A regular meeting of the Board of Trustees of the City of Flint Employees’ Retirement System was held on Tuesday, August 18, 2009 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
Douglas Bingaman – Acting Chairperson, Denise Bingaman, Mary Bland, Robert Erlenbeck, Ehren Gonzalez (1:16), Janice Kehoe, Michelle Kirkwood, Charles Menard, Leonard D. Smorch, Mark Stratman, Cass Wisniewski

ABSENT
Debra Bridges, Greg Eason, John Erwin, Kerry Nelson, Vanessa Nelson

ALSO PRESENT
Suzi Bye, Retirement & Benefits Manager
Peter M. Bade, City Attorney (left at 1:10 p.m.)
I’Lanta Robbins, Assistant City Attorney/Attorney for Retirement Board
Angela Watkins, Assistant City Attorney (left at 1:10 p.m.)
Michael Townsend, Budget Director
Colleen McAuliffe, Retirement Specialist
Ivory Day, Gray & Company
Harland Abraham, Northern Trust Company

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Acting Chair Douglas Bingaman called the meeting to order at 1:07 p.m.

2. ROLL CALL (Attendance)

Roll was called and members were present or absent as noted above. Acting Chair Douglas Bingaman introduced Peter M. Bade as the new City Attorney. He also introduced Michael Townsend, who will be replacing Leonard Smorch as the Finance Director pending City Council approval.

3. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

There were no members of the public present who wished to address the Board.
4. **APPROVAL OF AGENDA**

Motion by Robert Erlenbeck, supported by Cass Wisniewski, to approve the agenda, as presented. The motion carried unanimously.

5. **APPOINTMENT OF BOARD CHAIR & VICE CHAIR**

Motion by Robert Erlenbeck, supported by Cass Wisniewski, to table the issue of appointing a Chair and Vice Chair. The motion carried unanimously.

6. **APPROVAL OF MINUTES – June 23 & July 21 Regular Board Meetings**

After discussion, the following correction was made on the July 21, 2009, Regular Board Meeting Minutes, Page 9955, Item No. 21 – Legal Counsel Updates:

*Presented:*
- Take Two Interactive – addressed earlier in the meeting by Attorney George Peck.

*Amended:*
- Take Two Interactive – nothing new to report.

Motion by Robert Erlenbeck, supported by Cass Wisniewski, to approve the minutes of the June 23, 2009, Regular Board Meeting, and to approve the minutes of the July 21, 2009, Regular Board Meeting, as amended. The motion carried unanimously, with corrections as noted.

7. **APPLICATIONS FOR VOLUNTARY RETIREMENT – See Page 9962-A**

Motion by Cass Wisniewski, supported by Leonard Smorh, to approve the August 18, 2009 Applications for Voluntary Retirement – Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement – for Robert Christenson, George Evans, Yasuko Hall, Sol Ledesma, Albert McBride, Molly McCree, and Vanessa Moore, and the Treasurer of the City of Flint Employees’ Retirement System be authorized and directed to pay a monthly pension, as indicated, for life or until such chosen option shall require. The motion carried unanimously.
8. APPLICATIONS FOR DEFERRED RETIREMENT – See Page 9962-A

Motion by Robert Erlenbeck, supported by Mark Stratman, to approve the August 18, 2009 Application for Deferred Retirement for Jeffrey George. The motion carried unanimously.

9. APPROVAL OF DISABILITY PENSIONS - None

10. APPROVAL OF PENSIONS PREVIOUSLY REPORTED – See Page 9962-B

Motion made by Cass Wisniewski, supported by Robert Erlenbeck, to approve the Pensions Previously Reported for Debra Koch, Charley McClendon, Jr, Arnenia Odom, and Deborah Petriken. Discussion followed. The motion carried unanimously.

11. OPTIONS PICKED BY DEFERRED RETIREES – See Page 9962-B

Motion by Robert Erlenbeck, supported by Cass Wisniewski, to approve the Options Picked by Deferred Retirees: Denise Blade, Deborah Brown, and Clark Satterley. Motion carried unanimously.

12. CHANGES TO PENSIONS (Informational) - None

13. UPCOMING CONFERENCES
(Placed on file in the Secretary’s office and available for Board review.)


13.2 2009 Public Safety Employees Pension & Benefits Conference, October 11-14, 2009, Palm Springs, California.


