

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 23, 2004, 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 Daniel Hall – Chairperson, Daniel Coffield, Robert Erlenbeck,
James Goodin, Janice Kehoe, Amy Lindman, Alvern Lock,
Donald Phillips, Robert Rosenberger, Georgia Steinhoff,
Edward Taylor

ABSENT Peggy Cook, Peter Dobrzeniecki, Mark Horrigan, Sandra Kidd,
Cass Wisniewski

ALSO PRESENT Habeeb Ghattas, Attorney for the Retirement Board
Wanda Twitty, Retirement Supervisor

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Chairman Daniel Hall called the meeting to order at 1:12 p.m.

2. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

Shawn Borowicz, member of Flint Firefighters Local #352, asked that his deferred retirement application be tabled until next month due to a pending Civil Service Hearing and other legal matters. Chairman Daniel Hall noted that his application will be addressed on the Agenda (Item #5).

Gail Cotter, a City of Flint Police Officer who is appealing the denial of her application for duty disability retirement, stated that she and her attorney, Norb Leonard, were present and were requesting an opportunity to address the Board of Trustees. Chairman Daniel Hall indicated that they would be given an opportunity to speak when the disability retirements are discussed (Agenda Item #6).

17. INVESTMENT COMMITTEE REPORT

Since Daniel Coffield, Chairman of the Investment Committee, had to leave the Board Meeting early, Chairman Daniel Hall requested that he give the Investment Committee report next.

Daniel Coffield presented the Investment Committee report, noting that the Committee is making four recommendations to the Board of Trustees for their consideration:

1) Mr. Coffield presented a recommendation from the Investment Committee that the Committee Chair be authorized to send notices, on FERS letterhead, of recommendations made by the Committee and approved by the FERS Board of Trustees.

2) Mr. Coffield reported that the Investment Committee is recommending a change in equity investments, in an effort to increase the manager effect and increase the earnings of the System. He presented a new spreadsheet with current values showing rebalancing and MERS refunding. The Committee is recommending that \$30 million be transferred from Core Equity-Passive (at SSGA) to Core Equity-Active (at ICON/Meridian). A discussion of the investments followed.

3) Daniel Coffield reported that the Investment Committee endorses the Recommendation of State Street Global Advisors to transfer to the provisional (new) S&P 500 Fund, from the current S&P 500 Fund as soon as possible. Chairman Daniel Hall noted that the documents have been prepared for this transaction and can be signed today, if approved by the Board. In a conversation with Mary Guy at State Street, she indicated that the transition could be made on December 1, as part of a larger group of investors that will be transferring on that date.

4) Mr. Coffield stated that the fourth recommendation relates to the issue of having two index managers, although most retirement systems have only one. Therefore, the Committee is recommending authorizing the Chair to contact State Street and Northern Trust and request proposals to consolidate the index funds. State Street and Northern Trust could be scheduled to make presentations to the Board. Discussion followed.

A motion was made by Georgia Steinhoff, and supported by Alvern Lock, to authorize Daniel Coffield, as Chairman of the Investment Committee, to contact money managers regarding hiring, firing and transfer decisions recommended by the Investment Committee, after the decisions are approved by the Board of Trustees.

Discussion followed. It was decided that an amended motion would be entertained, with a disclaimer added.

An amended motion was made by Georgia Steinhoff, and supported by Alvern Lock, to authorize Daniel Coffield, as Chairman of the Investment Committee, to contact money managers regarding hiring, firing and transfer decisions recommended by the Investment Committee and approved by the Board of Trustees. Further, the letter will contain a disclaimer that it is for informational purposes only and not authorizing any action. The disclaimer will also state that a formal letter of direction, authorizing any specific actions, will be sent at a later date and that “any letter of direction must be signed by the Chairman or Vice Chairman and the Secretary of the Board of Trustees.”

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

Alvern Locke left the meeting at 1:35 p.m.

Motion made by Robert Rosenberger, supported by Georgia Steinhoff, to transfer \$30,000,000 from the S&P 500 Index Fund (Core Equity-Passive) at State Street Global Advisors to an existing FERS Core Equity-Active account at ICON/Meridian Investment Management.

Discussion followed.

Upon being put to a vote, the motion carried by a vote of 8 to 1 with Ed Taylor voting against the motion.

Motion made by Daniel Coffield, supported by Georgia Steinhoff, to transfer to the provisional (new) S&P 500 Fund at State Street Global Advisors from the current S&P 500 fund and authorize the signing of all necessary documents, as provided by SSGA.

Discussion followed. It was noted that the S&P funds are market-weighted and, with the new S&P fund, the privately-held shares will be taken into account, in response to an SEC ruling. It was also noted that the S&P fund FERS has at Northern Trust will require a change as well and Daniel Hall or Dan Coffield need to contact Northern.

Amended motion made by Daniel Coffield, supported by Georgia Steinhoff, to transfer to the provisional (new) S&P 500 Fund at State Street Global Advisors from the current S&P 500 fund and authorize the signing of all necessary documents, provided by SSGA, and to authorize the same action with regard to the S&P 500 funds at Northern Trust.

