

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, November 22, 2005, at 1:00 p.m. at Hurley Medical Center, Charles White Conference Room – Side B, with the following in attendance:

TRUSTEES & ALTERNATES Daniel Hall – Chairperson, Douglas Bingaman, Robert Erlenbeck, Janice Kehoe, Sandra Kidd, Amy Lindman, Donald Phillips, Robert Rosenberger, Georgia Steinhoff, Cass Wisniewski

ABSENT Daniel Coffield, Peggy Cook, Peter Dobrzeniecki, Alvern Lock

Note: *City Council Representatives Edward Taylor (Trustee) & Mark Horrigan (Alternate) are no longer on the City Council as of November 8, 2005. The new City Council will appoint a Trustee and Alternate at their meeting on November 28.*

ALSO PRESENT Habib Ghattas, Attorney for the Retirement Board
Ivory Day, Jr., Consultant, Gray & Company
Larry Langer, Actuary, Gabriel, Roeder, Smith & Company

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Chairman Daniel Hall called the meeting to order at 1:08 p.m.

2. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

City Council President Darryl Buchanan introduced newly elected City Council Members Ehren Gonzalez and James Ananich and stated that he would be recommending to the City Council that they be appointed as the Trustee and Alternate, respectively, on the FERS Retirement Board. Councilman Gonzalez stated that he was looking forward to the opportunity to work with the Board and hoped to add value, both to this Board and to the City Council. Councilman Ananich stated that he was also looking forward to working with the Board. Discussion followed.

Denise Lamson, City Hall employee, stated that she had worked for the City of Flint waste collection department for the past 20 years. Now she is a public service attendant, due to an on-the-job injury. She applied for a disability retirement, which was before the Board in May or June and was denied by the Board. She indicated that she wished to appeal the denial of her disability retirement.

3. APPROVAL OF THE SEPTEMBER 13, 2005 SPECIAL BOARD MEETING MINUTES

It was moved by Robert Rosenberger, and supported by Amy Lindman, to approve the minutes of the September 13, 2005, Special Board Meeting.

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

4. APPROVAL OF THE SEPTEMBER 20, 2005 REGULAR BOARD MEETING MINUTES

It was moved by Georgia Steinhoff, and supported by Amy Lindman, to approve the minutes of the September 20, 2005, Regular Board Meeting.

Attorney Habeeb Ghattas noted the following correction on page 9280, 3rd paragraph regarding *Colleen Belanger*, last sentence:

Original Entry: However, the Board has not scheduled a hearing for Ms. Belanger, pending a follow-up review by the System's Benefits Director.

Corrected Entry: However, the Board has not scheduled a hearing for Ms. Belanger, pending a follow-up review by the System's *Medical* Director.

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

5. APPROVAL OF THE OCTOBER 18, 2005 REGULAR BOARD MEETING MINUTES

It was moved by Georgia Steinhoff, and supported by Amy Lindman, to approve the minutes of the October 18, 2005, Regular Board Meeting.

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

6. APPLICATIONS FOR VOLUNTARY RETIREMENT

Judith Fortino

HMC/Exempt

Final Average Compensation: \$ 45,596.19

Accumulated Contributions: Non-cont.

DRET: .00

Effective Date of Retirement 10/06/2005

Service: 18 Years, 4 Months

The retiree elected the Option Straight Life in the amount of \$1,054.56.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Judith Fortino 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 \$1,054.56, for as long as she lives.

Darlene Miller

HMC/Exempt

Final Average Compensation: \$ 40,380.97

Accumulated Contributions: 29,054.76

DRET: 13,590.91

Effective Date of Retirement 10/02/2005

Service: 25 Years, 2 Months

The retiree elected the Option B w/pop-up in the amount of \$1,595.41.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Darlene Miller 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 B w/pop-up in the amount of \$1,595.41, for as long as she lives.

It was moved by Amy Lindman, and supported by Georgia Steinhoff, to approve the Applications for Voluntary Retirement for Judith Fortino and Darlene Miller.

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

7. APPLICATIONS FOR DEFERRED RETIREMENT

Linda Belford

HMC/Exempt

Final Average Compensation: \$ 83,855.37

Accumulated Contributions: Non-cont.

DRET: .00

Effective Date of Retirement 08/19/2005

Service: 21 Years, 7 Months

The retiree will elect an Option prior to 01/01/2014.

Attorney Habeeb Ghattas confirmed that there were no further issues of concern expressed by Ms. Belford and her attorney, Loyst Fletcher, regarding her service credits.

