

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, December 18, 2007 at 1:00 p.m. in the New Committee-of-the-Whole Room, 3rd Floor, City Council Chambers, at City Hall, with the following in attendance:

TRUSTEES & ALTERNATES Daniel Hall – Chairperson, John Balsler, Douglas Bingaman, Mary Bland, Darryl Buchanan (*left at 2:27*), Peter Dobrzeniecki, Robert Erlenbeck, Ehren Gonzales (*1:52*), Janice Kehoe, Michelle Kirkwood, Amy Lindman, Robert Rosenberger, Cass Wisniewski

ABSENT Kerry Nelson

ALSO PRESENT Harland Abraham, Northern Trust
Denise Bingaman, Pension Payroll
Suzi Bye, Retirement Supervisor
Ivory Day, Jr., Gray & Company
Chris Kuhn, Gray & Company
Larry Langer, Actuary, Gabriel, Roeder, Smith & Co.
I'Lanta Robbins, Attorney for Retirement Board
Julie Sadler, Recording Secretary
Michael VanOverBeke, Consulting Attorney
Trachelle Young, City Attorney/Attorney for Retirement Board

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Chairman Daniel Hall called the meeting to order at 1:07 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.

Chairman Daniel Hall welcomed the new City Administrator, Darryl Buchanan, to the Board of Trustees, noting that Robert Erlenbeck will continue as his alternate. Chairman Hall also introduced Attorney Michael VanOverbeke and stated that the items listed under Item #21,

Legal Counsel Updates, would be part of a closed session, which is next on the agenda.

4. CLOSED DOOR SESSION/LEGAL COUNSEL UPDATES

- **FERS to MERS Transition – Pending Litigation**
- **Discussion of Hearings for Pension Calculation Errors - Review of Drafts of Decisions**
- **Claude Miller Lawsuit – Guidelines for Review/Recalculation of Pensions**

Chairman Daniel Hall and Attorneys Trachelle Young and I'Lanta Robbins asked that the Board go into closed session to discuss pending litigation regarding the FERS to MERS issues with Attorney Michael VanOverbeke, as open discussion on this active litigation could have a detrimental effect on the System. Other items to be discussed during the closed session include the lawsuits regarding pension calculation errors by Kay Tereau, Deborah Cherwinski, Sandra Stearns and William Kelly, and issues relating to the pension recalculations pursuant to the Judge Yuille decision in the Claude Miller lawsuit.

A motion to move into closed session, for the purpose of discussing legal issues, was made by Peter Dobrzeniecki and supported by Amy Lindman.

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

The Board entered into closed session at 1:25 p.m.

A motion was made by Amy Lindman, and supported by Ehren Gonzales, to return the meeting to open session.

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

The Board returned to open session at 2:27 p.m.

Chairman Hall called for a recess at 2:27 p.m.

Chairman Hall called the meeting back to order at 2:40 p.m.

5. DISCUSSION OF FISCAL YEAR 2006 VALUATION

Larry Langer reviewed the preliminary valuation information for the June 30, 2006 valuation (*reference Agenda Item #10.3*) for General, Police and Fire. He noted that Hurley has not made contributions or given the Actuary the information needed to complete the valuation. Mr. Langer also stated that the numbers would be significantly different depending on whether all of the Hurley groups stayed in FERS or some of the union groups transferred to MERS. Discussion followed. Chairman Hall asked for a written opinion from the attorneys regarding Hurley's refusal to pay contributions and provide needed information to the Actuary for the

valuation report.

3. APPROVAL OF THE OCTOBER 23, 2007 SPECIAL & REGULAR BOARD MEETING

It was moved by Ehren Gonzales, and supported by Amy Lindman, to approve the minutes of the October 23, 2007, Special and Regular Board Meetings.

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

4. MOTIONS RESULTING FROM CLOSED SESSION

Chairman Hall stated that two motions were required as a result of the closed session. The Chair then asked for a motion to authorize the hiring of Attorney Michael VanOverbeke as legal counsel for the FERS to MERS litigation.

A motion was made by Ehren Gonzales, and supported by Peter Dobrzeniecki, to retain Attorney Michael VanOverbeke as legal counsel to represent the Board in the FERS to MERS litigation.

Upon being put to a vote, the motion carried by a vote of 8 to 1.

Chairman Hall asked for a motion to authorize signatures for the legal decisions on the Board hearings relative to pension errors.