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

Motion made by Georgia Steinhoff, supported by Robert Rosenberger, to contact State Street Global Advisors and Northern Trust regarding the consolidation of the FERS index funds, with their proposals to be presented to the Board in January.

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

Daniel Coffield reported that the city attorney and the hospital's attorney and pension attorney are working on the retirement ordinance language for the MERS transfer.

I'Lanta Robbins, Assistant City Attorney, stated that City Attorney Trachelle Young and Hurley's Attorney, Bill Smith, have been working together on the retirement ordinance and hope to have suggested language prepared within the next week.

A discussion of legal issues regarding the contracts with new money managers followed.

Dodge & Cox Equity – \$40,000,000 - Chairman Daniel Hall stated that he has a memo prepared to send to City Council, along with the proposed contract, for the approval of the fee structure prior to execution of the contract.

Discussion followed regarding the need for approval of fees by the City Council prior to the execution of new contracts with money managers. It was agreed that the memo to the City Council, requesting approval of fees for Dodge & Cox, should have an executive summary attached. Daniel Coffield agreed to prepare the summary.

Wells Capital – \$40,000,000 - Habeeb Ghattas reported that Wells indicated that any investment by the Board would have to be in their comingled account. Wells also asked for a letter from the System indicating the Board's intent to hire their firm. Dan Coffield stated that he would send a letter to Wells Capital informing them of the Board's intention to contract with them, indicating the approved amount, and subject to negotiation of the contract, etc.

Discussion followed.

Habeeb Ghattas stated that Dodge & Cox required a minimum of \$75,000,000 for a separately managed account, but would invest \$60,000,000. As the Board has authorized an investment of \$40,000,000, the investment with Dodge & Cox, if at all, would be in their comingled account. Mr. Ghattas said that he anticipates a telephone call on Monday with Ken Brunke (Callan Associates) to discuss the contracts. Mr. Brunke has indicated that he is willing to review investment policy issues, such as the comingled vs. separately managed funds, and he will discuss these issues with Mr. Brunke.

Chairman Daniel Hall stated that current numbers are needed from Kenneth Brunke for the potential new fixed income investment managers before they are contacted regarding new investments.

Lee Munder Capital – Habeeb Ghattas noted that he had sent them a proposed draft and they returned it with their changes and concerns, none of which appear to be significant,

from the Board’s perspective. They did add to the agreement a requirement that any request for withdrawals from the account would require five days notice. Also, there was a provision regarding the Patriot Act, which they agreed to delete. He will review their proposed investment guidelines with Kenneth Brunke. They have requested a copy of the Board resolution regarding the signature authority policy for binding the Board of Trustees. The current policy, regarding signature authority, is that any two of three individuals are authorized to sign on behalf of the Board of Trustees – the Chair, Vice-Chair, and Secretary. Mr. Ghattas noted that, once all contract issues are resolved, the contracts must be forwarded to the City Council, for their approval of the fees only, per ordinance. He is hopeful that all contracts can go to the Council in December for approval of fees.

Daniel Coffield left the meeting at 2:09 p.m.

Piedmont – Habeeb Ghattas reported that he has been working with Piedmont on contract issues and their contract is almost completed. The contract will include a provision regarding liability insurance in the amount of \$2,000,000. Piedmont has also requested a copy of the policy regarding authorized signatures.

Bank One – Habeeb Ghattas sent a revised contract to Clarence Lewis at Bank One and he forwarded it to their legal counsel for review. Mr. Lewis contacted Mr. Ghattas today by telephone and reviewed Bank One’s concerns. Based upon their conversation, Mr. Ghattas believes that the remaining concerns can be worked out.

3. APPROVAL OF THE OCTOBER 19, 2004 REGULAR BOARD MEETING MINUTES

It was moved by Robert Rosenberger, and supported by Amy Lindman, to approve the minutes of the October 19, 2004, Regular Board Meeting.

The following corrections were noted:

Page 9005, Attendance:

Original Entry:

TRUSTEES & ALTERNATES	Daniel Hall – Chairperson, Daniel Coffield, Peggy Cook, Peter Dobrzeniecki, Robert Erlenbeck, Janice Kehoe, Sandra Kidd, Amy Lindman, Alvern Lock, Donald Phillips, Robert Rosenberger, Edward Taylor, Cass Wisniewski
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ABSENT	James Goodin, Mark Horrigan, Georgia Steinhoff
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Corrected Entry:

TRUSTEES &
ALTERNATES

Daniel Hall – Chairperson, Daniel Coffield, Peggy Cook,
Peter Dobrzeniecki, Robert Erlenbeck, Janice Kehoe,
Sandra Kidd, Alvern Lock, Donald Phillips,
Robert Rosenberger, Cass Wisniewski

ABSENT

James Goodin, Mark Horrigan, *Amy Lindman*, Georgia Steinhoff,
Edward Taylor

The following corrections were noted by Attorney Habeeb Ghattas:

Page 9013, after 9.23 and motion:

Add additional paragraphs:

With regard to the pension flow chart (#9.23), Sandra Kidd asked where the Hurley Medical Center employer contributions were listed. Daniel Coffield and Cass Wisniewski responded that the employee and employer contributions are wired into the FERS account together every payroll period. Mr. Coffield indicated that the chart does not reference the employer contributions and probably reflects the previous situation, prior to Hurley reinstating the employer contributions.