14. COMMUNICATIONS RECEIVED (Placed on file in the Secretary’s office and available for Board review; *if noted, copy included with Agenda packets.)

14.2 Joseph Esuchanko, Actuarial Service Co. FERS to MERS Transfer Valuation Audit of GRS Calculations, July 30, 2009.*


15. COMMUNICATIONS SENT (Placed on file in the Secretary’s office and available for Board review or copy may be requested; *if noted, copy included with Agenda packets.)


15.2 Bingaman/Smorch, Letter to Northern Trust re: Inter-Trust Transfer to Drawdown of Residual Interest from FERS to MERS Transition Account, July 22, 2009. (Partial repayment by Hurley of GRS actuarial invoices for FERS to MERS calculations)

15.3 Bingaman, Letter to Kathleen Main, Attorney at Law, re: Collection Services for Overpayments Due to the Retirement System (25% rate), August 6, 2009.

16. REPORTS RECEIVED (Placed on file in the Secretary’s office and available for Board review or copy may be requested; *if noted, copy included with Agenda packets.)


16.5 Globalt Investments, Performance & Investment Summaries, Quarter Ended June 30, 2009.


16.7 Piedmont Investment Advisors, Quarterly Report for Period Ended June 30, 2009 & Form ADV.


Motion by Robert Erlenbeck, supported by Ehren Gonzalez, to receive and place on file all documents listed in Agenda Item #s 13, 14, 15, 16. The Board will discuss Item #22.2, David Plewes’ letter, under Professional Services. Motion carried unanimously.

17. STATISTICAL REPORT OF BENEFITS (for information only)

<table>
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<tr>
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<th>2007</th>
<th>2008</th>
<th>2009 YTD</th>
</tr>
</thead>
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<tr>
<td>Number Retired</td>
<td>3,037</td>
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<td>3,074</td>
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<td>Annualized Payroll</td>
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<td>$66,402,468</td>
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*includes 13th check **Includes MERS Payroll

18. GRAY & COMPANY - REPORT/RECOMMENDATIONS

Schedule of Asset Classes, Manager Allocation & Re-Balancing – Ivory Day presented a report on FERS’ Second Quarter Performance and market conditions. (Mr. Day noted that he found some errors on the report and a corrected version will be sent to the Board.) Mr. Day also presented an updated cash flow rebalancing schedule, including asset allocation, diversification and goals. Discussion followed regarding the reports and the letter from Allegiant, Item #14.4. Mr. Day also stated that he would like to present educational sessions regarding asset allocation and investment performance. The Board agreed to meet in late November for a separate educational session, after the new members are on the Board.

19. APPROVAL OF THE SEPTEMBER 1, 2009 PENSION PAYROLL TRANSFER

A motion was made by Mary Bland, and supported by Ehren Gonzalez, to approve a transfer of $2,476,200.00 for payment of the September 1, 2009 pension payroll (total payroll - $5,482,893.64), from the Northern Trust Flint – Drawdown Account #26-19617 to Citizens Bank. The motion carried unanimously.
20. ACTUARIAL ISSUES

♦ **GRS Minute Master Update** *(Online – continuing to provide documents to GRS)* - Suzi Bye noted that additional microfiche and microfilm was recently sent to GRS and that GRS is going to add the actuarial valuations from 1997-2007 for no additional charge. She stated that GRS is still looking for an electronic form of the older ones so those can be placed online as well.

♦ **FY 2008 Actuarial Valuation Status** *(GRS Contract Signed – Valuation in process)* - Mr. Bingaman stated that he is working with Mr. Erlenbeck regarding active employees and benefits information that GRS has requested.

♦ **Actuarial Services Company (ASC) – Audits of 1st & 2nd FERS to MERS Transfers** *(1\textsuperscript{st} Audit Completed – see Agenda Item #14.2)* - Mr. Bingaman noted that the first audit by ASC agrees with GRS that the calculations for the transfer of assets to MERS are correct.

♦ **RFP for Actuary** - Mr. Bingaman asked Mr. Erlenbeck about the status of the RFP. Mr. Erlenbeck stated that he has a list of six actuaries and that he will try to get the request for proposals in the mail this month. Discussion followed.

