

**‘CITY OF FLINT EMPLOYEES’ RETIREMENT SYSTEM  
Board of Trustees Regular Meeting Minutes  
Tuesday, August 24, 2010**

A regular meeting of the Board of Trustees of the City of Flint Employees’ Retirement System was held on Tuesday, August 24, 2010, at 1:00 p.m. in the Committee-of-the-Whole Room, 3<sup>rd</sup> Floor, City Council Chambers, at City Hall, with the following in attendance:

*TRUSTEES & ALTERNATES* Robert Erlenbeck – Acting Chair, Denise Bingaman, Debra Bridges, Scott Kincaid, Michelle Kirkwood, Sherry Murphy, Mark Stratman, Cass Wisniewski (1:30 p.m.)

*ABSENT* Douglas Bingaman, Mary Bland, Gregory Eason, Juliann Fairbrother, Duane Kelley, Sheldon Neeley, Michael Townsend

*ALSO PRESENT* Suzi Bye, Retirement & Benefits Manager  
Julie Sadler, Staff Assistant to FERS  
I’Lanta Robbins, Assistant City Attorney/Attorney for the Retirement Board

**1. CHAIRPERSON CALLS THE MEETING TO ORDER**

**In the absence of the Interim Chair and Interim Vice Chair, a motion was made by Scott Kincaid, and supported by Denise Bingaman, to appoint Robert Erlenbeck as Acting Chairman for the meeting. The motion carried unanimously.**

Acting Chair Robert Erlenbeck called the meeting to order at 1:03 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 Mark Stratman, to approve the agenda as presented at the meeting. The motion carried unanimously.**

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

**A motion to table the appointment of a permanent Chair and Vice Chair was made by Scott Kincaid, supported by Sherry Murphy. The motion carried unanimously.**

**6. APPROVAL OF MINUTES – *July 20, 2010 Regular Board Meeting***

**Motion made by Scott Kincaid, supported by Mark Stratman, to approve the minutes for the July 20th Regular Board Meeting, as presented. The motion carried unanimously**

**7. APPROVAL OF APPLICATIONS FOR VOLUNTARY RETIREMENT – *See Attached***

**Motion made by Scott Kincaid, supported by Sherry Murphy, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for the Applications for Voluntary Retirement of Guy Baumgart, Pamela Chambers, Mark Fulks, Bradley Hill, Lucinda Jones, Kimberly Miller, Calvin Sies, Thomas Tucker, and Joyce Wilson 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. The motion carried unanimously.**

**8. APPROVAL OF APPLICATIONS FOR DEFERRED RETIREMENT – *See Attached***

**A motion was made by Scott Kincaid, supported by Sherry Murphy, to approve the Applications for Deferred Retirement for Rodney Ellison, Dianne Hamm, and Remonia Hawkins. Motion carried unanimously.**

**9. APPROVAL OF DISABILITY PENSIONS – *None***

**10. APPROVAL OF CHANGES TO PENSIONS PREVIOUSLY REPORTED – See Attached**

**A motion was made by Scott Kincaid, supported by Sherry Murphy, to approve the changes to the pension previously reported for Patricia Beckley. Motion carried unanimously.**

**11. APPROVAL OF OPTIONS PICKED BY DEFERRED RETIREMENTS – See Attached**

**A motion was made by Sherry Murphy, supported by Scott Kincaid, to approve the Option Picked by Deferred Retiree Dianne Hamm. Motion carried unanimously.**

**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 Pensions & Investments, 2010 Liability Driven Investing Conference, September 14 - San Francisco, September 16 - Dallas, September 21 - Chicago, September 23 - New York.

13.2 NCPERS, Public Safety Employees Pension & Benefits Conference, October 10-13, 2010, Palm Springs, California.

13.3 International Foundation, 56<sup>th</sup> Annual Employee Benefits Conference, November 13-17, 2010, Honolulu, Hawaii.

13.4 Robbins Geller Rudman & Dowd, The Corporate Library's 2010 Public Funds Forum, September 14-16, 2010, Laguna Beach, California.

