

CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM
Board of Trustees Regular Meeting Minutes
Tuesday, January 19, 2010

A regular meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on **Tuesday, January 19, 2010** 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 – Interim Chairperson, Denise Bingaman, Debra Bridges, Robert Erlenbeck, Janice Kehoe, Scott Kincaid, Michelle Kirkwood, Sherry Murphy, Mark Stratman, Michael Townsend, Cass Wisniewski

ABSENT Mary Bland, Gregory Eason, John Erwin, Duane Kelley, Sheldon Neeley

ALSO PRESENT Suzi Bye, Retirement & Benefits Manager
Julie Sadler, Assistant to FERS
Angela Watkins, Assistant City Attorney
Ivory Day, Gray & Company
Harland Abraham, Northern Trust
Daniel Hynes, Northern Trust
David Kausch & David Hoffman, Gabriel, Roeder, Smith & Co.

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Interim Chair Douglas Bingaman called the meeting to order at 1:04 p.m.

2. ROLL CALL (Attendance)

Roll was called and members were present or absent as noted above.

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 Scott Kincaid, supported by Cass Wisniewski, to approve the agenda, as presented at the meeting. The motion carried unanimously.

5. APPOINTMENT OF PERMANENT BOARD CHAIR & VICE CHAIR

Motion by Michael Townsend, supported by Scott Kincaid, to postpone the issue of appointing a permanent Chair or Vice Chair. The motion carried unanimously.

21. LEGAL COUNSEL UPDATES

Angela Watkins, Assistant City Attorney, updated the Board on pending legal issues (on behalf of I'Lanta Robbins, who was ill):

- ◆ **Take Two Interactive Lawsuit** – *nothing new to report*
- ◆ **FAC Calculation Policy** – *nothing new to report*
- ◆ **Capital BidCo – Financial Information** – a letter requesting additional financial information has been written by stockholders' attorneys and will be sent out this month.

- ◆ **Pension Calculation Errors Lawsuits – Cherwinski/Tereau/Kelly - Mediation**
- ◆ **Pension Calculation Errors Lawsuits - Burns/Wiggins/Doerr - Mediation**
- ◆ **Susan Jarema - Purchase of Time – Mediation**
Settlement proposals were sent to the plaintiffs' attorney, Gregory Gibbs, in December - no response received to date.

- ◆ **Linda Winfrey – Settlement Agreement** – A former Police Dept. employee who was paid a monetary award as a result of the grievance process; under legal review as to whether it should be considered retroactive pay and was correctly included in her Final Average Compensation.

(Attorney Watkins left the meeting at 1:10 p.m.)

20. ACTUARIAL ISSUES

- ◆ **Requests for Proposals – Actuaries' Presentations**- Four companies responded to the Board's request for proposals for actuarial services and made presentations to the Board:
Randy A. Gomez – Nyhart (aka Alliance Benefit Group)

Sandra W. Rodwan – Rodwan Consulting Company
Frank Pirrone, Bruce Klug, Marco Ruffini – Buck Consultants
David Kausch, David Hoffman, Curtis Powell – Gabriel Roeder Smith & Company

◆ **FY 2008 Actuarial Valuation – Gabriel Roeder Smith & Company**

David Kausch and David Hoffman presented and reviewed the FY 2008 Actuarial Valuation, which includes the four employee groups: General, Police, Fire, Hurley Medical Center. Discussion followed. It was noted that the contribution rates for the General City group were increasing because of a change in accounting procedures as a result of that group being closed to new hires, who are in the defined contribution plan.

A motion was made by Robert Erlenbeck, supported by Michael Townsend, to table action on the FY08 Actuarial Valuation (acceptance of valuation and adoption of rates) until next Board Meeting to allow for further review. Motion carried unanimously.

6. APPROVAL OF MINUTES

- ◆ **December 15, 2009 Special Board Meeting – Hearing for James Maxwell**
- ◆ **December 15, 2009 Special Board Meeting – Hearing for Veronica Simon**
- ◆ **December 15, 2009 Regular Board Meeting**

Motion made by Sherry Murphy, supported by Debra Bridges & Denise Bingaman, to approve the minutes for the December 15th Regular Board Meeting and the minutes for the Special Board Meetings/Hearings for James Maxwell and Veronica Simon. Motion carried unanimously.

7. APPLICATIONS FOR VOLUNTARY RETIREMENT – *See Attached*

Motion made by Michael Townsend, supported by Sherry Murphy, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for the Applications for Voluntary Retirement of Shirley Hart, Myron Roper, Donald Thompson, and Timmie Wansley (Jahmal Royster, death benefit recipient) be approved 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. Motion carried unanimously.

