

CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM

BOARD OF TRUSTEES REGULAR MEETING

A regular meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on Tuesday, February 21, 2006, at 1:00 p.m. in the Committee-of-the-Whole Room, 3rd Floor, City Council Chambers, at City Hall, with the following in attendance:

TRUSTEES & ALTERNATES Daniel Hall – Chairperson, Douglas Bingaman, Robert Erlenbeck, Ehren Gonzales, Janice Kehoe, Sandra Kidd, Amy Lindman, Donald Phillips, Robert Rosenberger, Georgia Steinhoff, Cass Wisniewski

ABSENT Daniel Coffield, Peggy Cook, Peter Dobrzeniecki, Kerry Nelson

ALSO PRESENT Ivory Day, Jr., Consultant, Gray & Company
Joseph Esuchanko, Actuarial Services Company
Larry Langer, Actuary, Gabriel, Roeder, Smith & Company
I'Lanta Robbins, Assistant City Attorney

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Chairman Daniel Hall called the meeting to order at 1:05 p.m.

2. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

There were no members of the public present who wished to address the Board.

3. APPROVAL OF THE DECEMBER 20, 2005 REGULAR BOARD MEETING MINUTES

Chairman Daniel Hall stated that information on page 9325 was in error; specifically, the quotation in the first paragraph, lines three and four:

Original Entry: "...absent a finding that independent legal services are necessary to the conflict of the Retirement System in a particular situation."

Corrected Entry: "...absent a finding that independent legal services are necessary to the *conduct* of the Retirement System in a particular situation."

Chairman Daniel Hall stated that additional information on page 9325 was in error; specifically, the fourth sentence from the end of the first paragraph:

Original Entry: As a result, the decision of the Court of Appeals stands and the Board has the authority to hire Counsel only where it feels it necessary to resolve a conflict.

Corrected Entry: As a result, the decision of the Court of Appeals stands and the Board has the authority to hire Counsel only where it feels it necessary to *conduct the affairs of the Board.*

It was moved by Ehren Gonzales, and supported by Georgia Steinhoff, to approve the minutes of the December 20, 2005, Regular Board Meeting, as amended.

Upon being put to a vote, the motion carried unanimously.

4. APPROVAL OF THE JANUARY 24, 2006 REGULAR BOARD MEETING MINUTES

Sandra Kidd stated that, on page 9328, the name of the member of the public who addressed the Board was in error:

Original Entry: Jeff Morris, Vice President of the Registered Nurses and Registered Pharmacists Union at Hurley Medical Center...

Corrected Entry: Jeff Morse, Vice President of the Registered Nurses and Registered Pharmacists Union at Hurley Medical Center...

It was moved by Robert Rosenberger, and supported by Georgia Steinhoff, to approve the minutes of the January 24, 2006, Regular Board Meeting, as amended.

Upon being put to a vote, the motion carried unanimously.

5. APPLICATIONS FOR VOLUNTARY RETIREMENT

Joanne Hubinger
HMC/Exempt

Final Average Compensation:	\$ 67,489.25
Accumulated Contributions:	7,471.73
DRET:	37,507.81
Effective Date of Retirement	01/02/2006
Service: 13 Years, 0 Months	

The retiree elected the Option B w/pop-up in the amount of \$ 1,345.86.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Joanne Hubinger be approved and the Treasurer of the City of Flint Employees' Retirement System be authorized and directed to pay a monthly pension under the Option B w/pop-up in the amount of \$1,345.86, for as long as she lives.

**Debra Wasylyshyn
City/Police**

Final Average Compensation:	\$ 48,145.70
Accumulated Contributions:	15,226.78
DRET:	29,312.26
Effective Date of Retirement	01/14/2006
Service: 23 Years, 0 Months	

The retiree elected the Option Straight Life in the amount of \$ 2,399.26.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Debra Wasylyshyn be approved and the Treasurer of the City of Flint Employees' Retirement System be authorized and directed to pay a monthly pension under the Option Straight Life in the amount of \$2,399.26, for as long as she lives.

It was moved by Georgia Steinhoff, and supported by Amy Lindman, to approve the Applications for Voluntary Retirement for Joanne Hubinger and Debra Wasylyshyn.

Upon being put to a vote, the motion carried unanimously.

6. APPLICATIONS FOR DEFERRED RETIREMENT

**Alvern Lock
Police/Lts & Cpts**

Final Average Compensation:	\$ 79,985.72
Accumulated Contributions:	63,159.60
DRET:	.00
Effective Date of Retirement	01/20/2006
Service: 22 Years, 7 Months	

The retiree will elect an Option prior to 07/01/2006.