Sandra Kidd requested a listing of expenses for the retirement system to be included in the agenda packet each month, as she has requested previously. Peter Dobrzeniecki stated that his staff does not have the time to research all of the expense information she is requesting.

Page 9014, 2nd paragraph after #10.10:

Original Entry:

Habeeb Ghattas stated that, as Trustees of the assets of the Retirement System, accountability issues indicate that Board Members are legally entitled to detailed expense information for the System.

Corrected Entry: Habeeb Ghattas stated that, as Trustees of the assets of the Retirement System, accountability issues *dictate* that Board Members are legally entitled to detailed expense information for the System.

Page 9017, add paragraph between 5th and 6th paragraphs:

Chairman Daniel Hall also distributed a letter from the IRS, dated October 7, 2004, addressed to the City of Flint Employees' Retirement System, Retirement Office Supervisor. Daniel Coffield stated that this letter was a current tax determination letter. He also stated that the letter satisfied the concern of MERS that all participants must be a municipal unit of government.

Page 9018, last paragraph:

Original Entry: Upon being put to a vote, the motion approved unanimously.

Corrected Entry: Upon being put to a vote, the motion *carried* unanimously

Page 9019, first paragraph:

Original Entry: 2) She requested a meeting with the second Actuary that will be retained to review and evaluate the GRS calculations.

Corrected Entry: 2) *She wanted an opportunity to review the GRS methodology* with the second Actuary that will be retained to review and evaluate the GRS calculations.

Page 9021, #22 Retirement Ordinance Revision Committee, add second paragraph:

Chairman Daniel Hall reported that he has had no response from the City Council President to his letter, as Board Chair, requesting a meeting to discuss ordinance changes.

Page 9023, 5th paragraph:

Original Entry: Chairman Daniel Hall noted that in 2002-03, in the lawsuit *City of Flint v. Habeeb Ghattas*, Judge Yuille ruled that the Board should maintain the status quo until a ruling on the appeal.

Corrected Entry: Chairman Daniel Hall noted that in 2002-03, in the lawsuit *Retirement Board v. City of Flint*, Judge Yuille ruled that the Board should maintain the status quo until a ruling on the appeal.

Upon being put to a vote, the motion to approve the minutes of the October 19, 2004, meeting, with corrections as noted, carried unanimously.

4. APPLICATIONS FOR VOLUNTARY RETIREMENT

Steven Anderson
DPW/1600

Final Average Compensation:	\$ 35,929.60
Accumulated Contributions:	49,747.64
DRET:	25.38
Effective Date of Retirement	12/27/2003
Service: 27 Years, 3 Months	
The retiree elected the Option A in the amount of \$1,945.78	

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Steven Anderson 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 A, in the amount of \$1,945.78, for as long as he lives.

Robert Erlenbeck reported that these numbers are a true and accurate representation of Mr. Anderson's revised and final request for retirement. Mr. Anderson purchased two years and five months of generic time and is now ready to retire from the City.

Dorsey Cummings, Jr.
DPW/1600

Final Average Compensation:	\$ 46,755.93
Accumulated Contributions:	41,050.88
DRET:	1,095.20
Effective Date of Retirement	10/16/2004
Service: 26 Years, 0 Months	

The retiree elected the Option Straight Life in the amount of \$2,459.88

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Dorsey Cummings, Jr. 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 \$2,459.88, for as long as he lives.

Cynthia L. Daniels
HMC/RN

Final Average Compensation:	\$ 51,541.02
Accumulated Contributions:	Non-cont.
DRET:	.00
Effective Date of Retirement	10/08/2004
Service: 20 Years, 3 Months	

The retiree elected the Option Straight Life in the amount of \$1,041.81

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Cynthia L. Daniels 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 \$1,041.81, for as long as she lives.

Eva Dichoza
HMC/RN

Final Average Compensation:	\$ 59,846.60
Accumulated Contributions:	Non-Cont.
DRET:	
Effective Date of Retirement	10/01/2004
Service: 20 Years, 7 Months	

The retiree elected the Option C w/pop-up in the amount of \$1,552.19

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Eva Dichoza 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 C w/pop-up, in the amount of \$1,552.19, for as long as she lives.

Larry Hill
HMC/1603

Final Average Compensation:	\$ 36,673.37
Accumulated Contributions:	27,392.18
DRET:	19,994.23
Effective Date of Retirement	10/15/2004
Service: 31 Years, 10 Months	

The retiree elected the Option Straight Life in the amount of \$ 1,950.82

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Larry Hill 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 \$1,950.82, for as long as he lives.