8. APPLICATIONS FOR DEFERRED RETIREMENT – *None*

9. APPROVAL OF DISABILITY PENSIONS – *None*

10. APPROVAL OF PENSIONS PREVIOUSLY REPORTED – *None*

11. OPTIONS PICKED BY DEFERRED RETIREMENTS – *None*

12. INFORMATIONAL CHANGES TO PENSIONS – *See Attached*

13. UPCOMING CONFERENCES

(Placed on file in the Secretary's office and available for Board review.)

13.1 MAPERS, One Day Seminar on Alternative Investments, February 5, 2010, Detroit, MI.

13.2 Argyle Executive Forum, Endowment & Foundation Spotlight on Investing in Private Equity Funds, April 21, 2010, New York, NY.

13.3 Institutional Investor, 2010 Hedge Fund Investor Symposium, June 22-23, New York, NY.

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

14.1 Tony Golden, Request for Hearing re: Decrease in Pension, December 15, 2009.

14.2 Buck Consultants, Proposal for Actuarial Services.*

14.3 Rodwan Consulting Company, Proposal for Actuarial Services.*

14.4 Gabriel Roeder Smith & Company, Proposal for Actuarial Services.*

14.5 Nyhart/Alliance Benefit Group, Proposal for Actuarial Services.*

14.6 Rodwan Consulting Company, Response to Questions re: Proposal for Actuarial Services, January 9, 2010.*

14.7 Gabriel Roeder Smith & Co., Response to Questions re: Proposal for Actuarial Services, January 11, 2010.*

14.8 Catherine Allan, Letter to Suzi Bye re: Repayment Option, January 4, 2010.

14.9 Veronica Simon, Letter to Suzi Bye re: Payroll Deductions for Service Credit, January 4, 2010.

14.10 Nyhart, Letter to R. Erlenbeck re: Clarification of Actuary Proposal, January 18, 2010.*

14.11 Buck Consultants, Letter to R. Erlenbeck re: Actuarial Proposal, January 18, 2010.*

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.)*

15.1 Bingaman/Townsend, Letter to Northern Trust re: January 1, 2010 Pension Payroll, December 15, 2009.

15.2 Suzi Bye, Letter to Catherine Allan re: Selecting Repayment Option, December 15, 2009.

15.3 Suzi Bye, Letter to Michelle Brown re: Denial of Disability Retirement Application, December 16, 2009.

15.4 Suzi Bye, Letter to Veronica Simon re: Selection of Payment Option for Retirement Service Credit, December 18, 2009.

15.5 Bingaman/Townsend, Veronica Simon re: December 15th Board Ruling at Hearing.

15.6 Bingaman/Townsend, Norbert Leonard re: James Maxwell – December 15th Board Ruling at Hearing.

15.7 Robert Erlenbeck, Buck Consultants re: RFP Questions & Presentation Schedule, December 29, 2009.*

15.8 Robert Erlenbeck, Rodwan Consulting Co. re: RFP Questions & Presentation Schedule, December 29, 2009.*

15.9 Robert Erlenbeck, Gabriel Roeder Smith & Co. re: RFP Questions & Presentation Schedule, December 29, 2009.*

15.10 Robert Erlenbeck, Nyhart re: RFP Questions & Presentation Schedule, December 29, 2009.*

15.11 Bingaman, Northern Trust Co. re: Sale of Securities for Pension Payroll, January 2, 2010.

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.*)

16.1 BNY ConvergeEx Group/LJR Recapture Services, FERS Trading Activity January 1 through November 30, 2009, December 15, 2009.

16.2 Wentworth, Hauser and Violich, FERS Nov. 2009 Statement of Assets & Appraisal Summary, January 8, 2010.

16.3 Northern Trust Global Investments, Annual Cross-Trading Notice – Class Exemption, December 2009.

16.4 Gabriel Roeder Smith & Co., GRS News Scan, December 2009.*

A motion was made by Robert Erlenbeck, supported by Scott Kincaid, to receive and place on file all documents listed in Agenda Item #s 13, 14, 15, 16. Motion carried unanimously. (*Certain items will be discussed where appropriate in the Agenda.*)

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

	<u>2008</u>	<u>2009</u>	<u>2010 YTD</u>
Number Retired	3,065	2,849	2,840
Annualized Payroll	\$66,402,468	\$64,959,885	\$ 5,204,455

18. GRAY & COMPANY - REPORT/RECOMMENDATIONS

- ◆ **Schedule of Asset Classes, Manager Allocation & Re-Balancing** – Ivory Day presented and reviewed the Fund's current investment allocation.
- ◆ **Status of Rebalancing/Replenishing Drawdown Fund** – Mr. Day recommended rebalancing the Fund and replenishing the drawdown account. Discussion followed.

A motion was made by Scott Kincaid, supported by Robert Erlenbeck, to accept the Consultant’s recommendations and rebalance the fund in order to replenish the drawdown account (approx. \$34 million to be transferred). Motion carried unanimously.