Roy Alisoglu

HMC/Exempt

Final Average Compensation:	\$ 151,957.26
Accumulated Contributions:	Non-cont
DRET:	.00
Effective Date of Retirement	01/12/2006
Service: 14 Years, 1 Months	

The retiree will elect an Option prior to 12/01/2019.

It was moved by Georgia Steinhoff, and supported by Amy Lindman, to approve the Applications for Deferred Retirement for Alvern Lock and Roy Alisoglu.

Upon being put to a vote, the motion carried unanimously.

7. APPLICATION FOR DUTY AND NON-DUTY DISABILITY RETIREMENT

Maurene Beckman

HMC/Exempt

Age: 55 Years
Service: 18 Years, 3 Months

The medical report and summary of Disability Determination dated January 25, 2006 from Dr. Victor Roth, Medical Director at M-Works, does certify that Maurene Beckman is totally and permanently disabled.

Georgia Steinhoff, Chair of the Professional Services Committee, stated that the Committee reviewed the report from Dr. Roth and concurs with his recommendation that Maurene Beckman is totally and permanently disabled.

A motion was made by Georgia Steinhoff, supported by Amy Lindman, to concur with Dr. Roth's report that Maurene Beckman is totally and permanently disabled and should be granted a disability retirement.

Upon being put to a vote, the motion carried unanimously.

Georgia Steinhoff, Chair of the Professional Services Committee, stated that the Committee concurs with Dr. Roth's findings that Kimberly Davis, Sherrie Jackson, Lavelle Moore, and Glynis Rice are not totally and permanently disabled and should not be granted disability retirements. She also stated that Dr. Roth reviewed all additional documentation provided by some of the applicants before making his recommendations.

Kimberly Davis
HMC/1603

Age: 35 Years
Service: 12 Years, 3 Months

The medical report and summary of Disability Determination dated January 22, 2006 from Dr. Victor Roth, Medical Director at M-Works, does certify that Kimberly Davis is not totally and permanently disabled.

Sherrie Jackson
HMC/1603

Age: 52 Years
Service: 17 Years, 5 Months

The medical report and summary of Disability Determination dated January 11, 2006 from Dr. Victor Roth, Medical Director at M-Works, does certify that Sherrie Jackson is not totally and permanently disabled.

Lavelle Moore
City/1600

Age: 45 Years
Service: 13 Years, 2 Months

The medical report and summary of Disability Determination dated January 22, 2006 from Dr. Victor Roth, Medical Director at M-Works, does certify that Lavelle Moore is not totally and permanently disabled.

Glynis Rice
HMC/1603

Age: 44 Years
Service: 10 Years, 0 Months

The medical report and summary of Disability Determination dated January 22, 2006 from Dr. Victor Roth, Medical Director at M-Works, does certify that Glynis Rice is not totally and permanently disabled.

A motion was made by Georgia Steinhoff, supported by Amy Lindman, to concur with Dr. Roth's report that Kimberly Davis, Sherrie Jackson, Lavelle Moore and Glynis Rice are not totally and permanently disabled and should not be granted disability retirements.

Upon being put to a vote, the motion carried unanimously.

8. APPROVAL OF PENSIONS PREVIOUSLY REPORTED (for information only)

Patricia Carrington/HMC

Revised FAC \$ 28,379.52

Vacation pay rolled into FAC

9. UPCOMING CONFERENCES (Placed on file in the Retirement Office)

- 9.1 Pension & Investments, 14th Annual East Coast Defined Contribution Conference, February 26-28, 2006, Palm Beach Gardens, FL.
- 9.2 Information Management Network, Sixth Annual World Series of Exchange Traded Funds, March 30-31, 2006, Key Biscayne, FL.
- 9.3 Financial Research Associates, The 5th Annual Stars & Stripes, April 2-4, 2006, Key West, FL.
- 9.4 International Foundation, Investment Institute, April 24-26, 2006, Santa Monica, CA.
- 9.5 Stanford Law School, Fiduciary College, June 21-23, 2006, Stanford, CA.
- 9.6 Stanford Law School, 12th Annual Directors' College, June 25-27, 2006, Stanford, CA.

A motion was made by Amy Lindman, and supported by Robert Rosenberger, to add the stated conferences to the list of authorized conferences.

Upon being put to a vote, the motion carried unanimously.

10. COMMUNICATIONS RECEIVED (All items were placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members' agenda packets.)