Janice Frasier

HMC/1603

Final Average Compensation: \$ 35,055.56

Accumulated Contributions: Non-cont.

DRET: .00

Effective Date of Retirement 10/01/2005

Service: 21 Years, 5 Months

The retiree will elect an Option prior to 09/01/2013.

James Santala

Hurley/Exempt

Final Average Compensation: \$ 145,578.19

Accumulated Contributions: Non-cont.

DRET: .00

Effective Date of Retirement 10/17/2005

Service: 27 Years, 9 Months

The retiree will elect an Option prior to 07/01/2009.

Wanda Twitty

City/Exempt

Final Average Compensation: \$ 49,600.00

Accumulated Contributions: 9,434.39

DRET: .00

Effective Date of Retirement 10/20/2005

Service: 11 Years, 1 Months

The retiree will elect an Option prior to 08/01/2018.

It was moved by Georgia Steinhoff, and supported by Amy Lindman, to approve the Applications for Deferred Retirement for Linda Belford, Janice Frasier, James Santala, and Wanda Twitty.

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

8. APPLICATION FOR DUTY AND NON-DUTY DISABILITY RETIREMENT

**Patricia Carrington
HMC/1603**

Age: 59 Years
Service: 10 Years, 0 Months

The medical report and summary of Disability Determination dated October 12, 2005 from Dr. Victor Roth, Medical Director, does certify that Patricia Carrington is totally and permanently disabled.

Motion made by Amy Lindman, and supported by Robert Rosenberger, to concur with Dr. Roth's report that Patricia Carrington is totally and permanently disabled, and should be granted a disability retirement.

Discussion followed.

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

**Patricia Bannister
HMC/RN**

Age: 57 Years
Service: 27 Years, 2 Months

The medical report and summary of Disability Determination dated October 12, 2005 from Dr. Victor Roth, Medical Director, does certify that Patricia Bannister is totally and permanently disabled.

In a letter dated November 10, 2005, Patricia Bannister asked to withdraw her disability pension application and noted that she has contacted MERS regarding her retirement.

A motion was made by Robert Erlenbeck, and supported by Georgia Steinhoff, to withdraw from consideration the disability retirement application of Patricia Bannister.

Discussion followed regarding any others who may have applied for disability retirement who should now be referred to MERS.

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

Denise Lamson

City/1600

Age: 50 Years

Service: 18 Years, 5 Months

The medical report and summary of Disability Determination dated October 17, 2005 from Dr. Victor Roth, Medical Director, does certify that Denise Lamson is not totally and permanently disabled.

Georgia Steinhoff reported that the Professional Services Committee concurs with Dr. Roth's follow-up determination that he still believes that Ms. Lamson is not totally and permanently disabled. She noted that there are certain restrictions on Ms. Lamson; however, the Committee understands that jobs are available at the City, within her limitations. Discussion followed.

Attorney Habeeb Ghattas stated that the Retirement Ordinance is very specific that, to the extent the Member makes application for disability retirement, the Board has no discretion unless the medical director certifies that the individual is, in fact, totally and permanently disabled. Without that certification, the Board cannot approve the application. The Board can grant a request for a hearing so as to further consider the matter and, if appropriate, request further consideration by the Medical Director.

Chairman Hall asked Ms. Lamson if she wished to address the Board at this time.

Ms. Lamson stated that she has reports from three other doctors, two of which are independent medical examiners, who state that something is wrong with her shoulder and it may require surgery. She stated that previous co-workers have had the same type of shoulder injury and were never able to resume their normal duties. The City offered her a job that required her to travel around the County from 4:00 p.m. to 12:30 a.m., which she did not feel was a safe job to accept. She stated that her shoulder, back and neck were injured in February 2003 in an on-the-job accident. She currently has a workers' compensation case pending in court.

Chairman Hall recommended that the Board follow the advice of their legal advisor.

Motion made by Amy Lindman, and supported by Georgia Steinhoff, to concur with Dr. Roth's report that Denise Lamson is not totally and permanently disabled, and should not be granted a disability retirement.

Discussion followed.

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

Chairman Hall stated that he would be rearranging today's agenda to allow for the fact that some Board Members must leave early to attend the City Council Meeting.