**14. COMMUNICATIONS 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.)*

14.1 Sherry L. Murphy, Retirement File Review – Retiree Waiver, July 12, 2010. \*

14.2 David Kausch, GRS, 2010-11 EDRO Fee Schedule, July 20, 2010. \*

14.3 Attorney I'Lanta Robbins, Memo to Board Chair & Secretary re: Preliminary Injunction in Kay

Tereau and Deborah Cherwinski Lawsuits, July 28, 2010 \*

14.4 Stephen L. Sandstedt, Letter to D. Bingaman re: Partial Return of Capital on FERS' Investment in Capital BIDCO, Inc. w/check for \$88,497.50, August 4, 2010. \*

14.5 Attorney Kendall Williams, Letter to Attorney I'Lanta Robbins re: FERS/MERS and Janet S. Fike (HMC) Transfer, August 4, 2010. \* (See #15.5 for response from Suzi Bye, which was forwarded to Attorney Williams by Attorney Robbins on August 12<sup>th</sup>.)

14.6 Larry Langer, Buck Consultants, Letter to Robert Erlenbeck re: Update to Buck Consultants Proposal to Provide Actuarial Consulting Services for FERS, August 9, 2010. \*

14.7 David Kausch, GRS, Letter to Suzi Bye re: Service Purchase Calculations – Darwyn Sparks, Bethany Whaley and David Porter (Settlement Agreements), August 10, 2010. \*

14.8 David Kausch/David Hoffman, GRS, Letter to Suzi Bye re: Recovery of Overpayments – Deborah L. Cherwinski, August 11, 2010. \*

14.9 David Kausch/David Hoffman, GRS, Letter to Suzi Bye re: Recovery of Overpayments – Kay R. Tereau, August 11, 2010. \*

14.10 David Kausch, GRS, E-Mail to Michael Townsend re: Clarification on Transition, August 13, 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.)

15.1 Bingaman/Townsend, Letter to Northern Trust re: Aug 1 Pension Payroll Transfer, July 17, 2010.

15.2 Retirement Board Election Announcement – General City of Flint Representatives. \*

15.3 Suzi Bye, Letter to Deborah Cherwinski re: Reversal of Pension Reduction, July 29, 2010. \*

15.4 Suzi Bye, Letter to Kay Tereau re: Reversal of Pension Reduction, July 29, 2010. \*

15.5 Suzi Bye, E-Mail to I'Lanta Robbins re: Letter from Kendall Williams, August 10, 2010. \*

15.6 Michael Townsend, Letter to John Erwin re: Termination of Employment and Subsequent Ineligibility to Serve as a Trustee, August 20, 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 Gabriel Roeder Smith & Company, GRS Insight, July 2010. \*
- 16.2 Gabriel Roeder Smith & Company, GRS NewsScan, June/July 2010. \*
- 16.3 CB Richard Ellis Strategic Partners, Portfolio Transaction Update, August 5, 2010.
- 16.4 Dodge & Cox, FERS Second Quarter Investment Report & Addendum.
- 16.5 Globalt Investments, FERS Second Quarter Performance & Investment Summaries.
- 16.6 ICON Advisers, FERS Second Qtr Portfolio Report w/ July/Aug 2010 Portfolio Updates.
- 16.7 Intercontinental Real Estate Corp./U.S. Real Estate Investment Fund, Acquisition Notice.
- 16.8 Keeley Asset Management Corp., FERS Second Quarter Report & Small Cap Value Investment Strategy.
- 16.9 LSV Asset Management, FERS 2<sup>nd</sup> Quarter International Large Cap Value Equity Investment Report.
- 16.10 Wentworth, Hauser and Violich, FERS Quarterly Appraisal for June 30, 2010 & Summer 2010 Review and Outlook.
- 16.11 Northern Trust Global Investments Collective Funds Trust, Amendments to Operating Parameters effective August 31, 2010.
- 16.12 Northern Trust – Fund Declarations:
  - 16.12.1 Collective EAFE Index Fund – Lending
  - 16.12.2 Collective S&P 500 Index Fund – Lending
  - 16.12.3 Collective US Market Cap Index Fund – Non-Lending
  - 16.12.4 Collective Aggregate Bond Index Fund – Lending
  - 16.12.5 Collective World Government Bond Index Fund - Lending
- 16.13 J.P. Morgan Asset Management, Guide to the Markets as of June 30, 2010.
- 16.14 CB Richard Ellis Investors, CBRE Strategic Partners III Financial Stmts as of June 30, 2010.
- 16.15 BNY ConvergEx Group, FERS Commission Recapture Services Reports, Jan 1 – July 31, 2010.