- 10.1 BLB&G, Institutional Investor Advocate, 4th Quarter 2005.
- 10.2 Babson Capital, The Babson Staff Letter, January 13, 2006.
- 10.3 Northern Trust, Global Investments Strategy, February 2006.
- 10.4 Northern Trust, Viewpoints, Winter 2006.
- 10.5 Payden & Rygel, Point of View, January 2006.

- 10.6 Intercontinental Real Estate, Recent Acquisitions, January 2006.
- 10.7 State Street, The State Street Watch, 4th Quarter 2005.
- 10.8 Letter to Retirement Board from Eugene Royster re: Change of Option, January 25, 2006. (Enclosed)
- 10.9 Resolution approved by City Council Adopting the Pension Contribution Rates for the Fiscal Year 2006 for the City of Flint General, Police & Fire, February 13, 2006. (Enclosed)
- 10.10 Resolution approved by City Council Adopting the Pension Contribution Rates for the Fiscal Year 2006 for Hurley Medical Center, February 13, 2006. (Enclosed)
- 10.11 Resolution to City Council Requesting Fee Approval for Retirement System, Adopted February 13, 2006. (Enclosed)
- ~~10.12 Resolution Authorizing Actuarial Services Company to Perform Calculations to offer a Defined Contribution Plan, Adopted February 13, 2006. (Enclosed)~~
- 10.13 City of Flint Employees' Retirement System, Letter to Larry Langer re: FERS to MERS, February 3, 2006. (Enclosed)
- 10.14 Letter to Money Managers from Trachelle Young re: Attorney for Retirement Board, February 7, 2006. (Enclosed)
- 10.15 Habeeb Ghattas, Letter to Daniel Hall re: Transfer of files, February 3, 2006. (Enclosed)

Chairman Daniel Hall stated that Item #10.14 was a letter to money managers and others from Attorney Trachelle Young to notify them that she has replaced Habeeb Ghattas as the Attorney for the Retirement Board. Discussion followed. In summary, the Board's position is that they should be notified in advance before any letters are sent out regarding the Retirement System. In addition, the Attorney should take direction from the Board regarding correspondence that is necessary for the operation of the System. Also, the list that was used was not a current list. Assistant City Attorney I'Lanta Robbins stated that the intent was to inform all parties of the change in legal representation, using the most current list they had available to them; there was no intent to bypass the Board. In the future, she and Attorney Young will notify the Board prior to sending any correspondence.

Chairman Hall asked that the Attorney's office work with Secretary Peter Dobrzeniecki and his staff on future correspondence. He also asked that the Consultants assist in updating the System's listing of money managers and other firms.

Chairman Hall noted that Item #10.13 is a letter to the Actuaries, a draft of which was discussed at the last Board Meeting. This letter gave specific direction regarding the employee groups participating in the FERS to MERS transfer.

Bob Erlenbeck stated that he will respond in writing to Item #10.8, the letter from Eugene Royster requesting that he be allowed to change his retirement option after he had selected and signed for an option. Although Mr. Royster was told verbally that the rules do not allow for a change in option, Mr. Royster wanted to appeal directly to the Board. Discussion followed. The response will indicate that the Board discussed his request and upheld the rule.

Bob Erlenbeck noted that Item #10.12, regarding the Defined Contribution Plan, was included in the packets in error, as payment will not be coming from the assets of the Retirement System. Chairman Hall stated Item #10.12 should be removed from the list.

A motion was made by Amy Lindman, and supported by Georgia Steinhoff, to receive the communications, with the removal of Item #10.12, and place them on file.

Upon being put to a vote, the motion carried unanimously.

11. **REPORTS RECEIVED** (All items were placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members' agenda packets also.)
 - 11.1 Lynch, Jones & Ryan, Commission Recapture Report as of November 30, 2005.
 - 11.2 Lynch, Jones & Ryan, Commission Recapture Report as of December 31, 2005.
 - 11.3 State Street Global Advisors, Investment Quarterly, 1st Quarter 2006.
 - 11.4 State Street Global Advisors, Appraisal Report as of January 31, 2006.
 - 11.5 Fidelity Investments, Monthly Investment Update as of January 31, 2006.
 - 11.6 Fidelity Investments, Capital Contribution, January 23, 2006.
 - 11.7 Fidelity Investments, Capital Contribution, February 9, 2006.