Pamela Holbrook
HMC/RN

Final Average Compensation:	\$ 80,773.99
Accumulated Contributions:	34,691.11
DRET:	37,632.61
Effective Date of Retirement	09/30/2004
Service: 25 Years, 5 Months	

The retiree elected the Option Straight Life in the amount of \$ 3,864.82

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Pamela Holbrook 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 \$3,864.82, for as long as she lives.

Jill Lake
HMC/RN

Final Average Compensation:	\$ 58,866.17
Accumulated Contributions:	Non-cont.
DRET:	.00
Effective Date of Retirement	10/01/2004
Service: 34 Years, 8 Months	

The retiree elected the Option Straight Life in the amount of \$ 2,090.67

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Jill Lake 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 \$2,090.67, for as long as she lives.

Carolyn Marshall
HMC/2056

Final Average Compensation:	\$ 44,399.84
Accumulated Contributions:	20,180.06
DRET:	23,702.07
Effective Date of Retirement	10/01/2004
Service: 19 Years, 3 Months	

The retiree elected the Option Straight Life in the amount of \$ 1,598.40

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Carolyn Marshall 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 \$1,598.40, for as long as she lives.

Milagros Sabong
HMC/RN

Final Average Compensation:	\$ 67,741.47
Accumulated Contributions:	Non-cont.
DRET:	.00
Effective Date of Retirement	10/01/2004
Service: 27 Years, 3 Months	

The retiree elected the Option Straight Life in the amount of \$ 2,589.70

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Milagros Sabong 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 \$2,589.70, for as long as she lives.

Miriam Singson
HMC/RN

Final Average Compensation:	\$ 67,344.43
Accumulated Contributions:	Non-cont.
DRET:	.00
Effective Date of Retirement	10/01/2004
Service: 27 Years, 3 Months	
The retiree elected the Option Straight Life in the amount of \$ 2,344.10	

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Miriam Singson 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 \$2,344.10, for as long as she lives.

Jeffrey Shurter
DCD/1799

Final Average Compensation:	\$ 45,824.10
Accumulated Contributions:	59,532.48
DRET:	1,513.55
Effective Date of Retirement	09/20/2004
Service: 25 Years, 3 Months	
The retiree elected the Option Straight Life in the amount of \$ 2,353.58	

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Jeffrey Shurter 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 \$2,353.58, for as long as he lives.

Susan Valdez
HMC/Exempt

Final Average Compensation:	\$ 80,230.60
Accumulated Contributions:	35,765.99
DRET:	38,808.48
Effective Date of Retirement	10/17/2004
Service: 27 Years, 11 Months	

The retiree elected the Option Straight Life in the amount of \$ 4,005.96

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Susan Valdez 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 \$4,005.96, for as long as she lives.

Erma Welch
HMC/1603

Final Average Compensation:	\$ 34,619.85
Accumulated Contributions:	Non-cont.
DRET:	.00
Effective Date of Retirement	10/01/2004
Service: 34 Years, 10 Months	

The retiree elected the Option Straight Life in the amount of \$ 1,208.19

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Erma Welch 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 \$1,208.19, for as long as she lives.

Chairman Daniel Hall noted that he received a letter dated November 18, 2004, from Sam Muma, President of AFSCME #1600, expressing the Union's concerns about the methods used for retirement calculations/formulas for Local #1600 and #1799 members who wish to purchase time. The letter was referred to the Board's legal counsel for review.

It was moved by Amy Lindman, and supported by Georgia Steinhoff, to approve the Applications for Voluntary Retirement for Dorsey Cummings, Jr., Cynthia L. Daniels, Eva Dichoza, Larry Hill, Pamela Holbrook, Jill Lake, Carolyn Marshall, Milagros Sabong, Miriam Singson, Jeffrey Shurter, Susan Valdez, and Erma Welch.

Upon being put to a vote, the motion to approve the Applications for Voluntary Retirement carried unanimously.

It was moved by Georgia Steinhoff, and supported by Amy Lindman, to approve the Application for Voluntary Retirement for Steven Anderson.

Upon being put to a vote, the motion to approve the Application for Voluntary Retirement for Steven Anderson carried unanimously.

5. APPLICATIONS FOR DEFERRED RETIREMENT

Shawn Borowicz
Fire/352

Final Average Compensation:	\$ 59,873.71
Accumulated Contributions:	16,131.98
DRET:	35,064.74
Effective Date of Retirement	09/19/2004
Service: 19 Years, 6 Months	
The retiree will elect an Option prior to 04/01/2008	

Motion to table the Application for Deferred Retirement for Shawn Borowicz made by Amy Lindman, supported by Georgia Steinhoff.

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

Tracie St. James
HMC/1603

Final Average Compensation:	\$ 19,464.05
Accumulated Contributions:	Non Cont.
DRET:	.00
Effective Date of Retirement	06/04/2004
Service: 12 Years, 7 Months	
The retiree will elect an Option prior to 03/01/2023	

It was moved by Georgia Steinhoff, and supported by Robert Rosenberger, to approve the Application for Deferred Retirement for Tracie St. James.