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

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

	<u>2008</u>	<u>2009</u>	<u>2010 YTD</u>
Number Retired	3,065	2,849	2,876
Payroll	\$66,402,468	\$64,959,885	\$41,898,995

**18. GRAY & COMPANY - REPORT/RECOMMENDATIONS**

- ◆ **Schedule of Asset Classes, Manager Allocation & Re-Balancing** – *included in packets*
- ◆ **Real Estate Manager Search** – *September Board Meeting*
- ◆ **2<sup>nd</sup> Quarter Performance Report** – *September Board Meeting*

**19. APPROVAL OF THE SEPTEMBER 1 PENSION PAYROLL TRANSFER**

**A motion was made by Mark Stratman, and supported by Scott Kincaid, to approve a transfer of \$5,057,000 for payment of the September 1, 2010 pension payroll (total estimated payroll - \$5,138,535), from the Northern Trust Flint – Drawdown Account #26-19617 to Citizens Bank. The motion carried unanimously.**

**20. ACTUARIAL ISSUES PENDING** – *Presentations were made and discussion followed (after #5 on the meeting agenda)*

- ◆ **Current Actuarial Issues** – *David Kausch, David Hoffman, and Rebecca Stouffer, GRS. (Agenda Item #s 14.2, 16.1, 16.2)*
- ◆ **RFPs – Selection of Actuary** – *Presentations & Discussion*
  - ◆ **Follow-Up Presentations and Question & Answer Sessions with Actuaries:**
    - ◆ *Gabriel Roeder Smith & Co. (Agenda Item #14.10) – David Hoffman, David Kausch, Rebecca Stouffer*
    - ◆ *Rodwan Consulting Co. – Sandra Rodwan & Claudia Scott*
    - ◆ *Buck Consultants – Larry Langer & Marco Ruffini (Agenda Item #14.6)*
    - ◆ *Nyhart (no representative available)*

**Board Discussion -**

- \* It was noted that not all of the fees for various actuarial services needed were included in the proposals.
- \* Referred to Professional Services Committee for review and development of a list of questions to send to the actuarial firms relative to the RFPs, all services needed, their charges, etc. Any Board Members with questions for the actuaries are asked to submit them to the Committee as soon as possible.
- \* A major issue is the software program for retirement calculations and its complexity, due to the large number of bargaining agreements and ordinances involved in determining benefits.
- \* Need a copy of current agreement(s) with GRS regarding retirement calculation software – purchase or lease, maintenance, upgrading, etc. Current program is DOS-based.
- \* In the future, perhaps an RFP for retirement calculation software development and maintenance – no longer tied to the contract for actuarial services in any way.
- \* Referral to Legal – Can the Board negotiate freely? Are there any Ordinance requirements, a need to work with Purchasing Dept. or City Council involved?
- \* Need to make a decision at September meeting and have an actuary in place for the FY09 Valuation as soon as possible.

**21. LEGAL COUNSEL UPDATES**

Attorney I'Lanta Robbins -

- ◆ **Take Two Interactive Lawsuit** – *Settlement pending – Loss \$ 176,505 – Labaton Sucharow & George Peck, Special Counsel*
- ◆ **FAC Calculation Policy** – *Under legal review*
- ◆ **Capital BidCo** – *Financial information was requested previously and some has been provided, which has raised additional questions. See Item #14.4 – the Fund was liquidated without shareholders' consent and a distribution made. Further financial information – management fees charged, procedures for closing, etc. – has been requested. Working with the State of Michigan, which is investigating the Fund. Discussions will be held with other investors. If information is not provided, the Board can file a motion with the Circuit Court.*
- ◆ **Pension Calculation Errors Lawsuits – Cherwinski/Tereau** – *Settlement Agreement is currently under review by Attorney Greg Gibbs. Actuarial calculations for repayment were completed. (Agenda Item #s 14.3, 14.8, 14.9, 15.3, 15.4)*
- ◆ **Pension Calculation Errors Lawsuits – Kelly** – *Mediation*
- ◆ **Pension Calculation Errors Lawsuits - Burns/Wiggins/Doerr** - *Mediation*
- ◆ **Susan Jarema - Purchase of Time** – *Mediation*

- ◆ **Job Elimination/Early Retirement Contract Provisions** – *Under Legal Review*
- ◆ **Purchase of Time - Hurley – Non-contributory** – *Under Legal Review*
- ◆ **Death Pension Limitations – Police & Fire - Surviving Spouses** – *Under Legal Review*

## 22. PROFESSIONAL SERVICES COMMITTEE - *No Report*

- ◆ **Cost Saving Measures - Pension Advice Mailing**
- ◆ **Hurley Purchase of Time - GRS Actuarial Tables** – *Update complete*
- ◆ **Election – General City (#1600, #1799, Exempt) Trustee & Alternate** (*Item #15.2*)
- ◆ **Pension Calculation Review – Sherry Murphy** (*Item #14.1*)