19. APPROVAL OF THE FEBRUARY 1, 2010 PENSION PAYROLL TRANSFER

A motion was made by Cass Wisniewski, and supported by Janice Kehoe, to approve a transfer of \$3,773,300 for payment of the February 1, 2010 pension payroll (total estimated payroll - \$5,041,715), from the Northern Trust Flint – Drawdown Account #26-19617 to Citizens Bank. The motion carried unanimously.

- ◆ **Securities Lending – Realized Loss Payment to Northern Trust - \$225,217.14 –**
Harland Abraham explained the securities lending program at Northern Trust and the realized loss charges.

(Mark Stratman left the meeting at 4:11 p.m.)

A motion was made by Michael Townsend, supported by Robert Erlenbeck, to pay \$225,217.14 to Northern Trust for the Securities Lending Realized Loss. Discussion followed. Motion carried unanimously.

- ◆ **Northern Trust Global Investments – Performance Review –** Daniel Hynes presented a portfolio review and performance update of FERS’ Funds in Northern Trust Global Investments.

22. PROFESSIONAL SERVICES COMMITTEE

Robert Erlenbeck reported that the Committee met and discussed the following issues:

- ◆ **Cost Saving Measures – *nothing new to report***
 - ◆ **Pension Advice Mailing**
 - ◆ **Votenet Solutions – Telephone/Online Voting Service**
- ◆ **Actuary RFP – *discussed earlier***
- ◆ **Claude Miller Pension Revisions – Requests for Review per Judge Yuille’s Order**
 - ◆ **Full Review or FAC Review only?**
- ◆ **Auditing “Pop-Ups” – Known Errors**
- ◆ **Harland Verrill – Overpayment**

Discussion of audits for the 24 requests to have FAC recalculated, as allowed per Judge Yuille's order, audits of pop-ups, etc. Per Ordinance, known errors must be corrected. When files are opened, some contain glaring errors. Staff was asked to write out issues and information for review and discussion at the next meeting.

◆ **Hurley #1603 - Vacation Fold-Ins**

The Committee recommends that #1603 vacation fold-ins be immediately discontinued as there is no supporting documentation allowing that practice. Discussion followed. **A motion was made by Debra Bridges, supported by Scott Kincaid, to table action on the issue of vacation fold-ins until the next Board Meeting to allow time for Ms. Bridges and Ms. Kehoe to research the issue at Hurley. Motion carried unanimously.**

- ◆ **Hurley Ord. #3201 – Temporary Exempt Employees' - Service Credit** – A Legal opinion was included in the Agenda packets indicating that temporary exempt HMC employees hired before May 11, 1992 (date of adoption of Ordinance #3201) should be considered as members of the retirement system and entitled to receive service credit for their time of temporary employment.
- ◆ **David Williams – Deceased Police Officer** – *Pending Court Ruling re Beneficiary – Court Date scheduled for January 27, 2010.*
- ◆ **Veronica Simon – Contributions** – *Response received (Items #14.9, 15.4, 15.5) – she will pay the contributions for her previous service by payroll deduction.*
- ◆ **Tony Golden – Request for Hearing re Overpayment (service credits, 29 pays, etc.) (Item #14.1)** - His request noted that he is not available in February and would like to be present by telephone. Attorney Robbins has indicated that he can attend his hearing by phone.

A motion was made by Sherry Murphy, supported by Michael Townsend, to schedule a hearing for Tony Golden on Tuesday, March 16, at 10:00 a.m., allowing Mr. Golden to be present by telephone. Motion carried unanimously.

22.1 DISABILITY RETIREMENT APPLICATIONS

- ◆ **Duty** – *One application to be denied pending further info (no change noted in his condition)*
- ◆ **Non-Duty** – *Two applications pending medical review*

22.2 STATUS OF RETIREE SELECTION OF CORRECTION OPTION FOR OVERPAYMENT

- ◆ **David Plewes - Overpayment** – Attorney Robbins granted an extension to select an option; he had requested additional information, which was provided to him. Board policy is to reduce actuarially if no option is selected. His last selection deadline was October 26th. At the October 20th meeting, the Board tabled the issue until November because Attorney Robbins stated she was still reviewing additional information from him. His pension has been reduced to reflect the corrected calculations. Discussion followed.

A motion was made by Scott Kincaid, supported by Janice Kehoe, to table selection of an option for David Plewes' repayment of his pension overpayment for one month. Motion carried unanimously.

- ◆ **Catherine Allan** – *Response received (Items # 14.8, 15.2) – she is repaying her pension overpayment by an actuarially calculated reduction in her monthly pension (overpayment due to an Equated 65 Option and her pension not being reduced at age 65).*

23. FINANCE/INVESTMENT COMMITTEE

Chairman Bingaman stated that the Committee has not met.

