

**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 13, 2011
Tuesday, 8:30 a.m.

The Board was called to order at 8:36 a.m.

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

Others: Karen E. Williams, Angela Bennett, Finance Department; Attorney Ken Lane, Clark Hill Law Office (representing the Law Department); Gregory 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 November 8, 2011.

Adopted by the following vote: 5 - 0

It was moved by Trustee Wood and supported by Trustee Hecksel to approve the Official Minutes of the Joint Employees Retirement System and the Police and Fire Retirement system Boards Meeting of November 17, 2011.

Adopted by the following vote: 5 – 0.

Secretary's Report.

0 new fire member(s), 4 new police members, 0 reinstatement(s), 1 refund(s), 0 transfers, 0 retired. Total: Active membership: 363. 3 death(s) Armand Brown, Fire, died 11/1/2011, age 70, spouse to receive 50%; Lucy Bond, died 10/29/2011, age 87, spouse of Police retiree; James F. Sartor, Police, died 11/25/2011, age 79, spouse to receive 50%. Refunds made since the last regular meeting amounted to \$21,711.60. Retirement allowances paid for the month of November 2011 amounted to \$2,089,274.13. Total retirement checks printed for the P&F System: 671. Total retirement checks printed for both systems: 1514. 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.

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Karen Williams reported that there was one request for Duty Disability from Applicant #2011-P1213.

It was moved by Trustee Hecksel and supported by Trustee Fabus to move Application #2011-P1213 to the Disability Committee and to be forwarded to the Medical director.

Adopted by the following vote: 5 -0.

There were no requests for Non Duty Disability Retirements.

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

Andrew Norton, Lansing Police Department, \$32,935.87

Adopted by the following vote: 5 – 0.

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

Adopted by the following vote: 5 – 0.

Trustee Hecksel provided a report of the Asset Consulting Group Due Diligence Visit. The trustees met with the investment analyst and reviewed the selection process for investment recommendation. Trustee Hecksel was impressed with the support team.

Trustee Oleson also reported that Asset Consulting Group discussed the current fee arrangement with the Retirement Boards. Trustee Oleson believed that the overall visit was informative.

Mr. Gregory Stump, EFI Actuaries presented the 2010 Valuation of the Police and Fire Retirement System. Mr. Stump reviewed the actuarial background of pension funding. Mr. Stump discussed the matching of results with the prior actuary. Mr. Stump reviewed the current valuation on the effect of the Board's five-year smoothing on funding contributions.

Mr. Stump provided the final analysis of the Early Retirement Window for Firefighters. Mr. Stump reviewed the Window Eligibility, Benefits, Risks and Costs and concluded the expected impact on the Plan's funding status would not be material.

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Mr. Greg Stump suggested that the Board implementing a funding policy. The Board discussed the amortization period. Trustee St. Aubin explained that the former Finance Director changed the amortization period without Board approval. Mr. Stump explained the effect of the amortization policy on contributions and suggested a closed amortization to pay off the unfunded liability. Mr. Stump will have additional recommendation after the completion of the Experience Study. Mr. Stump provided a schedule of upcoming studies, valuations and meeting for 2012.

Attorney Ken Lane updated the Board regarding the Ordinance. Attorney Lane stated the definition of Final Average Compensation would need to be confirmed to be complete the Ordinance review. The Board requested that Attorney Lane provide the definition to the Union representatives for review. Attorney Lane can update the Board next month.

Attorney Ken Lane discussed Trustee Liability Insurance. Attorney distributed and informed the Board regarding the section of the 5/16/2011 budget resolutions regarding Civil Actions, Claims and Damages. The section would indemnify Trustees performing within the scope of their duties.

Trustee Wood informed the Board that this section is not always included in the Budget. Therefore, the Board may need to check with Council to see if this section is included each year.

Attorney Ken Lane provided an update on the Invacare litigation. Attorney Lane also provided a legislative update.

Karen Williams provided an update on the duty disability re-exams. The Retirement Office has received reports for the completed exams. There are four outstanding retirees who have not had exams. There is no medical documentation on file for one of the retirees. The Retirement Office contacted the former medical director, who indicated that he did not keep the City of Lansing medical reports.

It was moved by Trustee Hecksel and supported by Trustee Oleson to recess to allow the Disability Committee to meet and review the Medical reports received by the Board and discuss the outstanding retirees who had not been scheduled for exams.