13. APPROVAL OF THE DECEMBER 1, 2005 PENSION PAYROLL TRANSFER

Chairman Daniel Hall reported that a transfer of \$4,909,200 was needed for the payment of the December 1st, 2005 pension payroll. Ivory Day, Jr., of Gray & Company, recommended that the funds be taken from the Russell 1000 Growth Fund (large cap) at Northern Trust.

A motion to approve a transfer for payment of the December 1, 2005 pension payroll, in the amount of \$4,909,200 from the Northern Trust Russell 1000 Growth Fund to Citizens Bank, was made by Robert Erlenbeck, and supported by Georgia Steinhoff.

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

22. PROFESSIONAL SERVICES COMMITTEE REPORT

Committee Chair Georgia Steinhoff stated that the Professional Services Committee met on November 14, 2005. They discussed the review of the appeal by Denise Lamson and concurred with Dr. Roth's recommendation. They were advised that there was to be a meeting on November 15th with the attorneys and actuaries regarding FERS to MERS issues. Bob Erlenbeck advised the Committee that there was one disability application that occurred after July 15th that was going to continue through the process. They also discussed pending issues regarding the applications for disability retirement from Joyce Lanckton and Linda Belford.

The Committee discussed the disability retirement application process, noting that some applicants take an unreasonable length of time to provide their medical reports to the doctor, thus prolonging the process. The Committee would like to see the Board establish a more structured time frame for the applicants to provide their medical information to the Board's doctor, rather than the applications lingering for months. If they do not meet the time frame, the application would be voided and they would have to re-apply. Discussion followed. Attorney Ghattas noted that such criteria would be reasonable provided the applicants were immediately informed of any specific criteria regarding timing, or other requirements, when they apply. Bob Erlenbeck noted that there are two applications that have been pending since early in 2005 in which the applicants have not paid for the release of their medical records from their doctors. He has sent letters to the applicants, with no response. There are also some applications that have been pending since the summer months, also waiting for the medical information to be provided to Dr. Roth. The applicants need to understand that they are responsible for the payment of any and all fees associated with the transfer of their medical records, not the City or the Retirement System. Discussion followed regarding a reasonable time frame for the disability application process.

A motion was made by Georgia Steinhoff, and supported by Robert Rosenberger, that the disability application form should state that the applicant is responsible for all fees involved in obtaining their medical records and that there is a 60-day time frame during which the records must be submitted to Dr. Roth at M-Works or the application is void. Also, the form should state that if there are any problems or extenuating circumstances involved in meeting these criteria, the applicant should contact Bob Erlenbeck.

Discussion followed. Attorney Ghattas stated that the draft policy should be submitted to the Board for review and should subsequently be incorporated in a policies and practices manual. The Board decided that Bob Erlenbeck should review the policy with Attorney Ghattas and the City Attorney before submitting it to the Board for approval.

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

Attorney Ghattas reported that he had talked to Joyce Lanckton's Attorney, George Washington, regarding her request for a change in her retirement option, which the Retirement Ordinance does not allow. Ms. Lanckton and her union have come to an agreement with Hurley Medical Center, through the grievance process, which will allow her to change her retirement option. With this grievance resolution, there is nothing further for the Board to do other than approve the change in the records and direct an adjustment accordingly. Discussion followed. Attorney Ghattas stated that this change will not cost the System any additional funds, nor does he believe any precedent has been set. Chairman Hall noted that her hearing should be cancelled, in accordance with the stated resolution.

Robert Erlenbeck left the meeting at 1:45 p.m.

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

- 9.1 Institute for International Research, 14th Annual Public Fund Boards Forum, December 4-7, 2005, San Francisco, CA.
- 9.2 Institutional Investor Conferences, Absolute Return Strategies Investment Forum, December 6-8, 2005, New York, NY.
- 9.3 Trustee Educational Conferences & Seminars, The Sixth Annual Fire & Police Academy, January 29 – February 1, 2006, Key West, FL.
- 9.4 UNC Kenan-Flagler Business School, Mid-Sized Pension Management Conference, Is a Better Retirement Plan Within Reach?, January 29, 2006 – February 1, 2006, Orlando, FL.
- 9.5 Financial Research Associates, Hedge Fund Incubation and Seeding Conference, January 30-31, 2006, New York, NY.
- 9.6 Institute for International Research, The 24th Annual REIP 2006, February 5-7, 2006, Phoenix, AZ.
- 9.7 National Conference on Public Employees Retirement Systems, NCPERS' 2006 Annual Legislative Conference, February 6-8, 2006, Washington, DC.
- 9.8 Chicago GSB, The Directors' Consortium, February 15-17, 2006, Philadelphia, PA.