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

6. APPLICATIONS FOR DUTY DISABILITY RETIREMENT

Leroy Macklin, Jr.
Police/FPOA

Age: 38 Years
Service: 14 Years, 0 Months

The medical report and summary of Disability Determination dated November 8, 2004 from Dr. Victor Roth, Medical Director, does certify that Leroy Macklin is totally and permanently disabled.

Motion made by Amy Lindman, supported by Georgia Steinhoff, to approve the duty disability retirement application for Leroy Macklin, Jr.

Discussion followed. Mr. Macklin is currently receiving workers' compensation, per Georgia Steinhoff. He was previously denied the duty disability retirement due to a need for additional testing. He has since undergone additional testing, as requested by the Professional Services Committee, and was referred back to Dr. Roth. Dr. Roth now certifies that he is totally and permanently disabled. The fees will be submitted to the Board for payment once the billing is received from Dr. Roth.

Upon being put to a vote, the motion to approve the duty disability retirement application for Leroy Macklin, Jr. carried unanimously.

Chairman Daniel Hall asked if the Board would agree to discuss the issue of the denial of Gail Cotter's duty disability retirement application. Attorney Habeeb Ghattas noted that the Board may hear Ms. Cotter and her attorney; however, the Board cannot take action today, per Board policy, because the item is not on the agenda as an action item. The Board agreed to allow Ms. Cotter's attorney to present her appeal.

Attorney Norb Leonard, Attorney from Leonard, Cruse in Bloomfield Hills, representing Officer Gail Cotter, addressed the Board regarding Ms. Cotter's application for duty disability retirement. He stated that Ms. Cotter was evaluated by Dr. Roth and, on 9/16/04, she sent a letter to the Retirement Board detailing her concerns about her evaluation by Dr. Roth. Her concerns included the duration of the examination and that she suffers from a very serious back condition that has prevented her from performing her duties as a police officer. She was involved in a fence-climbing incident and, subsequent to that incident, a serious motor vehicle collision on 1/24/03 that significantly exacerbated her condition. For example, she cannot wear a gunbelt, as required. She is convinced, based upon the amount of pain she endures and the amount of medication (vicodan) that has been prescribed for her, that she has sustained a duty-related disability

that has prevented, and will continue to prevent, her from performing her duties as a police officer. At present, the City is voluntarily paying workers' compensation benefits to her, as well as supplemental pay. Her first concern is getting a response to her 9/16/04 correspondence, which she characterized as a request to appeal her duty disability application, which was denied on 6/22/04. She is continuing to treat with her physicians and has expressed her willingness to present whatever medical information the Board requires, including seeing Dr. Roth again with additional information that was not available to him at the time of her initial visit. If her duty disability retirement remains denied, she requests that she be given the opportunity to be examined by a different physician or return to Dr. Roth with additional medical information.

Bob Erlenbeck stated that he has discussed Ms. Cotter's letter with the Professional Services Committee and the letter has been forwarded to Dr. Roth for his review and comment. No response has yet been received. Georgia Steinhoff noted that, once a response comes back from Dr. Roth, they will notify Ms. Cotter of the response and what further action should be taken.

7. UPCOMING CONFERENCES (Placed on file in the Retirement Office)
 - 7.1 National Association of Real Estate Investments, 2004 NAREIT Annual Conference, November 17-19, 2004, Los Angeles, CA.
 - 7.2 Council on Education in Management, Michigan Public Sector Employment Law Update 2004, December 1-2, 2004, Novi, MI.
 - 7.3 Institute for International Research, 13th Annual Public Fund Boards Forum, December 5-8, 2004, San Francisco, CA.
 - 7.4 Deutsche Bank, GAIM USA 2005, January 18-20, 2005, Boca Raton, FL.
 - 7.5 UNC Kenan-Flagler, Mid-Sized Pension Management Conference, January 30-February 2, 2005, Orlando, FL.
 - 7.6 NCPERS, Legislative Conference, February 7-9, 2005, Washington, DC.
 - 7.7 Information Management Network, The Ninth Annual Super Bowl of Indexing, December 5-8, 2004, Phoenix, AZ.

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

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

8. COMMUNICATIONS RECEIVED (All items were placed on file in the Retirement Office; if noted, a copy was given to Board Members in their agenda packets also.)
- 8.1 Bank of Ireland, Invitation to Dinner while attending Public Fund Boards Forum, December 6, 2004.
- 8.2 Gabriel, Roeder, Smith & Co., News Scan, October 2004.
- 8.3 Lerach, Coughlin, Stoia, Geller, Rudman & Robbins, Corporate Governance Bulletin, 4th Quarter 2004.
- 8.4 David Babson & Co., The Babson Staff Letter, October 8, 2004.
- 8.5 Actuarial Service Co., Postcard Flyer, October 19, 2004.
- 8.6 NCPERS, Persist Newsletter, Fall 2004.
- 8.7 Bank of Ireland, Client Update Newsletter, 3rd Quarter 2004.
- 8.8 Asset Services Co., Capital Perspectives, 3rd Quarter 2004.
- 8.9 Gabriel, Roeder, Smith & Co., News Scan, November 2004.
- 8.10 Sandra Kidd, Memo to Peter Dobrzeniecki re: Monthly Expenditures, November 8, 2004.
- 8.11 Donald Phillips & Sandra Kidd, Letter to Peter Dobrzeniecki re: Retirement Fund Expenditures, November 8, 2004.
- 8.12 Daniel Hall & Peter Dobrzeniecki, Letter to Northern Trust re: Termination of Dresdner RCM, October 19, 2004. (Enclosed)
- 8.13 Daniel Hall & Peter Dobrzeniecki, Letter to State Street re: Trades, October 19, 2004. (Enclosed)
- 8.14 Habeeb Ghattas, Letter to Board of Trustees re: Teresa Beatenhead, November 10, 2004. (Enclosed)
- 8.15 Watson Wyatt, Strategic Rewards 2004/2005 Survey Report, November 2004.
- 8.16 Bank of Ireland, Letter to Debbie Stephens re: New Chief Executive, November 11, 2004. (Enclosed)