21. LEGAL COUNSEL UPDATES

Attorney I’Lanta Robbins reported on pending legal issues, noting there is no new information on several of them:

♦ **Claude Miller Lawsuit (26/27 pays)** – no report.
♦ **Take Two Interactive Lawsuit** – no report.
♦ **Pension Calculation Errors Lawsuits – Cherwinski/Tereau/Kelly** – no report.
♦ **Pension Calculation Errors Lawsuits - Burns/Wiggins/Doerr** – no report.
♦ **Susan Jarema - Purchase of Time** – no report.
♦ **David Sullivan – Request for Hearing** – no report.
♦ **IRS Regulations for Beneficiaries** – no report.
♦ **FAC Calculation Policy** – no report.

♦ **FERS to MERS Transition**
  ♦ **Payroll – July & August – Interim Funding Agreement** - Attorney I’Lanta Robbins reviewed the Agreement (Attachment 14.1) with the Board, stating that Hurley has had difficulty preparing and transferring the necessary employee information to MERS, causing MERS to be unable to make the pension payments to the transferred retirees. The parties have agreed that MERS will fund the payments...
for FERS to continue to issue pension checks to the retirees for the July and August payments. The agreement also includes set-up and administration fees to be reimbursed by Hurley. In addition, Attorney Robbins noted there is general language included releasing all parties from any liability that might arise. If further agreements are needed, they can be discussed at that time. Discussion followed.

Ms. Bingaman noted that she personally received 145 telephone calls after sending the payroll because the retirees were not informed of the situation. Due to the lack of updated information, those retirees were paid by check only, with no direct deposits. This also caused problems for some retirees. Ms. Bingaman asked that Hurley send an explanatory letter to the retirees, which should include a contact name and phone number at Hurley to call with questions so they do not call FERS in the future, if/when FERS is asked to continue doing the payroll. She also received a call from MERS complaining that they were receiving calls from retirees. Some of the Board members noted that, if further payments are necessary, the fees should be re-evaluated and increased.

♦ James Maxwell – Duty Disability Pension – Attorney Robbins received a letter from Mr. Maxwell’s attorney requesting a hearing at 9:00 a.m. on the next Board meeting date of September 22, 2009. She will provide information to the Board prior to the hearing.

Motion by Mark Stratman, supported by Mary Bland and Denise Bingaman, to schedule a hearing for James Maxwell on September 22nd at 10:00 a.m.
Discussion followed. The motion carried, with one abstention (Robert Erlenbeck).

♦ Cynthia Fent, Deceased – Ten Year Certain Pension - Attorney Robbins reported that Attorney Michael VanOverbeke will be issuing a written legal opinion.

22. PROFESSIONAL SERVICES COMMITTEE

Mr. Erlenbeck reported that the Committee met on July 28th and discussed the following:

♦ David Plewes (Item #22.2) – The Board discussed Mr. Plewes’ letter requesting additional information. Mr. Erlenbeck stated that the Retirement Office has requested the actuarial reduction calculations from GRS for this overpayment and they are waiting for a response before they respond to Mr. Plewes. Denise Bingaman asked whether Mr. Plewes’ September 1st pension check should be reduced to the corrected amount, consistent with the way other overpayments have been handled. The Board was in agreement with the reduction, since they voted previously that there were errors made in calculating his pension.
♦ Claude Miller Pension Revisions – nothing new to report.

♦ Denise Blade – Hurley Deferred Retiree – Suzi Bye Reported to the Board that Ms. Blade’s settlement agreement was received by the Retirement Office and she will receive her first pension payment on September 1, 2009.

♦ Votenet Solutions – Telephone/Online Voting Service – Pending further review. No action has been taken.

♦ Summer 2009 Board Elections – Hurley / Retiree – The candidates’ petitions have been turned in to the Retirement office. There are three individuals on the Retiree ballot for one Trustee and one Alternate position, and three individuals on the Hurley Active ballot for two Trustee & two Alternate positions. The ballots have been mailed. Mary Bland noted that there were several features on the ballots that were confusing to the retiree voters. Mr. Erlenbeck stated that the ballots that were sent out had been approved by the Board. Discussion followed.

Motion by Mary Bland, supported by Cass Wisniewski, to accept ballots as long as the names and addresses are legible, whether written or printed. Motion carried unanimously.

♦ Veronica Simon – Contributions – Pending until the January meeting or a response is received (must be received by December 31st).

♦ Cost Saving Measures - Pending
♦ Pension Advice Mailing - Pending
♦ Toll-Free Number – Robert Erlenbeck stated that the toll-free number is not heavily used and that the cost for last year was $1,283.91, with an average monthly cost of $107.00 for the service. Discussion followed.