- 11.8 Globeflex Capital, Performance Update, 4th Quarter 2005.
- 11.9 Peregrine Capital Management, Small Cap Growth, 4th Quarter 2005.
- 11.10 Skyline Asset Management, Small Cap Value, 4th Quarter 2005.
- 11.11 Globalt Investments, Large Cap Value, 4th Quarter 2005.
- 11.12 Hartford Investment Management, Fixed Income Outlook, January 2006.
- 11.13 Wellington Management, Quarterly Investment Report, December 31, 2005.
- 11.14 ICON Advisors, Portfolio Update, January 2006.
- 11.15 Northern Trust Reports – December 2005 (Enclosed)
- 11.16 Retirement Fund Employee/Employer Contributions (Enclosed)

A motion was made by Georgia Steinhoff, and supported by Amy Lindman, to receive the reports and place them on file.

Upon being put to a vote, the motion carried unanimously.

12. STATISTICAL REPORT OF BENEFITS *(for informational purposes only)*

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Number Retired	3,002	3,032	3,027
Annualized Payroll	\$ 62,627,143	\$ 64,198,389	\$ 64,520,983

13. APPROVAL OF THE MARCH 1, 2006 PENSION PAYROLL TRANSFER

Chairman Daniel Hall reported that a transfer of \$4,894,900.00 was needed for the payment of the March 1st, 2006 pension payroll. Ivory Day, Jr., of Gray & Company, recommended that the funds be taken from the Russell 1000 Growth Fund (large cap) at Northern Trust.

A motion to approve a transfer for payment of the March 1st, 2006 pension payroll, in the amount of \$4,894,900.00 from the Northern Trust Russell 1000 Growth Fund to Citizens Bank, was made by Amy Lindman, and supported by Ehren Gonzales.

Upon being put to a vote, the motion carried unanimously.

14. RESOLUTION AUTHORIZING THE TRANSFER OF ALL DATA FOR CERTAIN ACTIVE MEMBERS AND RETIREES OF HURLEY MEDICAL CENTER

Tabled by Chairman Daniel Hall.

15. RESOLUTION AUTHORIZING THE TRANSFER OF RELATED ASSETS AND LIABILITIES FOR CERTAIN ACTIVE MEMBERS AND RETIREES OF HURLEY MEDICAL CENTER.

Tabled by Chairman Daniel Hall.

16. FERS TO MERS TRANSITION

Chairman Hall introduced the Actuaries: Larry Langer, of Gabriel, Roeder, Smith & Company, and Joseph Esuchanko, of Actuarial Services Company, and asked them to address the Board regarding the actuarial calculations necessary for the transfer to MERS.

Larry Langer stated that the Actuaries received the letter from the City and Hurley (Item #10.13) on February 3rd. The letter listed the seven groups whose active members will be transferred to MERS as of July 1, 2004. In addition, the letter stated that no retirees, no Local #1603 members and no exempts would be transferring to MERS. Mr. Langer reviewed, with the Board, the Gabriel Roeder Smith (GRS) letter to them dated February 16, 2006. Joseph Esuchanko, of Actuarial Services Company, also sent a letter to the Board concurring with the information contained in this GRS letter and indicating that the information represents a joint recommendation by the two actuarial firms to the Board of Trustees. The GRS letter outlines the methodology for dividing the System assets for Hurley Medical Center. First, they calculated the liability amounts for every Hurley individual in FERS (actives, retirees, etc.) based upon the assumptions used in the June 30, 2004 Valuation. Those totals had to equal the total liabilities contained in the actuarial valuation of that date. The actuarial accrued liability among all the Hurley groups was \$430,746,829.28 (reference the June 30, 2004 Valuation, page A-12). This total is broken down among the various groups transferring or not transferring to MERS, terminated members, retirees, etc. The individual liability was totaled for all retirees and terminated, vested members, all of whom are remaining with FERS. They will be actuarially funded at 100%. They then totaled the liabilities for active members transferring to MERS vs. the liabilities of all active members and developed a percentage for calculating the transfer. The liability attributable to the active employees transferring

to MERS is \$118,000,000 and the percentage of funding is 53%. The estimated net amount of assets to be transferred, before adjustments, is \$63,001,850.92. Further recommendations will be forthcoming regarding adjustments as the process unfolds. GRS is recommending that MERS be funded in four installments of \$15-16 million each.

Discussion followed. Chairman Hall asked Cass Wisniewski to meet with the Finance Committee to report on the status of Hurley's FY06 contributions to FERS and MERS, as well as Hurley's plans for making future contributions to FERS and MERS.