A motion was made by Robert Rosenberger, and supported by Amy Lindman, to add the stated conferences to the list of authorized conferences.

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.)

- 10.1 ICON Advisers, Portfolio Update, September 2005.
- 10.2 Babson Capital, The Babson Staff Letter, October 14, 2005.
- 10.3 Babson Capital, The Babson Staff Letter, October 28, 2005.

- 10.4 Mesirow Financial, 2005 Annual Report, November 2005.
- 10.5 Payden & Rygel, Quarterly Review, October 2005.
- 10.6 Lerach, Coughlin, Stoia, et al, Corporate Governance, 4th Quarter 2005.
- 10.7 NCPERS, Persist, Fall 2005.
- 10.8 Watson Wyatt, Strategic Rewards and Pay Practices 2005/2006 Survey Report, Nov. 2005.
- 10.9 Intercontinental Real Estate Investment Fund, Capital Contribution, October 13, 2005.
- 10.10 Asset Strategies Portfolio Services, Organization Update, January 11, 2005.
- 10.11 Kimberly Davis, Requesting Copy of Denied Disability Report, November 15, 2005. (Enclosed)
- 10.12 MERS, Letter to Bob Erlenbeck re: 10 years of wages, October 26, 2005. (Enclosed)

A motion was made by Amy Lindman, and supported by Georgia Steinhoff, to receive the communications and place them on file.

Discussion followed. Chairman Daniel Hall noted that #10.12 (enclosed) is a letter from MERS to Bob Erlenbeck, dated October 26, 2005, asking for ten years of wage history in electronic format for the transfer from HMC to MERS. However, Hurley has approximately one year available in electronic format. Cass Wisniewski stated that MERS is asking for the information from FERS. Bob Erlenbeck has indicated that there are 6 to 10 years of data available. Chairman Hall will discuss this issue with Bob Erlenbeck, the Professional Services Committee, and Dan Coffield. Discussion followed regarding payment by MERS to FERS for requested services.

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

- 11. 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.)
 - 11.1 Lynch, Jones & Ryan, Trading Summary as of September 30, 2005.
 - 11.2 Magna Securities, Commission Recapture Report as of September 30, 2005.
 - 11.3 State Street Global Advisors, Appraisal Report as of October 31, 2005.

- 11.4 Fidelity Investments, Monthly Investment Update as of October 31, 2005.
- 11.5 Fidelity Investments, Capital Contribution, October 24, 2005.
- 11.6 Fidelity Investments, Capital Contribution, November 2, 2005.
- 11.7 State Street Global Advisors, Account Summary as of September 30, 2005.
- 11.8 Skyline Asset Management, A Stock Picker's Market, November 2, 2005.
- 11.9 GLOBALT Investments, Quarterly Review, 3rd Quarter 2005.
- 11.10 State Street Global Advisors, Investment Quarterly, 4th Quarter 2005.
- 11.11 ICON Advisors, Quarterly Statement as of September 30, 2005.
- 11.12 Wellington Management, Portfolio Performance as of September 30, 2005.
- 11.13 Dodge & Cox, Investment Report as of September 30, 2005.
- 11.14 Piedmont Investment Advisors, Piedmont Perspective, September 2005.
- 11.15 American Century Investments, Large Cap Growth, June 30, 2005.
- 11.16 American Century Investments, Large Cap Growth, September 30, 2005.
- 11.17 Northern Trust Reports – September 2005 (Enclosed)
- 11.18 Retirement Fund Employee/Employer Contributions (Enclosed)

A motion was made by Amy Lindman, and supported by Robert Rosenberger, to receive the reports and place them on file.

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

12. STATISTICAL REPORT OF BENEFITS (for informational purposes)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Number Retired	3,001	3,002	3,032
Annualized Payroll	\$ 61,357,283	\$ 62,627,143	\$ 64,138,411

14. RESOLUTION AUTHORIZING THE TRANSFER OF ALL DATA FOR CERTAIN ACTIVE MEMBERS AND RETIREES OF HURLEY MEDICAL CENTER

Chairman Daniel Hall reported on the status of issues related to the transfer to MERS. On November 14th, he met with Attorneys Habeeb Ghattas and Trachelle Young, Bob Erlenbeck and Peter Dobrzeniecki to discuss issues of concern and come to an agreement, prior to a meeting at Hurley Medical Center. These issues included:

- 1) The City's liability regarding the various transfer issues.
- 2) Duplicate payments and the 42 retirees since 7/1/04 under the new HMC contracts that should be transferred to MERS. Individuals retired prior to 7/1/04 would stay with FERS.
- 3) Whether City Council approval is required for transition to MERS. Consensus was reached that it is not necessary; however, the City Council should be kept informed.
- 4) Actuarial concerns, including a letter from the actuaries indicating that they need to know whether there will be individual choice. Daniel Coffield has discussed this issue with the Board of Managers and, at this time, no choice is being allowed as the choice was made by bargaining unit. A letter of direction is needed for the actuarial firms, responding to their concerns, and stating that the calculations are needed as soon as possible. Chairman Hall would prefer that himself, Peter Dobrzeniecki, and Dan Coffield sign the letter. Chairman Hall stated that he has talked to Larry Langer, who is working with Joseph Esuchanko to complete the calculation process. They have been told that their calculations should include the 42 people who retired since 7/1/04 who are currently being paid by FERS. The Board must approve their recommended methodology.
- 5) Upon completion of the actuarial report indicating the amount of funds to be transferred and the methodology to be used for proper and efficient calculation of each member's amount, it was agreed that the next step would involve the Custodian, Northern Trust, and the Consultant, Gray & Company. Northern Trust and Gray & Company can make recommendations for the best timing for the transfer of funds (presumably in stages) in order to keep the costs of liquidation and transfer to a minimum. Also, it must be determined who will bear the costs of the transfer(s) of funds. Cass Wisniewski will contact MERS regarding their preference for receipt of the funds, whether cash or an exchange of securities, which would be much more cost-effective.

Discussion followed.

Chairman Daniel Hall referenced the September 23, 2005 letter from Joseph Esuchanko at Actuarial Services Company, which expressed the concerns of the two actuarial firms: 1) Which active FERS divisions are to be transferred? 2) Status of Retirees and Deferreds since July 1, 2004? 3) The transfer will likely lower the FERS contribution rate and increase the MERS contribution rate – does the Board wish them to pursue an alternative whereby the FERS contribution rate, after the transfer, would essentially remain unchanged? As discussed earlier, Chairman Hall noted that Cass Wisniewski and Dan Coffield will develop a response letter for review and signature by himself, Peter D and Dan Coffield, to give clear direction to the actuaries. The letter will outline who is transferring to MERS and what is being requested of the actuaries. Discussion followed. Attorney Ghattas noted that the letter going to the actuaries from Hurley must be consistent with actions taken by the Board in public session.

The Board recessed for a break at 2:29 p.m.

Chairman Daniel Hall called the meeting back to order at 2:42 p.m.

Chairman Daniel Hall distributed a copy of the September 23, 2005 letter from Joseph Esuchanko to the Board Members.

15. RESOLUTION AUTHORIZING THE TRANSFER OF RELATED ASSETS AND LIABILITIES FOR CERTAIN ACTIVE MEMBERS AND RETIREES OF HURLEY MEDICAL CENTER.

Tabled by Chairman Daniel Hall.

16. FERS TO MERS TRANSITION

Tabled by Chairman Daniel Hall.

17. RECEIVING OF THE 59TH ANNUAL ACTUARIAL VALUATION (12/31/03)

Actuary Larry Langer presented the final 59th Annual Actuarial Valuation for the calendar year ended December 31, 2003 for review and discussion by the Board.

A motion to receive the 59th Annual Actuarial Valuation Report, for the calendar year ended December 31, 2003 was made by Amy Lindman and supported by Robert Rosenberger.

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

18. DRAFT OF THE 60TH ANNUAL ACTUARIAL VALUATION (6/30/04)

Larry Langer presented and reviewed the draft of the 60th Annual Actuarial Valuation Report for the fiscal year ended June 30, 2004. He noted that, from this valuation forward, the valuations will be done on a fiscal year basis, rather than a calendar year basis. Mr. Langer noted that some of the contribution rates went up slightly from the projected budget figures for fiscal year 2006 given in the 59th Actuarial Valuation Report. Discussion followed. Chairman Daniel Hall will ask Peter Dobrzeniecki to explain the cost allocation method currently in the budget to the Board. He will also request that the administrative expense spreadsheets be provided to the Board on a monthly basis. Mr. Langer reported that the funded status of the Retirement System as of June 30, 2004, is 80.5%, compared to 83.8% in 2003. Chairman Hall asked Georgia Steinhoff to provide the retirement language in the Fire Department contracts to Larry Langer for review and comparison to the assumptions in the valuation.