A motion was made by Ehren Gonzales, and supported by Amy Lindman, to authorize Peter Dobrzeniecki, as Secretary, and Daniel Hall, as Chair, to sign the final documents, as prepared by the attorneys, that outline the decisions made by the Board for the four hearings regarding pension calculation errors for Deborah Cherwinski, Kay Tereau, Sandra Stearns, and William O. Kelly III. After the corrections have been made, a copy will be provided to the Trustees.

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

6. APPLICATIONS FOR VOLUNTARY RETIREMENT

Steven Kinsman / Fire/352

Final Average Compensation:	\$ 71,924.07
Accumulated Contributions:	18,544.27
DRET:	51,140.31
Effective Date of Retirement	11/03/2007

Service: 25 Years, 3 Months

The retiree elected the Option Straight Life in the amount of \$3,934.84.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Steven Kinsman 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 \$3,934.84, for as long as he lives.

Carrie Watson / HMC/1603

Final Average Compensation:	\$ 32,471.27
Accumulated Contributions:	Non-cont.
DRET:	
Effective Date of Retirement	09/27/2007
Service: 36 Years, 7 Months	

The retiree elected the Option Straight Life in the amount of \$1,620.18.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Carrie Watson 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 \$1,620.18, for as long as she lives.

Susan Drost / Police/FPOA

Final Average Compensation:	\$ 53,188.13
Accumulated Contributions:	22,753.96
DRET:	29,244.69
Effective Date of Retirement	11/14/2007
Service: 23 Years, 1 Months	

The retiree elected the Option Straight Life in the amount of \$2,660.14.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Susan Drost 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 \$2,660.14, for as long as she lives.

ADD-ON -

Deborah Petriken / HMC/1603

Final Average Compensation:	\$ 55,353.60
Accumulated Contributions:	Non-cont.
DRET:	
Effective Date of Retirement:	10/22/07
Service: 27 Years, 11 Months	

The retiree elected the Option Straight Life in the amount of \$1,395.30.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Deborah Petriken 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 \$1,395.30, for as long as she lives.

It was moved by Amy Lindman, and supported by Ehren Gonzales, to approve the Applications for Voluntary Retirement for the following persons (with monthly pensions as noted):

Susan Drost – Option Straight Life – \$2,660.14
Steven Kinsman – Option Straight Life – \$3,934.84
Carrie Watson – Option Straight Life – \$1,620.18
Deborah Petriken – Option Straight Life – \$1,395.30

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

7. APPLICATIONS FOR DEFERRED RETIREMENT

James Fifield / Fire/352

Final Average Compensation:	\$ 52,137.51
Accumulated Contributions:	5,467.49
DRET:	34,409.79
Effective Date of Retirement	11/22/2006
Service: 16 Years, 9 Months	
The retiree will elect an Option prior to 03/01/2009.	

A motion was made by Robert Rosenberger, and supported by Amy Lindman, to approve the Application for Deferred Retirement for James Fifield.

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

8. OPTIONS PICKED BY DEFERRED RETIREMENT

Gayle Boykin / Hurley/RNs	Option Straight Life \$574.65
File Audit – FAC \$56,631.68	
Rev. \$56,563.63	
Service Credit – 12 yrs, 6 months	

Thru audit process added 27th pay per Yuille ruling.

Marcia Morris / Hurley/RNs

Option Straight Life \$402.80

File Audit – FAC \$43,597.97

Rev. \$43,455.52

Service Credit – 11 yrs, 7 months

Revised Credit – 11 yrs, 8 months

Thru audit process added 27th pay per Yuille ruling, and revised service credits.

Chairman Hall noted that Hurley Medical Center terminated/vested employees, if they take a deferred retirement as a part of FERS prior to 2004, will still be retired from FERS unless/until litigation would change their status.

A motion was made by Amy Lindman, and supported by Ehren Gonzales, to approve the options picked by Deferred Retirees Gayle Boykin and Marcia Morris.

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

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

- 9.1 Financial Research Associates, Microfinance for the Institutional Investor, January 14-15, 2008, New York, NY.
- 9.2 NCPERS, 2008 Annual Legislative Conference, February 4-6, 2008, Washington, D.C.
- 9.3 Stanford Graduate School, Stanford Directors' Forum, February 26-29, 2008, Stanford, CA.
- 9.4 Institutional Investor, The Search for Alpha Forum, March 10-11, 2008, San Francisco, CA.
- 9.5 Institutional Investor Hedge Fund Institutional Forum, Public Funds Roundtable, April 23-25, 2008, New Orleans, LA.
- 9.6 Stanford Graduate School, Directors' College, June 22-24, 2008, Stanford, CA.