Larry Langer stated that the contribution rates currently in place were based upon FERS staying intact. He will be providing new FERS and MERS contribution rates for Hurley.

Cass Wisniewski noted that Hurley made contributions to FERS last year after every pay period. Because of the pending transfer to MERS, they are cleaning up the data before making further contributions to either system. He also noted that the 10.57% contribution rate just approved (based on the June 30, 2004 Valuation) is no longer accurate, since contributions must go to both FERS and MERS.

Chairman Hall acknowledged that Ordinance changes may be needed for the transfer to MERS. Proposed changes were given to the previous City Council members; however, that information has not been given to the new Council members. Discussion followed. Chairman Hall asked that each Hurley union be given a copy of the June 30, 2004 Actuarial Valuation report.

The Board discussed the costs of conversion to cash for the MERS transfer. Since the transfer was not initiated by the City or by FERS, all costs should be borne by Hurley or MERS. Chairman Hall asked Ivory Day, Jr., of Gray & Company to cost out the total transfer of approximately \$63 million, as well as a partial transfer of \$15 million. Mr. Day noted that Gray & Company is recommending that the current asset allocation be maintained, with each asset being reduced according to its percentage of the whole. He also recommended discussing the transfers with Northern Trust's transition services department, which should be able to give an estimate of the costs involved. Chairman Hall asked Mr. Day to contact Northern Trust regarding the costs of the transfer of cash, as well as the costs to transfer assets, for both the total of \$63 million and the first installment of \$15-16 million. Chairman Hall asked Mr. Day to report to the Finance Committee on his findings.

Chairman Hall stated that he and I'Lanta Robbins will discuss Retirement Ordinance issues with Trachelle Young. Discussion followed.

Joseph Esuchanko stated that Actuarial Services and GRS are in full agreement on the methods and assumptions being used for the calculations for the transfer. He recommends that Actuarial Services conduct an actuarial audit of the calculations and the application of the methods and assumptions to give greater assurance that the numbers are as accurate as possible. This would involve selecting a subset of individuals, requesting the appropriate data direct from the City/Hurley, and then performing the calculations and comparing the data and calculations to the GRS data and calculations. He noted the cost would be about \$15,000 and the review should take four weeks, once they receive the requested information. Discussion followed. Cass Wisniewski stated that Hurley would pay for this audit. Chairman Hall asked Mr. Esuchanko to send a letter to Hurley regarding the proposed audit and cost, with a copy to the Board.

Chairman Hall stated that the Finance Committee needs to meet with Attorney Trachelle Young about City liability issues in the event that Hurley Medical Center would default on its pension obligations. He also asked Councilman Gonzales to attend the meeting with Attorney Young to discuss City Ordinance changes.

17. AUDIT COMMITTEE REPORT

Tabled by Chairman Daniel Hall.

18. INVESTMENT COMMITTEE REPORT

Chairman Hall reported that Daniel Coffield is resigning from Hurley Medical Center. Chairman Hall is restructuring the Investment Committee as an ad hoc committee. He also may convene the Committee on a quarterly basis to discuss the quarterly performance reports with Gray & Company. He noted that, in addition to himself, current Committee members include Amy Lindman and Peter Dobrzeniecki.

19. PROFESSIONAL SERVICES COMMITTEE REPORT

Committee Chair Georgia Steinhoff reported that the Committee met on February 13th and reviewed the current applications for disability retirements. They are planning a meeting or conference call with Dr. Roth to discuss outstanding issues and concerns. In the future, the Professional Services Committee will also review pension adjustments and corrections before they appear on the agenda.

Ms. Steinhoff noted that, at the next Committee Meeting, the agenda will include a review and discussion of the Ordinance language regarding final average compensation, which involves extended sick leave and other issues. The Committee will research the issues, obtain input from the Attorney, and bring recommendations back to the Board for updating the Ordinance language.

20. FINANCE COMMITTEE

Chairman Daniel Hall will call a meeting of the Finance Committee before the next Board Meeting. The following will be asked to attend: Peter Dobrzeniecki, Dan Hall, Trachelle Young, I'Lanta Robbins, Ehren Gonzales, Cass Wisniewski.

21. RETIREMENT ORDINANCE REVISION COMMITTEE

Chairman Hall stated that there are many sections in the Retirement Ordinance that need to be addressed and updated. Councilman Gonzales will be coordinating this project with the Board and the City Council. Board Members should discuss their concerns with him.