8.17 Tom Smela, Memo to Wanda Twitty re: Actuarial Analysis, September 27, 2004.
(Enclosed)

8.18 David Halstead, Letter to Bob Erlenbeck re: Disability Retirement Status, November 12, 2004. (Enclosed)

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

Robert Erlenbeck noted that three of the listed communications will be discussed later in the agenda: #s 8.14, 8.17, 8.18.

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

9. REPORTS RECEIVED (All items were placed on file in the Retirement Office; if noted, a copy was given to Board Members in their agenda packets also.)

9.1 State Street Global Advisors, Account Summary as of September 30, 2004.

9.2 Lynch, Jones & Ryan, Trading Summary as of September 30, 2004.

9.3 Magna Securities, Commission Recapture Report as of September 30, 2004.

9.4 Payden & Rygel, Quarterly Review, October 2004.

9.5 Globeflex Capital, 3rd Quarter Performance, 3rd Quarter 2004.

9.6 State Street Global Advisors, Activity Report, September 30, 2004.

9.7 State Street Global Advisors, Activity Report, October 31, 2004.

9.8 Capital Management Associates, Performance Report, 3rd Quarter 2004.

9.9 Piedmont Investment Advisors, Piedmont Perspective, September 2004.

9.10 GLOBALT Investments, Equity Strategies, 3rd Quarter 2004.

9.11 LSV Asset Management, 3rd Quarter 2004 Update, September 2004.

9.12 Skyline Asset Management, Small Cap Value Fact Sheet, 3rd Quarter 2004.

- 9.13 Iridian Asset Management, 3rd Quarter Investment Update 2004.
- 9.14 RCM, Performance Summary for the month ended September 30, 2004.
- 9.15 RCM, Performance Summary for the quarter ended September 30, 2004.
- 9.16 RCM, Final Brokerage Report, October 12, 2004.
- 9.17 Bank of Ireland, Statement of Holdings as of October 31, 2004.
- 9.18 Bank of Ireland, Investment Update, 3rd Quarter 2004.
- 9.19 Bank of Ireland, Investment Performance for period ending September 30, 2004.
- 9.20 ICON Advisors, Portfolio Update, October 2004.
- 9.21 Wentworth, Hauser & Violich, Trades Executed, October 15, 2004.
- 9.22 Fidelity Investments, FREG II Distributions, October 15, 2004. (Enclosed)
- 9.23 Fidelity Investments, Capital Contributions, October 15, 2004. (Enclosed)
- 9.24 Fidelity Investments, FREG II Distributions, November 4, 2004. (Enclosed)
- 9.25 Fidelity Investments, Monthly Investment Update, September 30, 2004.
- 9.26 Fidelity Investments, Monthly Investment Update, October 31, 2004.
- 9.27 Intercontinental Real Estate Corp., Investment Distribution, October 21, 2004.
- 9.28 Northern Trust Report – September 2004 (Enclosed)
- 9.29 Retirement Fund Employee/Employer Contributions (Enclosed)

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

Upon being put to a vote, the motion to receive the reports on file carried unanimously.

The Board recessed for a break at 2:45 p.m.

Chairman Daniel Hall called the meeting back to order at 2:55 p.m.

10. STATISTICAL REPORT OF BENEFITS

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Number Retired	2,964	3,001	3,002
Annualized Payroll	\$ 58,416,621	\$ 61,357,283	\$ 62,627,143
13 th Check	-0-	-0-	-0-
Charter 13 th Check	-0-	-0-	-0-

For informational purposes only.

11. APPROVAL OF THE DECEMBER 1, 2004 PENSION PAYROLL TRANSFER

A motion to approve the pension payroll transfer for December 2004 in the amount of \$2,728,592.72 from State Street Global Advisors to Citizens Bank for payment of the December 1, 2004 pension payroll, was made by Georgia Steinhoff, and supported by Amy Lindman.

Chairman Daniel Hall noted that the Investment Committee will be reviewing the account balances and making recommendations for transfers for meeting the 2005 payrolls.

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

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

There being no new information to discuss, this item was tabled by Chairman Daniel Hall.

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

There being no new information to discuss, this item was tabled by Chairman Daniel

Hall.

