

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, April 19, 2005, at 1:00 p.m. in the Committee-of-the-Whole Room, 3rd Floor, City Hall Council Chambers, with the following in attendance:

TRUSTEES & ALTERNATES Daniel Hall – Chairperson, Peter Dobrzeniecki, Robert Erlenbeck, Janice Kehoe, Sandra Kidd, Alvern Lock, Donald Phillips, Robert Rosenberger, Georgia Steinhoff, Edward Taylor

ABSENT Douglas Bingaman, Daniel Coffield, Peggy Cook, Mark Horrigan, Amy Lindman, Cass Wisniewski

ALSO PRESENT Habib Ghattas, Attorney for the Retirement Board
Wanda Twitty, Retirement Supervisor
Laurence Gray, Gray & Company
Harland Abraham, Northern Trust

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Chairman Daniel Hall called the meeting to order at 1:06 p.m.

2. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

There were no members of the public who wished to address the Board.

3. APPROVAL OF THE FEBRUARY 22, 2005 REGULAR BOARD MEETING MINUTES

It was moved by Robert Rosenberger, and supported by Robert Erlenbeck, to approve the minutes of the February 22, 2005, Regular Board Meeting.

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

4. APPROVAL OF THE MARCH 3, 2005 SPECIAL BOARD MEETING MINUTES

It was moved by Georgia Steinhoff, and supported by Alvern Lock, to approve the minutes of the March 3, 2005, Special Board Meeting.

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

5. APPROVAL OF THE MARCH 22, 2005 REGULAR BOARD MEETING MINUTES

It was moved by Georgia Steinhoff, and supported by Robert Rosenberger, to approve the minutes of the March 22, 2005, Regular Board Meeting.

The following corrections were noted:

Page 9145, Agenda Item #16, 4th sentence:

Original Entry: Plante & Moran will be making a presentation at MAPERS regarding the merger.

Corrected Entry: *Chairman Daniel Hall will discuss the merger with Plante & Moran at MAPERS, as they are the auditors for MAPERS also.*

Page 9149, 3rd Paragraph re Velma Wright, 2nd sentence:

Original Entry: He has discussed the case with Hurley's Attorney, George Washington.

Corrected Entry: He has discussed the case with *a Hurley Union* Attorney, George Washington.

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

6. APPLICATIONS FOR VOLUNTARY RETIREMENT

Karen Baker
HMC/RN

Final Average Compensation:	\$ 55,893.78
Accumulated Contributions:	Non-Cont.
DRET:	.00

Effective Date of Retirement 03/01/2005
Service: 19 Years, 1 Months
The retiree elected the Option C in the amount of \$958.42

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Karen Baker 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, in the amount of \$958.42 for as long as she lives.

Bobbie McGee
HMC/1603

Final Average Compensation: \$ 34,753.09
Accumulated Contributions: Non-Cont.
DRET: .00
Effective Date of Retirement 03/04/2005
Service: 33 Years, 7 Months
The retiree elected the Option C in the amount of \$1,454.40

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Bobbie McGee 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, in the amount of \$1,454.40 for as long as she lives.

Martha Sczepanski
HMC/RN

Final Average Compensation: \$ 46,755.89
Accumulated Contributions: 30,585.05
DRET: 25,323.00
Effective Date of Retirement 03/18/2005
Service: 27 Years, 10 Months
The retiree elected the Option B w/pop-up in the amount of \$1,995.06

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Martha Sczepanski 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 \$1,995.06 for as long as she lives.

Wanda Taylor
HMC/1973

Final Average Compensation:	\$ 57,195.13
Accumulated Contributions:	20,986.51
DRET:	28,007.35
Effective Date of Retirement	03/04/2005
Service: 25 Years, 0 Months	

The retiree elected the Option Straight Life in the amount of \$2,716.77

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Wanda Taylor 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 \$2,716.77 for as long as she lives.

Thomas Townsend
City/1799

Final Average Compensation:	\$ 50,830.29
Accumulated Contributions:	37,215.69
DRET:	2,394.62
Effective Date of Retirement	03/12/2005
Service: 27 Years, 2 Months	

The retiree elected the Option C in the amount of \$2,487.06

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Thomas Townsend 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, in the amount of \$2,487.06 for as long as he lives.

It was moved by Robert Rosenberger, and supported by Georgia Steinhoff, to approve the Applications for Voluntary Retirement for Karen Baker, Bobbie McGee, Martha Sczepanski, Wanda Taylor, and Thomas Townsend.

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

7. APPLICATIONS FOR DEFERRED RETIREMENT

Kenneth Booker
Police/Sgts.