23. LEGAL COUNSEL UPDATES

Chairman Hall noted that Trachelle Young was unable to attend today's Board Meeting. Ms. Young has informed him that she is reviewing the Minute Master and retirement files at City Hall to determine what information will be needed from Attorney Ghattas. She has also expressed concerns regarding the FERS to MERS transition and Ordinance changes.

Attorney I'Lanta Robbins reported that, under the Retirement Ordinance, Section 35-41, the right of a person to a pension cannot be garnished, executed, attached, or subject to bankruptcy, etc., unless that individual assigns that right. A retiree is still entitled to their pension, even if they are in prison. The pension payments are subject to attachment or garnishment only after the retiree receives the funds.

Attorney Robbins stated that there was a motion hearing on January 30 regarding the Claude Miller case. As she was not in attendance, she will obtain a copy of the Judge's ruling and report back to the Board. Attorney Steven Spender represents the Board in this case. Chairman Hall will also contact Attorney Spender for information.

24. DB/DC CONVERSION

Bob Erlenbeck reported that, on February 13th, the City Council approved a contract for Actuarial Services Company to perform the calculations necessary to offer the defined contribution plan.

25. OTHER BOARD BUSINESS

Chairman Daniel Hall stated that he received an e-mail from Harland Abraham at Northern Trust regarding State Street (SSgA) account #26-26590, which has a balance of \$1.53. The Investment Committee has the authority to authorize a transfer for small amounts; therefore, Chairman Hall asked Ivory Day to contact Northern and direct them to close the SSgA account and transfer the \$1.53 to the cash account.

Chairman Hall placed on file a report from Milberg Weiss. He will request that Milberg Weiss send enough copies of their reports for each trustee in the future.

Chairman Hall noted that SSgA has only one FERS account at this time, the Moderate Strategic Balance Account, which contains \$718,592 as of January 1, 2006. This is the “self-insurance” account. The Investment Committee will review the fees for that fund. Chairman Hall asked Ivory Day, Jr. to check on the fees for that account and make a recommendation to the Committee whether the funds should stay in that account or be transferred to obtain a better fee structure.

Chairman Daniel Hall stated that the list used by the City Attorney to notify money managers and others of the change in the attorney for the Retirement Board was not current. He asked that the Attorney’s office work with Peter Dobrzeniecki’s office and the Consultant to update the list. Additional letters may be needed once the listing has been brought up to date.

Cass Wisniewski stated that MERS has asked for Hurley wage information in electronic format. Bob Erlenbeck noted that there is still the issue that MERS or Hurley must indemnify the City for the data before it can be provided, since the City cannot guarantee the accuracy of the Hurley data.

Julie Sadler asked all Trustees & Alternates to review their contact information and give her any updates. Ms. Sadler noted that additional FERS reference notebooks are being prepared for all City Council members. These notebooks will include the Retirement Ordinance, which was last updated in early 2003, the Ordinance changes made by Emergency Financial Manager Ed Kurtz through July 1, 2004, and the changes made by the City Council since July 1, 2004, when Mr. Kurtz resigned. Ms. Sadler noted that she has been unable to obtain copies of the changes made by the City Council after Mr. Kurtz

left. The City Clerk's office is currently researching those changes and will provide copies when they are located.

Chairman Daniel Hall noted that the next Regular Board Meeting is scheduled for March 21, 2006. The Professional Services Committee will be meeting on Monday, March 13th.

22. GRAY & COMPANY

Ivory Day, Jr., of Gray and Company, distributed the Quarterly Performance Review and a rebalancing report. He noted that the rebalancing report was designed to show the potential effects of the following:

- 1) Rebalancing to the markets, including new managers;
- 2) Rebalancing to take \$100,000,000 from liquid assets for the MERS transfer;
- 3) The results of the \$100,000,000 transfer, with the assets reduced by that amount.

At the next meeting, Mr. Day will present a rebalancing report reflecting a \$63,000,000 transfer to MERS, along with reports showing the incremental transfers. He will contact Northern Trust regarding the costs of those transfers. Mr. Day noted that the Consultants' intention is to maintain the recommended asset allocation so that the ultimate results can be achieved for the Fund.

Ivory Day, Jr. reviewed Gray & Company's Quarterly Performance Report with the Board. He noted that the returns in the Fund mirrored the market and that the managers are performing according to their benchmarks. Discussion followed.

26. ADJOURNED

There being no further business to discuss, it was moved by Amy Lindman, and supported by Cass Wisniewski, to adjourn the meeting at 3:10 p.m.

Upon being put to a vote, the motion carried unanimously.

Respectfully submitted,

Peter Dobrzeniecki, Secretary