14. 13th CHECK PROGRAM

There being no new information to discuss, this item was tabled by Chairman Daniel Hall.

Donald Phillips noted that he has requested, from Peter Dobrzeniecki, a copy of the report that Sandra Rodwan made to the Retirement Board in 1985-86 on the methodology for calculating 13th checks.

15. AUDIT COMMITTEE REPORT

- Update/Recommendations
- Plante & Moran Audit Proposal

No report.

16. PROFESSIONAL SERVICES COMMITTEE REPORT

Georgia Steinhoff presented the report of the Professional Services Committee.

Kathleen Robinson & Stephen Tarkowski Reevaluations - Bob Erlenbeck reported that Kathleen Robinson had her additional testing last Friday and the report should be going to Dr. Roth soon, so he can make his final determination. Mr. Tarkowski has also had his additional testing and the Committee is waiting for Dr. Roth's response.

Disability Report - Georgia Steinhoff reported that there have been no new disability applicants.

RFP, Consultant Report – Georgia Steinhoff reported that the Professional Services Committee met on Friday, November 19 to review the RFPs for a consultant. She distributed a report to the Board Members that listed the companies from whom responses were received. The report noted that 17 proposals were received and reviewed and the Committee selected six finalists. The finalists all work with public funds, including Michigan funds. The Committee believes these six are the best candidates and would like them to make presentations to the Committee-of-the-Whole on December 17, if possible. Chairman Daniel Hall noted that the meeting will probably be at Hurley and last all day. Georgia Steinhoff noted that it is hoped that the selection can be made in December, with a start date in January, since Callan will be gone as of January 1st.

Discussion followed. Attorney Habeeb Ghattas informed the Board that, at this point, it would be inappropriate for Board Members to contact any of the six finalists individually.

Social Security Equating Option - Bob Erlenbeck is working with Larry Langer at GRS regarding the equating option. Mr. Langer has been asked to give an estimate of the time and cost involved in preparing the revised program for making the calculations.

Review Test Fee Schedule from MWORKS & PPOM - Bob Erlenbeck stated that M-Works & PPOM have, so far, been unwilling to commit to any arrangements regarding discounted fees. He is referring this to Daniel Coffield for possible further contact.

Colleen Ballenger (disability applicant) – Bob Erlenbeck noted that a definitive answer regarding Ms. Ballenger's employment status at HMC is needed before further action can be taken. Janice Kehoe stated that she believes Ms. Ballenger is still listed as an active employee. She recommended that the question of Ms. Ballenger's employment status be referred to Mr. Kitson. Bob Erlenbeck will send an e-mail request to Mr. Kitson requesting Ms. Ballenger's current employment status. Mr. Erlenbeck also reported that a request has been received from Ms. Ballenger's attorney, after a notice of additional testing requested by Dr. Roth was received, indicating that Ms. Ballenger would submit to any allergy testing provided it was in a latex-free building. Mr. Erlenbeck will notify them, in writing, that a latex-free examination room will be made available to her (as was done when she was examined by Dr. Roth).

Georgia Steinhoff noted that several disability applicants have not been very cooperative with the process, not making themselves available to see the Doctor when requested, cancelling appointments, etc. Applicants should be told, once they initiate a disability retirement application, that they must be willing to do whatever is necessary to complete the process or their disability application may be denied. Mr. Erlenbeck stated that, per the Retirement Ordinance, the disability applicants are required to provide *any and all* information relating to their injury. As part of the application process, the Ordinance language is now given to them on a form they are required to sign to prove that they have been made aware of their obligations. Also, the applicants must sign a medical release form for each physician so that all medical records are released directly to Dr. Roth, which saves a great deal of time and effort. Discussion followed.

17. INVESTMENT COMMITTEE REPORT

The Investment Committee Report was given previously.

18. EDUCATION/ TRAVEL/ TRAINING COMMITTEE

Chairman Hall noted that he and Donald Phillips will be attending the NCPERS Legislative Conference in Washington D.C. and will be processing their paperwork shortly.

19. ELECTION RULES COMMITTEE

There being no new information to discuss, this item was tabled by Chairman Daniel Hall.

20. RETIREMENT ORDINANCE REVISION COMMITTEE

There being no new information to discuss, this item was tabled by Chairman Daniel Hall.

21. LEGAL COUNSEL UPDATES

Retirement Ordinance Changes - Attorney Habeeb Ghattas stated that he had corresponded with the office of the Flint City Attorney and requested a meeting to review concerns with regard to the Ordinance, in terms of any proposed Ordinance amendments. That meeting has not been scheduled. Dan Coffield noted earlier that the City has special counsel reviewing the matter, along with counsel from Hurley. Mr. Ghattas stated that he has not been asked to participate in any discussions as the Board's legal counsel.

Teresa Beatenhead – Habeeb Ghattas referenced Communication #8.14, a letter from him to the Board of Trustees regarding Teresa Beatenhead, deceased, and the request for survivor benefits by Mr. Beatenhead. Attorney Ghattas' opinion is that she was a member of the System, and in the process of making an application for a pension estimate, with the provision circled on her application with regard to survivor benefits. It is his recommendation that Mr. Beatenhead is entitled to the survivor benefit.

