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)
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.


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 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.*

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


15.4 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.


15.11 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.)


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)

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<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010 YTD</th>
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<tr>
<td>Number Retired</td>
<td>3,065</td>
<td>2,849</td>
<td>2,840</td>
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<td>Annualized Payroll</td>
<td>$66,402,468</td>
<td>$64,959,885</td>
<td>$ 5,204,455</td>
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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
### 7. APPLICATIONS FOR VOLUNTARY RETIREMENT

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<tr>
<th>Last Name</th>
<th>First Name</th>
<th>Unit</th>
<th>Union</th>
<th>Final Avg. Comp. (FAC)</th>
<th>Accum. Contrib.</th>
<th>Effective Retirement Date</th>
<th>Service Years/ Months</th>
<th>Option Elected</th>
<th>Monthly Pension Payment</th>
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<tr>
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<td>Shirley</td>
<td>HMC</td>
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<td>Donald</td>
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<td>COF</td>
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<td>Option B</td>
<td>$2,253.70</td>
<td>Deceased 12-10-09 - Death Benefit Recipient Jahmal Royster</td>
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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 RETIREEES - NONE

### 12. INFORMATIONAL CHANGES TO PENSIONS

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<th>Last Name</th>
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<th>Unit</th>
<th>Union</th>
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