

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

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

April 17, 2014
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:38 a.m.

Present: Boles, Dedic, Kraus, McCaffery, Munroe, D. Parker, M. Parker, Taylor – 8
Absent: Trustee Bernero

Others: Karen E. Williams, Finance Department; Attorney Kenneth Lane, Clark Hill
(representing the City Attorney's Office).

It was moved by Trustee Kraus and supported by Trustee M. Parker to approve the Official Minutes of the Employees' Retirement System Regular Meeting of March 20, 2014.

Adopted by the following vote: 8- 0

There were no public comments.

Secretary=s Report. 0 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 2 retired. Total active membership: 310. Total deferred: 64. 3 death(s) James C. Dothard, (Public Service/NonBargaining, retired 4/30/1985), died 12/24/2012, age 86, no beneficiary; Leon Dumenev, (Public Service/NonBargaining retired 5/27/1977), died 3/26/2014 age 92, no beneficiary; James J. Pecora, (Human Resources/Teamster, retired 8/27/2001), died 4/3/2014, age 71, beneficiary to receive 100%. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of March 2014, amounted to \$1,835,088.23. Total retirement checks printed for the ERS System: 892. Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 1.

There were no requests for Regular Age and Service Retirements

Karen Williams reported that Applicant #2014-E0320 is pending, waiting upon documentation requested for the medical evaluation.

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Karen Williams reported that Applicant #2013-E1017 request for non-duty disability was listed as pending. The applicant has been scheduled to see the Dr. Roth and the medical report is pending.

Karen Williams reported that Applicant #2013-E0417 requested to be evaluated for non-duty disability. Applicant #2013-E0417 was referred to the disability subcommittee

The meeting was recessed by the chairperson, Trustee Dedic to allow the disability subcommittee to review Applicant #2014-E0417 request for non-duty disability.

The meeting recessed at 8:42 a.m.

The meeting was called back to order at 8:44 a.m.

Trustee Kraus reported that the disability subcommittee had met and recommended to the Employees' Retirement System Board to send Applicant #2014-E0417 to the medical director.

It was moved by Trustee Kraus and supported by Trustee Taylor to send Applicant #2014-E0417 to the medical director.

There were no requests for refunds of accumulated contributions.

Ms. Williams discussed the MAPERS Spring Conference, scheduled for May 18-20, 2014. Ms. Williams informed the trustees that the deadline for early registration would be April 18, 2014.

Karen Williams reviewed the travel policy and how to complete the expense report that is required for reimbursement. The ERS Board reviewed the mileage rate and per diem amounts for meals.

Karen Williams reported that the IFEBP Annual Conference will be held, October 11 -2014. Karen Williams reminded members that member who wished to go needed approval from the chairman, and if more than two wanted to go, the ERS Board needed to grant approval.

It was moved by Trustee M. Parker and supported by Trustee Kraus to allow Trustees Dedic, Kraus, D. Parker, Taylor and Munroe to attend the IFEBP Conference.

Adopted by the following vote: 8 – 0

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Attorney Ken Lane distributed updated Frequently Asked Questions for the Trustee Handbook. Attorney Ken Lane reviewed the amended Credit Policy. Trustees cannot use the credit card for alcohol or personal expenses. The amendments also provides for the termination of credit card privileges.

Attorney Lane reported that the City of Lansing made the remainder of the employer contribution last month. However, the memo listed that the contributions were made in fiscal year 2014. Attorney Lane opined that the Employees' Retirement System is on a calendar year; therefore the contributions should be listed for calendar year 2012. Attorney Lane requested a motion be made to clarify the information in the memo.

It was moved by Trustee Boles and supported by Trustee Taylor to accept the employer contributions that were made by the City of Lansing last month was for the calendar year 2012.

Adopted by the following vote: 6 - 0

Attorney Lane updated the Employees' Retirement System Board regarding the death check vendor, PBI. The company is required under a new federal law to verify the use of the social security administration data supplied by the company. Under the new law, clients can only use the PBI data to comply with legislation or for fraud prevention or fiduciary responsibility. PBI requires a policy regarding how the data is handled. Attorney Ken Lane opined that the ERS Board's should have a policy regarding how the information is handled. Attorney Lane stated that the reporting of deaths would remain under the Secretary's Report. However, if the members wished to review the information from PBI, the Board would need to go into closed session. Attorney Lane stated that he would draft a policy for review at the next month's meeting.