Discussion followed. Bob Erlenbeck stated that Mr. Beatenhead has been waiting to submit a formal application for the survivor pension benefit until the Board notified him whether he was entitled to any benefit. If it is the Board's desire that a survivor pension be calculated for him, Mr. Erlenbeck will contact Mr. Beatenhead to notify him of the approval.

A motion was made by Amy Lindman, and supported by Georgia Steinhoff, to accept the Attorney's opinion that the surviving spouse of Teresa Beatenhead is entitled to the survivor pension benefit.

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

22. UPDATING COMPUTER PROGRAM FOR EQUATING OPTION

Bob Erlenbeck reported that he is working with Larry Langer at GRS on the computer program for the equating option. Larry will be providing an estimate of time and cost involved. (Discussed earlier in the agenda.)

23. DISCUSSION OF HABEEB GHATTAS' CONTRACT AND OUTSTANDING LEGAL ISSUES

Chairman Daniel Hall referred to the Professional Services Committee a review of the contract with Habeeb Ghattas, and asked for their recommendations.

24. OTHER BOARD BUSINESS

Bob Erlenbeck requested a response from the Board regarding Communication #8.17 – memo from Tom Smela/Labor Relations regarding the need for an actuarial analysis as part of labor/management contract negotiations.

Discussion followed. Georgia Steinhoff noted that, in the past, when labor negotiations required costing out a benefit, Labor Relations or the City paid the costs. Chairman Hall noted that, under Public Act 728, the bill should be paid by the bargaining authority (the City of Flint). Attorney Ghattas stated that the statute referenced in the memo does not address payment responsibility or approval of funding. P. A. 728 indicates that the Board of Trustees, through its actuary, has the responsibility to ensure that the costs of changes in pension benefits as promised/negotiated by the Employer, in collective bargaining, are calculated in advance. In his opinion, general trust law would agree that the Retirement System should not be paying the labor relations expenses of the plan sponsor.

Per the Board's direction, Bob Erlenbeck was authorized to send a memo to Tom Smela stating that the Board of Trustees will not approve payment by the Retirement System for this actuarial study. It is also requested that advance payment from the employment unit or the union should be obtained before the Actuary is requested to do the analysis. The Actuary will need to be contacted for a cost estimate in advance.

Bob Erlenbeck informed the Board that, referencing Communication #8.18, regarding David Halstead and his disability retirement status, Mr. Halstead has withdrawn his request for disability retirement. He is currently on workers' compensation. Discussion followed regarding coordination of workers' compensation benefits, duty disability retirement, health care benefits, recalculation requirements, etc. Bob Erlenbeck will write out the issues involved and give them to Habeeb Ghattas for his legal opinion.

Chairman Daniel Hall noted he had some documents for the Board regarding the providing of financial records by the Administration to the Trustees. First is a copy of a 1999 letter from the State of Michigan, Dept. of Treasury, that states, on page 3, "The Retirement Board should be provided regular monthly reports, which include amounts from the payroll and dates of the transfer." A copy of this letter will be in next month's agenda packets.

Chairman Daniel Hall also distributed two reports to the members of the Board of Trustees from the Administration containing financial information:

- 1) Transaction Activity by Journal for City of Flint 731 Retirement System Fund from 7/1/04 to the present;
- 2) Expenditure Report for City of Flint 731 Retirement System Fund from 7/1/04 to the present.

Chairman Hall noted that the attorney fees are not listed on these reports because they are paid through the City Attorney's office and not directly from the 731 Fund. He is requesting a report of these fees also. Attorney Habeeb Ghattas stated that, since Retirement System assets are used to pay legal fees for the System, the City Attorney does not have any responsibility, under law, to pay those fees and they should not be part of the City's general fund or the budget of the City Attorney's office. He can provide information to the Trustees of the legal bills that he has submitted, if he is requested to do so.

Chairman Daniel Hall stated that he will work with the Administration regarding other financial information needed by the Board of Trustees, after he has reviewed the documents he just distributed.

Chairman Daniel Hall reported that he received a letter from Northern Trust, dated October 26, 2004, stating that, as a result of class action litigation (3Com Securities), FERS will receive \$13,309 in principal plus at least \$280 in interest as a result of the settlement. The document also notes that FERS can challenge the settlement; however, in discussing this issue with legal counsel, it appears that acceptance of the settlement would be more advantageous to the System.

Ed Taylor stated that he and Georgia Steinhoff will investigate equity active managers, domestic and all cap, including length of involvement, track record, numbers, fees, etc.

Chairman Daniel Hall noted that the next Regular Board Meeting is scheduled for Tuesday, December 21st. He also noted that a special meeting for the review of the consultant RFPs will be scheduled prior to that meeting.

25. ADJOURNED

There being no further business to discuss, it was moved by Amy Lindman, and supported by Georgia Steinhoff, to adjourn the meeting at 3:38 p.m.

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

Respectfully submitted,

Peter Dobrzeniecki
Secretary/Fund Administrator