- ◆ **IRS Tax Determination Letter** - *Pending w/Attorney Michael VanOverbeke*

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

- ◆ **§35-16.4 “13th Check” SUBCOMMITTEE** – *Michelle Kirkwood, Chair*

The Board discussed the 13th check and concerns about paying a 13th check when the funding level of the Retirement System, as a whole, is now considerably less than the 80% recorded in the FY08 actuarial valuation.

Michael Townsend left the meeting at 5:20 p.m.

A motion was made by Robert Erlenbeck, supported by Denise Bingaman, authorizing the 13th Check Committee to work with the attorney to submit an Ordinance revision to City Council requiring a 90% funding level for the entire fund in order for a 13th Check to be paid. (Other 13th check issues will be addressed in future recommended changes.) Motion carried 6-1 (Janice Kehoe opposed).

Issues under discussion -

- **Five-Year Rolling Average**
- **Percentage Funded**
- **Age Requirements**
- **Contributory/Non-contributory**
- **Deferred**
- **Straight Life Pension Factor**
- **Beneficiaries – Spouses, Parents, Children, Others**
- **Alternative Option; i.e., Cost of Living, etc.**
- **Other Retirement Systems**

The Board agreed to postpone discussion of the other Ordinance issues:

- ◆ **§35-17 / §35-19 Hurley Medical Center - Purchase of Time** – *Under Legal/PSC review*
- ◆ **§35-8 Alternates - Language & letter of recommendation to be sent to City Council**
- ◆ **§35-10 Alternates Ascending to Trustee Position when Vacated** – *Attachment for discussion*
- ◆ **§35-31/31.1/32/32.1 Firefighters/Police – Death in the Line of Duty** – *Under legal review*
- ◆ **§35-26(a)(1) Option “A”** - *Attachment for discussion*

25. OTHER BOARD BUSINESS

- ◆ **New Recording/Transcription Equipment** – Staff member Julie Sadler reported that new equipment has been ordered, at a cost of \$1499.00.

26. ADJOURNMENT

Upcoming Board Meetings:

Regular Board Meeting – Tuesday, February 16, 2010, 1:00 p.m.

Special Board Meeting – Hearing for Tony Golden – Tuesday, March 16, 2010, 10:00 a.m.

Regular Board Meeting – Tuesday, March 16, 2010, 1:00 p.m.

A motion was made to adjourn at 5:25 p.m. by Scott Kincaid, supported by Debra Bridges. The motion carried unanimously.

**Michael A. Townsend
Secretary**

CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM - BOARD OF TRUSTEES

Approval of Pension Calculations
January 19, 2010 Board Meeting

7. APPLICATIONS FOR VOLUNTARY RETIREMENT

Last Name	First Name	Unit	Union	Final Avg. Comp. (FAC)	Accum. Contrib.	DRET (Before Tax Contrib.)	Effective Retirement Date	Service Years/ Months	Option Elected	Monthly Pension Payment	Notes
Hart	Shirley	HMC	1603	\$24,149.33	\$0.00	\$0.00	11/21/09	25 years, 0 months	Straight Life	\$547.81	
Roper	Myron	HMC	1603	\$39,244.16	\$0.00	\$0.00	10/10/09	30 years, 1 month	Option B w/pop-up	\$952.82	
Thompson	Donald	COF	1799	\$63,473.89	\$34,733.28	\$13,637.37	12/19/09	25 years, 0 months	Option B w/pop-up	\$2,712.87	
Wansley	Timmie	COF	Fire	\$55,458.03	\$7,483.57	\$42,265.08	12/09/09	23 years, 2 months	Option B	\$2,253.70	Deceased 12-10-09 - Death Benefit Recipient Jahmal Royster

Motion made by Michael Townsend, supported by Sherry Murphy, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for the Applications for Voluntary Retirement of Shirley Hart, Myron Roper, Donald Thompson, and Timmie Wansley (Jahmal Royster, death benefit recipient) be approved 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.

8. APPLICATIONS FOR DEFERRED RETIREMENT - NONE

9. APPROVAL OF DISABILITY PENSIONS - NONE

10. APPROVAL OF PENSIONS PREVIOUSLY REPORTED - NONE

11. OPTIONS PICKED BY DEFERRED RETIREES - NONE

12. INFORMATIONAL CHANGES TO PENSIONS

Last Name	First Name	Unit	Union	Revised Monthly Pension	Original Monthly Pension	Effective Retirement Date	Notes
Bowman	Scott	COF	Fire	\$2,897.24	\$2,702.37	06/18/04	Pop-up due to divorce from beneficiary
Johnson	Audrey	COF	Fire	\$3,253.63	\$3,100.16	02/01/03	Pop-up due to divorce from beneficiary
Lemons	Marshalo	COF	1799	\$4,487.56	\$4,153.60	08/11/01	Pop-up due to death of beneficiary