Motion by Robert Erlenbeck, supported by Ehren Gonzales, to discontinue the toll-free phone line. Motion carried unanimously.

♦ David Williams – Deceased Police Officer – Mr. Erlenbeck reported that the Retirement Office did not receive a response from Mr. Williams’ mother, who had been determined to be the beneficiary of Mr. Williams’ pension. Attorney Robbins has now informed him that it appears that the mother is also deceased. Ms. Robbins was contacted by the attorney who is representing the son and his mother. There was a divorce judgment entered in the 1990s in which the ex-wife waived her pension rights in lieu of a $500 payment; her argument is that she did not receive that payment and, therefore, she did not waive her rights to the pension. Attorney George Hamo will file a motion in Family Law Court requesting an interpretation of the divorce judgment.
Attorney Robbins will represent the Retirement System’s position and then the Judge will make a determination. The ex-wife was named as the beneficiary in the file prior to Mr. Williams’ retirement and subsequent divorce. The now-deceased mother had been listed as the second beneficiary.

♦ **Mary Jo Clark – Purchase of Time** – Suzi Bye reported that no reply has been received. The deadline for a response is August 30, 2009.

♦ **Sharon & Donna Stellmacher – Malcolm Stellmacher Survivorship Issue** – *Pending additional legal review by Attorney I’Lanta Robbins.* Mr. Erlenbeck informed the Board of the specifics of the issue.

♦ **Linda Winfrey** – Suzi Bye stated that Linda Winfrey had her pension revised pursuant to a settlement *agreement* she received after she retired; however, the settlement agreement did not provide for a recalculation. *Referred to Legal Counsel.*

♦ **Actuary RFP** – Mr. Erlenbeck will provide a draft for review and approval prior to mailing.

### 22.1 DISABILITY RETIREMENT APPLICATIONS

♦ **Duty** – No new applications

♦ **Non-Duty** – One new, one outstanding – Suzi Bye stated that they are waiting for medical records before setting up appointments for the applicants.

### 22.2 STATUS OF RETIREE SELECTION OF CORRECTION OPTION FOR OVERPAYMENT

♦ **David Plewes** – *Discussed under Professional Services (Item #22).*

### 23. FINANCE/INVESTMENT COMMITTEE

♦ **Capital BidCo** (*Pending receipt of further information*) – Attorney I’Lanta Robbins requested additional information from Attorney Habeeb Ghattas, which she received on Friday. Last month, the Board voted to allow her to take further action. She will review and discuss the case with Attorney Ghattas.

♦ **IRS Tax Determination Letter** - *Pending with Attorney Michael VanOverbeke.*
$25,900.00 – Gabriel, Roeder, Smith & Co. – 2004-2006 Invoices

$20,400 – paid by FERS (Hurley to reimburse)

$18,194.12 Residual Interest from FERS to MERS Account transferred to FERS Drawdown Account at Northern Trust on July 22, 2009

Hurley still owes $4000 to FERS (Balance + June 2009 Invoice)

$5,500 – paid directly to GRS by Hurley

MERS Payroll - Chairman Bingaman asked whether Hurley had paid the July retirement system contributions and Cass Wisniewski stated they had not.

$492,663.96 MERS Payroll (219 Retirees) – August 1, 2009

Reimbursed by MERS

Hurley to pay Administrative Fees

$3000 – August 1

$1500 – September 1

24. RETIREMENT ORDINANCE REVISION COMMITTEE (of-the-Whole)

§35-42 Correction of Errors in Records – City Council Passed. Chairman Bingaman stated that there is now a one-year time frame to recoup any pension overpayments; however, the System can still correct all errors, regardless of how long ago they were made. Denise Bingaman reported that she is receiving calls from retirees, some of whom previously requested a recalculation, regarding the status of the recalculation of their pensions. The individuals are indicating that, based on the recent URGE newsletter, they believe that errors that are not in their favor cannot be corrected, if they retired more than one year ago, but all errors in their favor can still be corrected. This interpretation, of course, is incorrect. She read the language from the July 2009 URGE newsletter:

“URGE has actively pushed for a change in the Ordinance to stop the City from correcting errors made by the Retirement Office years ago. The new Ordinance will only permit the City to go back one year. Currently, there is no limit on how far back they can go. This has seriously impacted some of our members.”