### 22.1 DISABILITY RETIREMENT APPLICATIONS

- ◆ **Duty** – *1 new application*
- ◆ **Non-Duty** – *2 applications pending, 2 new applications*

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

- ◆ **David Plewes** – Attorney I’Lanta Robbins reported that Attorney Greg Gibbs has been retained by David Plewes and URGE. Attorney Gibbs has requested a postponement. Attorney Robbins noted that Mr. Plewes’ pension amount has already been corrected and the issue for discussion is recouping the overpayment made to him. **A motion was made by Scott Kincaid, supported by Sherry Murphy, to postpone discussion of Mr. Plewes’ pension calculations until the next meeting, due to a request from Attorney Greg Gibbs. The motion carried unanimously.**

## 23. FINANCE/INVESTMENT COMMITTEE – *No Report*

- ◆ **Financial Information** – *Position Descriptions available for review or copies upon request*
- ◆ **Independent Audit of FERS** – *RFP in process for FY11*
- ◆ **Portfolio Monitoring/Securities Litigation Attorney**
  - *Labaton Sucharow - Presentation at September Board Meeting*
  - *Bernstein, Litowitz, Berger & Grossman – Presentation at October Board Meeting*
- ◆ **Real Estate Investments** – *Under Committee Review*
- ◆ **Private Equity Investments** – *Under Committee Review*
- ◆ **IRS Tax Determination Letter** - *Pending w/Attorney Michael VanOverbeke*



**24. RETIREMENT ORDINANCE REVISION COMMITTEE (of-the-Whole) – No Report**

- ◆ **§35-16.4 “13th Check” Issues SUBCOMMITTEE – Michelle Kirkwood, Chair**
  - **Five-Year Rolling Average**
  - **Changes in Eligibility/Calculations: Age, Contributory/Non-contributory, Deferred, Straight Life Pension Factor, Beneficiaries**
  - **Alternative Cost of Living Option**
- ◆ **Apply IRS Regulations for Beneficiaries –Under Legal Review (w/Bob Erlenbeck)**
- ◆ **Defined Contribution/Defined Benefit Change for Exempts –Under Legal Review**
- ◆ **§35-31/31.1/32/32.1 Firefighters/Police Officers – Death in the Line of Duty – Under Legal Review (w/Mark Stratman, Suzi Bye)**

**25. OTHER BOARD BUSINESS**

- ◆ **Pending Michigan Legislation**
  - **Distressed Municipal Pension System Act – Status Update (None)**
- ◆ **Vacancies**
  - **Alternate for Cass Wisniewski – Appointment by Hurley President/CEO (Ord. §35-8)**
  - **Alternate for Hurley - Board to Appoint (Ord. §35-10)**
  - **Alternate for Mark Stratman, Police/Fire – Board to Appoint (Ord. §35-10)**

The Board discussed the current vacancies and the need to determine who might be interested in serving as an alternate on the Board for Police/Fire and Hurley. It was decided that the Retirement Office would send a letter to the Police and Fire employees stating that anyone who is interested in serving as the Police/Fire alternate should submit an application and petition (with 20 signatures). The Retirement Office will also write a letter to the Hurley employees, which will be disseminated at Hurley by e-mail, with the appropriate information for that position. The forms will be available in the Retirement Office. It was noted that interested individuals should be willing to commit to attending Board Meetings and being an active participant on the Board.

## **26. ADJOURNMENT**

*Upcoming Board Meetings:*

*Regular Board Meeting – Tuesday, September 21, 2010, 1:00 p.m.*

*Regular Board Meeting – Tuesday, October 19, 2010, 1:00 p.m.*

**A motion was made by Scott Kincaid, supported by Mark Stratman, to adjourn the meeting at 3:38 p.m. The motion carried unanimously.**

