 2010 with amendments.

Adopted by the following vote: 7– 0.

There were no comments public comments for items on the Agenda.

Secretary's Report. 3 new member(s), 0 reinstatement(s), 2 refund(s), 0 transfers, 0 retired. Total active membership: 590 Total deferred: 54. Refunds made since the last regular meeting amounted to \$ 4,118.20. Retirement allowances paid for the month of February, 2010 amounted to \$1,514,643.47. Total retirement checks printed for the ERS System: 801. 0 death(s). Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

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

Robert Ruigh, (Finance - T-580), 5 years, 10 months, age 57, effective March 6, 2010. (Eligible through Reciprocal Retirement Act with 27 years, 2 months of service credit)

Teresa M. Moran (Public Service - UAW, 25 years of service, age 52, effective March 13, 2010.

Adopted by the following vote: 7 - 0.

Employees Retirement System
Regular Meeting of March 18, 2010
Page 2

Trustee Carol Wood expressed concerns that the members could not retire under the incentive until it was approved by City Council. The City Council would review the actuary report regarding if the incentive was cost neutral to the Retirement Incentive as required by state law.

There were no requests for Duty Disability Retirements.

There were no requests for Non-Duty Disability Retirements.

The Retirement Office reported 3 requests for Refund of Accumulated Contributions for Mary B. Frayer, beneficiary of Robert D. Frayer (Deceased), Parks, \$7,231.71; Alexander Smith, FOP 911, \$2,044.55; and Mr. James D. Mann, FOP 911, \$1,941.05. Mr. Frayer, Mr. Smith and Mr. Mann were not vested.

It was moved by Trustee Wood and supported by Trustee Dedic to excuse Trustee Murphy from the Employees Retirement System Board meeting.

Adopted by the following vote: 6 - 1.

Karen Williams distributed information regarding MAPERS Spring Conference at Soaring Eagle in Mt. Pleasant, Michigan, May 23- May 25. Ms. Williams also informed the Board of the Asset Consulting Group Michigan Trustee Educational Forum, April 14, 2010. Attorney Kenneth Lane informed the Board that he will be attending MAPERS Spring Conference and that Clark Hill will paid for his registrations.

Mr. Korkoske updated the Board on the trustee reimbursements under the ERS Travel Policy. Mr. Korkoske informed the Board that staff will follow the ERS Travel Policy and adhere to the guidelines under the Section 17 in the Trustee Handbook. Mr. Korkoske reported that members who pay taxes due to expenses at restaurants will be reimbursed.

Trustee Dedic informed the Board that he spoke with the Police and Fire Retirement Board regarding Fraud Monitoring/Securities Lending Firms. He suggested that the board move forward in selecting a firm. Trustee Kraus informed the ERS Board that the Police and Fire System will be holding interviews, Wednesday, April 28th at 9:00 a.m. She suggested that both board meet together for the interviews.

Trustee Dedic left the meeting.

Employees Retirement System
Regular Meeting of March 18, 2010
Page 3

Mr. Ambrose reported to the Board that the administration announced the 2010 Retirement Incentive. Mr. Ambrose provided an overview of the Incentive. The program was cost neutral and aimed at employees who were either already eligible to retire or close to retirement. Mr. Ambrose outlined the provisions of the incentive: no health care premium share, purchase of service credits, buy-back of furlough days. Mr. Ambrose also reviewed a suggestion to extend the number of years that an employee can purchase from 3 to 5 years of service credit.

Attorney Kenneth Lane advised the Board that the Ordinance required a supplemental actuary report be submitted to counsel regarding the change from three years to five years. The Retirement Board would just need to receive the actuary report. Mr. Ambrose informed the board that the report will be supplied to the Retirement Board

Attorney Kenneth Lane provided a memo regarding the Invesco Mortgage Recovery Contract. Attorney Lane reviewed provisions regarding the length of the investment, the fee structure and the initial funding. Attorney Lane will work with the Trustee chair to submit the paperwork by April 30, 2010.

Karen E. Williams distributed the 911 Employees Transfer from Gabriel, Roeder, Smith and Company.

Trustee Wood suggested moving the letter to the forward to council and that the Board has no issue with the 911 transfer. Gabriel, Roeder, Smith and Company stated the transfer would be cost neutral to the Retirement System.

It was moved by Trustee McCaffery and supported by Trustee Korkoske to move the letter forward to City Council with no reservations by the Board.

Adopted by the following vote: 6 - 0.

Attorney Kenneth Lane provided an update on HB 5323. The bill was sent to the House Appropriations Committee on February 23, 2010. Attorney Lane also distributed information to update the Trustee Handbook.

It was moved by Trustee Wood and supported by Trustee Kraus to receive the 2008 Actuarial Valuation for the City for Lansing Police and Fire Retirement System.

Adopted by the following vote: 6 - 0.

Karen Williams distributed the annual city contribution report. The city made excess contributions to the retirement system and requested that the overage be returned. Thomas Korkoske provided the following information and requested a return of the excess contributions.

**Employees Retirement System
Regular Meeting of March 18, 2010
Page 4**

ERS Contribution 11/12/2009		\$6,949,480.00
Actuarial Recommended Contribution	\$6,472,341.00	
Less: FY 2009 excess contribution	<u>- 428,480.00</u>	
		6,043,861.00
Excess Contributions ERS Retirement System 11/12/2009		905,619.00

It was moved by Trustee Wood and supported by Trustee Kraus to acknowledge the City Contribution and return the excess contributions of \$905,619 to the City.

Adopted by the following vote: 6 – 0.

Mr. Armstrong stated that he would forward a GFO article that details issues involved with retirement incentive. Mr. Armstrong detailed some issues regarding the economic climate, personnel attrition, and payroll that would affect the City and Retirement system. Mr. Armstrong also reviewed Gabriel, Roeder, Smith and Company's recommendations for the retirement systems. He discussed the Employees' Retirement System having a separate trust.

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It was moved by Trustee Wood and supported by Trustee Kraus to acknowledge the City Contribution and return the excess contributions of \$905,619 to the City.

Adopted by the following vote:

The Board discussed Asset Consulting Group's recommendation to replace Black Rock Alpha Tilts Fund. Mr. John Jackson of ACG has suggested a meeting April 15, 2010 to review the potential replacement investment management firm. Trustee Kraus suggested that the Trustees who wished to review the entire list of potential firms meet prior to the Joint Meeting with Police and Fire. At the Joint meeting, the potential list will be narrowed to three finalists for interviews.