Attorney Lane reported that the ERS Board received an Email from the Invesco Mortgage Recovery investment regarding paying taxes to the State of California. Invesco has provided an Opt-Out form that can be completed because the ERS Retirement System is tax-exempt. Attorney Lane stated that he would complete the form and have it signed and submitted by the April 30, 2014 due date.

Attorney Ken Lane reviewed a derivative case recommended by the Robbins, Geller, Rudman & Dowd portfolio monitoring program. Robbins, Geller suggested that the Employees Retirement System consider seeking lead plaintiff status. Attorney Lane reported that the Robbins, Geller Firm attained local counsel that was not on the approved City Counsel list. The amount listed in the derivative case was below the threshold set in the Securities Monitoring policy by the Employees Retirement System Board.

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Attorney Lane reported that Police and Fire Retirement System declined the Robbins, Geller, Rudman & Dowd's memo recommendation to become lead plaintiff in the derivative case. Attorney Lane stated that the lead plaintiff may also need to testify in the case.

Trustee Kraus explained that the legal action is a corporate governance case and that there would probably be no monetary damages. Trustee Kraus believed that the case would not be a good use of the Board resources.

Trustee Munroe inquired if Robbins Geller would continue the legal action without the City of Lansing Retirement Boards as lead plaintiff and ask if the ERS Board could revisit the case if losses surpassed the threshold in the policy.

It was moved by Trustee Boles and supported by Trustee Taylor that the Employees Retirement System Board decline as lead plaintiff of the Robbins Geller derivative case.

Adopted by the following vote: 8 - 0

Karen Williams reported that former investment manager, Artio International Equity Group Trust sent an email requesting assistance from the Employees Retirement System Board. Artio International requested that form 6166 be completed so that the company may reclaim foreign taxes paid. Trustee Kraus forwarded the email to Asset Consulting Group for review.

Asset Consulting Group reviewed the request and explained that the City of Lansing ERS Board was previously interest in the equity trust. Asset Consulting Group reported that the City of Lansing had already received their share of foreign tax reclaim. The completion of the forms would require the ERS Board to spend funds to file the form with no monetary benefit to the Plan.

Attorney Lane explained that the Artio Group had already paid the foreign taxes and was seeking reimbursement. Attorney Lane opined that the ERS Board has no obligation to comply with this request. Attorney Lane opined that the ERS Board should comply with the recommendation of Asset Consulting Group.

It was moved by Trustee Kraus and supported by Trustee Munroe to decline the Artio International Group Trust's request to complete and submit form 6166.

Adopted by the following vote: 8 – 0.

Karen Williams reviewed possible dates for the due diligence trip to Asset Consulting Group in June. The Police and Fire Board suggested June 9 -11

Trustee Kraus and Trustee Taylor preferred the June 9-11 dates.

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It was moved by Trustee Taylor and supported by Trustee Boles to approve the dates of June 9-11 for the due diligence trip to Asset Consulting Group.

Adopted by the following vote: 8 - 0

Karen Williams reviewed the Asset Consulting Group suggested investment managers meeting schedule for the Police and Fire Retirement Board and the Employees' Retirement System Board at joint meetings for the year: Western Asset, May; MD Sass, August; UBS Trumbull Property Fund, November.

The Retirement Office received a request, from Munder Capital that handles the integrity investment, to publish the Employees Retirement System as its client. The Retirement Office received an email from Munder Capital stating that the company had merged with another company. The Retirement Office sent the information to Asset Consulting Group for review. Ms. Williams requested the Employees Retirement System delay its approval until the Board receives a response from Asset Consulting Group.

Trustee Dedic moved the Integrity Investment Client authorization form to pending.

Ms. Williams informed the Employees Retirement System Board of a memo to the Information Technology department to confirm its approval for new computer equipment for the retirement office.

Karen Williams provided an update of the Arrivos Pension Software implementation. Tegrity will suspend work on the project for approximately 11 weeks due to resource constraints. Tegrity will set up User Testing in June, when the data goes live. Tegrity will provide an updated timeline and resume work on calculators in July. Ms. Williams reported that she has reviewed the PBI death check site.

Karen Williams reviewed the monthly investment report and securities lending report for the month of March 2014.

It was moved by Trustee Boles and supported by Trustee McCaffery to adjourn the meeting.

Adopted by the following vote: 6 – 0.

The meeting adjourned at 9:29 a.m.

Minutes approved on _____

Angela Bennett, Secretary

Employees Retirement System

Scott Dedic, Chairperson
Employees' Retirement System