**Michael A. Townsend  
Secretary**

**CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM - BOARD OF TRUSTEES**

Approval of Pension Calculations

August 24, 2010 Board Meeting

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**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
Baumgart	Guy	COF	1799	\$73,762.65	\$33,566.01	\$17,260.15	07/09/10	25 yrs, 3 mos	Option C w/pop-up	\$3,415.70	
Chambers	Pamela	HMC	Exempt	\$57,555.83	\$11,058.58	\$40,053.89	07/01/10	22 yrs, 0 mos	Straight Life	\$2,388.57	
Fulks	Mark	COF	1799	\$68,722.60	\$51,500.41	\$16,161.93	06/30/10	28 yrs, 11 mos	SS Equated	\$4,885.83	
Hill	Bradley	COF	1799	\$60,212.84	\$37,089.44	\$14,640.84	06/30/10	24 yrs, 5 mos	SS Equated	\$3,713.29	
Jones	Lucinda	HMC	Exempt	\$70,663.27	\$0.00	\$0.00	06/27/10	25 yrs, 10 mos	Straight Life	\$2,345.68	Includes redeposit of 4 yrs, 6 mos
Miller	Kimberly	COF	1799	\$50,499.18	\$26,485.69	\$12,046.48	06/30/10	30 yrs, 0 mos	Straight Life	\$3,029.95	includes 5 "free" years for job elimination
Sies	Calvin	COF	1600	\$49,276.62	\$19,846.15	\$10,987.13	06/30/10	10 yrs, 1 mo	Straight Life	\$1,035.15	includes purchase of 1 yr, 3 mos generic
Tucker	Thomas	COF	FPOA	\$70,897.09	\$7,003.65	\$46,873.78	07/24/10	23 yrs, 3 mos	Option C w/pop-up	\$3,372.51	
Wilson	Joyce	HMC	1603	\$36,752.41	\$0.00	\$0.00	06/11/10	33 yrs, 5 mos	Option B	\$1,275.05	Option B pension to beneficiary due to death of active employee on 06-12-10

**Motion made by Scott Kincaid, supported by Sherry Murphy, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for the Applications for Voluntary Retirement of Guy Baumgart, Pamela Chambers, Mark Fulks, Bradley Hill, Lucinda Jones, Kimberly Miller, Calvin Sies, Thomas Tucker, and Joyce Wilson 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. The motion carried unanimously.**

**8. APPLICATIONS FOR DEFERRED RETIREMENT**

Last Name	First Name	Unit	Union	Final Avg. Comp. (FAC)	Accum. Contrib.	DRET (Before Tax Contrib.)	Effective Retirement Date	Service Years/ Months	Option to be Elected by (date)	Notes
Ellison	Rodney	HMC	1603	\$37,914.72	\$0.00	\$0.00	06/13/10	18 yrs, 1 mo	12/01/26	
Hamm	Dianne	COF	1600	\$35,896.23	\$28,389.41	\$7,340.55	06/30/10	15 yrs, 7 mos	10/01/10	includes purchase of 25 months interim/layoff time
Hawkins	Remonia	COF	1600	\$36,405.45	\$22,341.81	\$6,755.70	06/30/10	22 yrs, 8 mos	09/01/10	

A motion was made by Scott Kincaid, supported by Sherry Murphy, to approve the Applications for Deferred Retirement for Rodney Ellison, Dianne Hamm, and Remonia Hawkins. Motion carried unanimously.

**9. APPROVAL OF DISABILITY PENSIONS - NONE****10. APPROVAL OF CHANGES TO PENSIONS PREVIOUSLY REPORTED**

Last Name	First Name	Unit	Union	Revised FAC	Original FAC	Revised Monthly Pension	Original Monthly Pension	Pension Over/Under-Payment	Option Elected	Retirement Date	Notes
Beckley	Patricia	COF	Exempt	\$39,942.50	\$39,942.50	\$1,581.95	\$1,539.20	\$79.76	Option C	06/05/10	revised to include prior HMC service credit

A motion was made by Scott Kincaid, supported by Sherry Murphy, to approve the changes to the pension previously reported for Patricia Beckley. Motion carried unanimously.

**11. OPTIONS PICKED BY DEFERRED RETIREES**

Last Name	First Name	Unit	Union	Revised FAC	Original FAC	Monthly Pension	Option Elected	Retirement Date	Effective Date	Notes
Hamm	Dianne	COF	1600		\$35,896.23	\$1,120.25	Option A	06/30/10	10/01/10	

A motion was made by Sherry Murphy, supported by Scott Kincaid, to approve the Option Picked by Deferred Retiree Dianne Hamm. Motion carried unanimously.

**12. INFORMATIONAL CHANGES TO PENSIONS**

Last Name	First Name	Unit	Union	Revised Monthly Pension	Original Monthly Pension	Effective Retirement Date	Notes
Haggadone	Mary Jean	COF	FPOA	\$1,426.88	\$1,330.12	12/06/86	Pop-up due to death of beneficiary