Larry Langer stated that he is working with the City on the data collection for the June 30, 2005 valuation. He will include a budget estimate in the report for the FY 2007 budget.

19. EMPLOYER CONTRIBUTION RATES – HURLEY MEDICAL CENTER

Chairman Daniel Hall led a discussion of the proposed resolution to adopt the fiscal year 2006 contribution rates for Hurley Medical Center to the Retirement System, based on the estimate for budget purposes provided by Larry Langer in the 59th Annual Actuarial Valuation.

A motion to adopt the resolution setting the contribution rate to the Retirement System by Hurley Medical Center at 10% for the fiscal year beginning July 1, 2005, was made by Georgia Steinhoff, and supported by Amy Lindman.

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

20. AUDIT COMMITTEE REPORT

Chairman Daniel Hall stated that he had a meeting with Peter Dobrzeniecki, who believes there should be an audit of the System's assets prior to the MERS transfer. They will be meeting again to discuss this issue further.

21. INVESTMENT COMMITTEE REPORT

Chairman Daniel Hall stated that Daniel Coffield has been out of the country; however, an Investment Committee Meeting will be held before the December Board Meeting. He noted that the Committee's Agenda should include the pending money manager contracts, possible rebalancing of the funds in preparation for the MERS transfer, drawdown funds for payment of pension payroll, and due diligence visits. Discussion followed regarding the budget for education/travel/training, as well as the due diligence visits outlined in the Investment Policy.

23. FINANCE COMMITTEE

Chairman Daniel Hall stated that the cost of the transition to MERS has been referred to the Finance Committee.

24. RETIREMENT ORDINANCE REVISION COMMITTEE

Chairman Daniel Hall stated that this committee has not met recently. He will be meeting with the new City Council members and the Council President regarding ordinance concerns.

25. GRAY & COMPANY

Chairman Daniel Hall stated that Habeeb Ghattas is working on the contracts for the new International Managers and the new Small Cap Value Managers. Those contracts will be reviewed with the Investment Committee prior to being given to the Board.

Consultant Ivory Day, Jr. distributed to the Board an updated table showing the System's asset allocation and a new rebalancing schedule, which is updated on a quarterly basis with the most recent market values for the managers. This schedule lists all money managers and Gray's recommendations for increasing or decreasing their asset allocation. Mr. Day presented and reviewed the 9/30/05 quarterly performance report with the Board of Trustees. Discussion followed. Chairman Hall asked Mr. Day to review the cash accounts and make recommendations at the next meeting.

Chairman Hall stated that the Money Manager Review Meeting, scheduled for November 29th at noon at City Hall, would include presentations by IKON, Globalt, Wellington, Piedmont, and JP Morgan. Mr. Day noted that Dodge & Cox is unable to attend on that date and has requested that they be scheduled at a subsequent meeting.

Janice Kehoe left the meeting at 4:23 p.m.

26. LEGAL COUNSEL UPDATES

Attorney Habeeb Ghattas noted that Fidelity Management had earlier requested a change in their investment parameters regarding condominiums and mezzanine debt. He is following up with Fidelity regarding pending concerns.

Attorney Ghattas stated that there is nothing to report regarding Colleen Belanger, the Claude Miller class action lawsuit or the Retirement Ordinance changes at this time.

Chairman Hall stated that he received correspondence from Milberg Weiss regarding a fraud alert, which he referred to Attorney Ghattas for review. Attorney Ghattas contacted Attorney Bergman at Milberg Weiss, who stated that some money managers had invested in securities that may have lost value due to certain allegations of fraud. It is possible that FERS lost up to \$100,000. Generally, this is not a sufficient loss to give FERS the status of lead plaintiff in a class-action suit. Attorney Ghattas has been in contact with Harland Abraham at Northern Trust, who indicated they would handle this case like any other class action lawsuit.

27. OTHER BOARD BUSINESS

Chairman Hall noted that the NCPERS Legislative Conference is scheduled for February 6-8, 2006, in Washington D.C. and asked those wishing to attend to contact him. He also noted that he would review the travel budget with Peter D and report back to the Board.

28. ADJOURNED

There being no further business to discuss, it was moved by Georgia Steinhoff, and supported by Amy Lindman, to adjourn the meeting at 4:33 p.m.

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

Respectfully submitted,

Peter Dobrzeniecki, Secretary