A motion was made by Amy Lindman, and supported by Robert Rosenberger, to receive and approve all information/documents listed under Agenda Items #9, #10, #11, and #12, and place all documents on file.

Discussion followed. It was noted that Hurley Medical Center continues to not make any

employer contributions (*reference #12.14*). Mr. Wisniewski noted that the employee contributions are being made.

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 also.)*

10.1 Janus Intech, Public Funds Investment Solutions, Winter 2007.

10.2 Hammond Associates, Research Report Public Retirement Plan, Fall 2007.

10.3 Gabriel, Roeder Smith & Co., Preliminary June 30, 2006 Valuation Discussion with Larry Langer, December 13, 2007. *(Enclosed)*

11. COMMUNICATIONS SENT *(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 Letter to Northern Trust from Daniel Hall re: December 1, 2007 Pension transfer, September 25, 2007.

11.2 FERS, Letter to Harland Abraham (Custodian) from Daniel Hall re: Re-Balancing of Retirement Fund, November 20, 2007.

11.3 FERS, Letter to Harland Abraham (Manager) from Daniel Hall re: Re-Balancing of Retirement Fund, November 20, 2007.

11.4 FERS, Letter to Peter Young, LSV Asset Management, from Daniel Hall re: Re-Balancing of Retirement Fund, November 20, 2007.

11.5 FERS, Letter to Mani Thaimany, JP Morgan Asset Management, from Daniel Hall re: Re-Balancing of Retirement Fund, November 20, 2007.

11.6 FERS, Letter to Paul Fawcett, Wentworth, Hauser & Violich, from Daniel Hall re: Re-Balancing of Retirement Fund, November 20, 2007.

12. 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.)*

12.1 Globalt Investments, Quarterly Report as of September 30, 2007.

12.2 Fidelity Investments, Monthly Investment Update as of November 30, 2007.

- 12.3 Fidelity Investments, Real Estate Growth Fund II, December 3, 2007.
- 12.4 Wentworth, Hauser & Violich, Appraisal Summary, September 30, 2007.
- 12.5 Keeley Asset Management, Quarterly Report as of September 30, 2007.
- 12.6 Dodge & Cox Investment Managers, Investment Report, September 30, 2007.
- 12.7 Intercontinental Real Estate Corp., IREIF III Quarterly Report, September 30, 2007.
- 12.8 Fisher Investments, Form ADV, November 2007.
- 12.9 LJR Recapture Services, Trading Summary as of September 30, 2007.
- 12.10 Peregrine Capital Management, Small Cap Growth Equity, September 30, 2007.
- 12.11 Globeflex Capital, Performance Update, September 30, 2007.
- 12.12 Fidelity Real Estate Growth Fund, Investment Management Review, September 30, 2007.
- 12.13 Northern Trust Reports – October 2007. (*Enclosed*)
- 12.14 Retirement Fund Employee/Employer Contributions. (*Enclosed*)
- 12.15 Hurley Employer/Employee Contributions FY 2008. (*Enclosed*)

13. STATISTICAL REPORT OF BENEFITS (*for information only*)

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Number Retired	3,032	3,027	3,004
Annualized Payroll	\$ 64,198,389	\$ 64,850,497	\$ 65,192,316

14. APPROVAL OF THE JANUARY 1, 2008 PENSION PAYROLL TRANSFER

Chairman Daniel Hall reported that a transfer of \$4,784,900 was needed for the payment of the January 1st, 2008 pension payroll, with funds to be taken from the Northern Trust Flint-Drawdown Account #26-19617. The balance in the Northern Trust drawdown account, as of December 17, 2007, was \$23,574.468.

A motion to approve the transfer of \$4,784,900 for payment of the January 1st, 2008 pension payroll, from the Northern Trust Flint - Drawdown Account #26-19617 to Citizens Bank, was made by Amy Lindman, and supported by John Balsler.

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

15. 13th CHECK

No report.

16. FINANCE COMMITTEE

No report.

17. PROFESSIONAL SERVICES COMMITTEE REPORT

Chairman Daniel Hall presented the report from the Professional Services Committee Meeting, which was held on December 11th. Attendees included Daniel Hall, Robert Erlenbeck, Amy Lindman, Michelle Kirkwood, Suzi Bye, I'Lanta Robbins. The following issues were on their agenda:

Valarie Humphries – She has been approved for disability retirement by M-Works and her retirement information will be on the agenda next month for approval.