Adopted by the following vote: 5 – 0.

The Board recessed at 9:48 a.m.

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It was moved by Trustee Wood and supported by Trustee Hecksel to resume session.

Adopted by the following vote: 5 – 0.

The Board resumed at 10:05 a.m.

It was moved by Trustee Hecksel and supported by Trustee Oleson to refer Mr. George Howell to the medical director for re-exam.

Adopted by the following vote: 5 – 0.

It was moved by Trustee Hecksel and supported by Trustee Fabus to allow Mr. Manuel Little to convert in March, 2012 to regular age and service retirement. The committee will not incur the cost of the medical re-exam so close to conversion.

Adopted by the following vote: 5 -0.

It was moved by Trustee Hecksel and supported by Trustee Oleson to suspend Ms. Sheryl Norton's duty disability pension until full compliance with the Board requirement for re-examination.

The Board reviewed the Policy and discussed what happens if Ms. Norton's complies with the Board's request. The suspended checks will be given to Ms. Norton.

The Retirement Board sent two requests to Ms. Norton for re-examination signed by the chairperson. Ms. Norton has not contacted the Retirement Office to schedule a re-examination.

Attorney Ken Lane discussed the procedure if Ms. Norton does not comply with the Board's requirement.

Adopted by the following vote: 5 - 0

The Disability Committee recommends further review of Mr. Michael Young's re-examination.

It was moved by Trustee Hecksel and supported by Trustee Wood that in accordance with the Medical Director's recommendation that the Police and Fire Board continue the duty disability pensions of Tina Brya, Ed Bedics, Terry Harvey, and Gina Lee.

Adopted by the following vote: 5 -0

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Karen Williams updated the Board regarding the Fire Trustee Election. The Retirement Office submitted a memo from Jerry Ambrose, secretary of the Board certifying the election results. Mr. Robert Oleson filed a valid petition and ran unopposed and had been declared the winner for the Office of Fire Department Trustee to the Police and Fire Retirement System for the term of five years beginning January 1, 2012 and expiring December 31, 2016.

It was moved by Trustee Hecksel and supported by Trustee Wood to confirm the election results for the Fire Trustee.

Adopted by the following vote: 5 – 0.

Karen Williams updated the Board regarding the Multi-Sector Fixed Income Manager Approval. The Investment subcommittee selected Franklin Templeton as the new manager. The Joint Board reviewed memos distributed by Asset Consulting Group regarding funding the new manager

It was moved by Trustee Hecksel and supported by Trustee Wood to approve Franklin Templeton as the new Multi-Sector Fixed Income Manager, contingent upon review by legal counsel.

Adopted by the following vote: 5 - 0

Karen Williams discussed the memo received from Angela Bennett, Deputy Director regarding the City Retirement Contribution of \$8,310,000 made on October 31, 2011.

It was moved by Trustee Wood and supported by Trustee Hecksel to recognize the City Contribution.

Adopted by the following vote: 5 -0.

Trustee Oleson discussed increasing the Long/Short Equity Investment from 2.5% to 5% as recommended by Asset Consulting Group.

It was moved by Trustee Oleson and supported by Trustee Hecksel to increase the Long/Short Equity Investment from 2.5% to 5%, contingent upon receipt of the written recommendation from Asset Consulting Group.

Adopted by the following vote: 5 -0.

Karen Williams distributed the 2012 Schedule of Meeting Dates for the Police and Fire Retirement Board for approval.

It was moved by Trustee Hecksel and supported by Trustee Wood to approve the 2012 Schedule for Meeting Dates for the Police and Fire Retirement Board.

Adopted by the following vote: 5 – 0.

It was moved by Trustee Oleson and supported by Trustee Hecksel to provide a letter of recommendation to City Council to continue Trustee Carol Wood on the Police and Fire Board.

Adopted by the following vote: 5 – 0.

Karen Williams reported to the Board that there will be two Pension Software Demonstration, Tuesday, December 20, 2011. Tegrity's Demo was scheduled for 9-11:30 a.m and Bryne, was scheduled for 1-3:30 p.m.

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

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

Adopted by the following vote: 5 -0

The meeting adjourned at 10:24 am.

Minutes approved on _____

Jerry Ambrose, Secretary
Police & Fire Retirement System

Brad St. Aubin, Chairperson
Police & Fire Retirement System