Discussion followed. Chairman Bingaman asked Mary Bland to clarify the issue in the next URGE newsletter so that the retirees understand that all errors can still be found and corrected, but only one year of overpayments to retirees can be recouped by the Retirement System.

§35-16.4 “13th Check” – Under review by Legal Counsel

Attorney I’Lanta Robbins reported that the main issues discussed so far are whether or not there should be a rolling five-year average as the method of determination for eligibility and when a 13th check should be paid. Previously, there was discussion about
the 13th check not being paid unless the System was at least 90% funded. Those changes are included in the suggested ordinance revision language that she is reviewing. She has also added the language, “subject to approval by the Board of Trustees.” Discussion followed. Mr. Erlenbeck stated that, in the future, a cover memo attached to and explaining proposed ordinance changes would be helpful for review by the Board and by City Council. Chairman Bingaman requested a list of the various issues involved in the 13th check calculations for review and support of any proposed changes.

♦ §35-17 / §35-19 Hurley Medical Center - Purchase of Time – Tabled
♦ § 35-8 Alternates for Hurley Trustees – Under review by Legal Counsel
♦ § 35-8 Alternates for Administration Trustees (HMC CEO, City Administrator, Finance Director) – Under review by Legal Counsel

Attorney Robbins distributed a draft revision of § 35-8 based on previous Board discussions. She asked for clarification regarding the roles of the Hurley elected first and second alternates. Mary Bland stated that the first alternate (the 3rd highest votes received) should fill in for either trustee that was absent and the second alternate (4th highest votes) should fill in only if both trustees were absent. In addition, Ms. Robbins has added language to clarify that the Designee for the President/CEO of Hurley serves in his/her place as the Trustee instead of as an Alternate, in accordance with past practice. Attorney Robbins also stated the amendment notes that the Chief Administrator and Finance Director will select his/her own Alternate to serve in his/her absence. The election process is already clarified in (c)(2) to state that alternate members for Police/Fire, Hurley, City, and Retiree positions are to be “…elected at the same election and in the same manner in which the member is elected…” The fact that only members of the Retirement System may run for the offices of Trustee or Alternate is already addressed in another section of the Ordinance that defines a member of the System. Discussion followed.

♦ Alternates Ascending to Trustees due to Vacating of Trustee Position - Tabled
♦ Firefighters/Police Officers – Pensions – Death in the Line of Duty – Tabled

Mark Stratman stated that he would like the Board to take a look at increasing the limits for the death benefits for Police and Fire pensions. Suzi Bye stated that she has copies of updated language in her office – Appendices A & B in the union contracts – which supercedes the ordinance language. Mr. Stratman will review the information with Ms. Bye and report back at a future Board Meeting.
25. OTHER BOARD BUSINESS

Denise Bingaman reported that the microfiche and microfilm for the 1990 – 1997 Board Minutes and packets has been located. She is working with Graphic Sciences to have all documents transferred to CDs, as the microfiche machine in the Retirement Office no longer works. This company will transfer all 1990-1997 documents to CDs for $2,700. Once that is done, the documents can be online for easy access.

Motion made by Denise Bingaman, supported by Ehren Gonzales, to approve hiring Graphic Sciences, for an estimated $2,700, to have the Retirement Board Minutes and packets for 1990 through 1997 placed on CD. Discussion followed. Motion carried unanimously.

Mary Bland stated that she made early reservations for MAPERS and has not yet received her reimbursements. She would like to receive her checks before her credit card bill comes due. Denise requested that anyone attending MAPERS get their information to her so Finance can issue the reimbursements. Mary Bland requested that the Board pay for her hotel stay on Saturday night (off the island) due to the travel time involved.

Motion by Mary Bland, supported by Janice Kehoe, to pay hotel expenses for MAPERS attendees for a Saturday night stay on September 12th, off Mackinaw Island, in order to ensure that they can attend the Sunday training sessions. Motion carried unanimously.

Ehren Gonzalez noted that he does not need a hard copy of the Agenda and packet at the Board Meeting, as he prints off all information previously e-mailed to him.

26. ADJOURNMENT

Next Regular Board Meeting – Tuesday, September 22, 2009, 1:00 p.m.

Motion made by Cass Wisniewski, supported by Mark Stratman, to adjourn at 3:45 p.m. Motion carried unanimously.

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Michael Townsend
Secretary