Sandra Bradshaw-Tidwell – No action has been taken at this time. A letter was received from Hurley Medical Center stating that there is no job available for her.

Jeff Hall – He has retained an attorney to appeal the denial of his disability retirement request and Hurley's statement that they have no job for him.

Terminated/Vested Employees – The Committee received an opinion from Legal, and will act accordingly when relevant retirement applications are received.

Bambi Rose – There has been no action taken at this time regarding her FAC concerns, which were expressed in her letter dated June 28, 2007.

Board Election Policy/Rules – Amy Lindman is preparing a written policy for Board

consideration.

Education Policy – Julie Sadler is preparing a written policy for consideration.

Actuary RFP – This issue is currently pending. No action has been taken due to the outstanding MERS/FERS litigation.

Minute Master Options – This issue is pending. A cost quotation is under review.

IRS Regulations for Beneficiaries – A notification is on file from the Actuary and has been referred to Legal.

Disability Policy – A draft policy was given to the Board in November. Please review and contact Chairman Hall with questions or suggestions. The policy will be discussed and adopted at a future Board Meeting.

Other Recommendations –

Gary Bitterman, Local 2056, HMC terminated/vested employee, needs an appointment with the Retirement Supervisor. Chairman Hall asked Suzi Bye to make an appointment with him and take his application for retirement.

The Board discussed duty disability retirees from the Fire Department who have ceased receiving workers' compensation benefits. Chairman Hall stated that the Committee would review the issue.

Daniel Coffield – His concerns are currently under review by Legal Counsel.

Retirement Program – The Committee is reviewing the need for updated software for the Retirement Office.

Attorneys I'Lanta Robbins and Trachelle Young left the meeting at 3:00 p.m. due to other commitments.

Peter Dobrzeniecki, Robert Erlenbeck, and Douglas Bingaman left the meeting at 3:30 p.m.

18. RETIREMENT ORDINANCE REVISION COMMITTEE

No report.

19. INVESTMENT COMMITTEE REPORT

No report.

Robert Erlenbeck returned to the meeting at 3:40 p.m.

20. GRAY & COMPANY

Ivory Day distributed an updated rebalancing schedule for review and discussion.

Ivory Day presented and reviewed the 3rd Quarter Performance Report, and reviewed the performance of Globalt, Allegiant and Keeley. Discussion followed.

Mr. Day introduced representatives from Allegiant Asset Management Company, Mr. Kirk Van Dagens, Director of Client Services (based in Troy, Michigan) and Mr. Hitesh Patel, Director, Structured Equity Strategies (based in Chicago), who made a presentation to the Board. Following their presentation and exit from the meeting, Mr. Day led further discussion regarding their performance.

Ivory Day presented an updated investment policy/manager allocation rebalancing schedule, noting that all managers are within their target allocation at this time.

Ehren Gonzales left the meeting at 3:52 p.m.

21. LEGAL COUNSEL UPDATES

Chairman Hall noted that legal issues were discussed earlier in closed session.

22. DB/DC CONVERSION

No report.

23. APPROVAL OF THE 2008 RETIREMENT BOARD CALENDAR

A motion was made to approve the 2008 Retirement Board Schedule by Amy Lindman, and supported by Cass Wisniewski.

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

24. OTHER BOARD BUSINESS

Chairman Hall noted that, in the past, FERS issued annual performance reports. He has received requests for that information and believes the issue should be addressed. He will discuss further with Peter Dobrzeniecki and Bob Erlenbeck.

Chairman Hall stated that the NCPERS Legislative Conference is scheduled in Washington, D.C., in February. The Board normally sends two attendees and a motion is needed.

A motion was made by Amy Lindman, and supported by Janice Kehoe, that notwithstanding the travel policy, two Board Members are authorized to attend the NCPERS Legislative Conference.

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

Bob Erlenbeck asked when the persons who have requested hearings regarding their pension recalculations - Greg Doerr, Sheila Burns, Theron Wiggins – would be scheduled. Chairman Hall asked the Professional Services Committee to make a recommendation for a hearing schedule to the Board.

The Trustees discussed Board vacancies, the upcoming election for Police & Fire representatives, and the need for a policy to address issues of appointments to fill vacancies.

25. ADJOURNED

There being no further business to discuss, it was moved by Amy Lindman, and supported by Robert Rosenberger, to adjourn the meeting at 4:25 p.m.

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

Respectfully submitted,

Peter Dobrzeniecki, Secretary