Final Average Compensation:	\$ 63,433.04
Accumulated Contributions:	52,507.07
DRET:	.00
Effective Date of Retirement	02/25/2005
Service: 22 Years, 1 Months	
The retiree will elect an Option prior to 02/01/2006	

Carol Hughes
HMC/Exempt

Final Average Compensation:	\$ 63,280.81
Accumulated Contributions:	Non-Cont
DRET:	.00
Effective Date of Retirement	03/09/2005
Service: 15 Years, 11 Months	
The retiree will elect an Option prior to 10/01/2009	

Charlene Lewis
HMC/1603

Final Average Compensation:	\$ 42,892.93
Accumulated Contributions:	Non-Cont
DRET:	.00
Effective Date of Retirement	03/25/2005
Service: 26 Years, 9 Months	
The retiree will elect an Option prior to 04/01/2010	

It was moved by Georgia Steinhoff, and supported by Robert Erlenbeck, to approve the Applications for Deferred Retirement for Kenneth Booker, Carol Hughes, and Charlene Lewis.

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

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

- 8.1 Stanford Law School, 11th Annual Director's College, June 19-21, 2005, Stanford, CA.
- 8.2 International Foundation, Certificate of Achievement in Public Plan Policy, July 9-10, 2005, Portland, OR.
- 8.3 International Foundation, Advanced Investments Management, September 12-15, 2005, Philadelphia, PA.
- 8.4 Wellington Management, Compliance & Risk Management Forum, May 25, 2005, Boston MA.
- 8.5 Institute for International Research, 13th Annual Guns & Hoses 2005, Las Vegas, NV.

A motion was made by Georgia Steinhoff, and supported by Edward Taylor, to add the stated conferences to the list of authorized conferences.

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

9. 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.)

- 9.1 Jones Trading, Northern Trust & City of Flint Retirement System new account #'s, February 14, 2005. (Enclosed)
- 9.2 Northern Trust Global Investments, Strategy, April 2005.
- 9.3 Babson Capital Management, The Babson Staff Letter, March 11, 2005.
- 9.4 NCPERS, The Monitor, February/March 2005.
- 9.5 NCPERS, Creating a Retiree Medical Trust, March 2005.
- 9.6 State Street, State Street Watch, 1st Quarter 2005.
- 9.7 Piedmont Investment Advisors, Piedmont Perspective, March 1, 2005.
- 9.8 Wellington Management, Invitation to Dinner on May 8, 2005 at Las Vegas Country Club.
- 9.9 Loomis, Sayles & Co., Invitation to Dinner on May 9, 2005 at Mandalay Bay.

- 9.10 Mesirow Financial, Invitation to Lunch & Golf on May 14, 2005 at the Pohlcat Golf Course, Mt. Pleasant, MI.
- 9.11 Mesirow Financial, Invitation to Dinner at Soaring Eagle on May 14, 2005.
- 9.12 GLOBALT Investments, Invitation to Dinner at the Embers Restaurant on May 15, 2005.
- 9.13 Information Management Network, 10th Annual Public Pension Funds Summit Information, March 13-16, 2005.
- 9.14 2005 NCPERS Legislative Conference, February 7-9, 2005.
- 9.15 Gabriel, Roeder, Smith & Co., Model EDROs, March 16, 2005. (Enclosed)
- 9.16 Habeeb Ghattas, Letter to Barry Keller re: Colleen Belanger, March 30, 2005. (Enclosed)
- 9.17 Habeeb Ghattas, Letter to Timothy Simon re: Jill Higgerson, March 30, 2005. (Enclosed)
- 9.18 Client Instruction Authentication Procedure Adoption Agreement, March 22, 2005
(Enclosed)
- 9.19 City of Flint Employees' Retirement System, Letter to Johnnie Coleman re: Approval of Fees, March 24, 2005. (Enclosed)
- 9.20 City of Flint Employees' Retirement System, Letter to Harland Abraham re: Transfer of Funds, March 22, 2005. (Enclosed)
- 9.21 Wachovia Insurance Services, Certificate of Liability Insurance for Gray Financial Group, March 10, 2005.
- 9.22 State Street Global Advisors, Letter to Retirement Board re: Managerial Changes, March 2005. (Enclosed)
- 9.23 City of Ann Arbor Employees' Retirement System, Letter to Daniel Hall re: Gray & Co., March 11, 2005. (Enclosed)
- 9.24 Gabriel, Roeder, Smith & Co., Examples for Determining 13th Check Amounts, February 25, 1985. (Enclosed)
- 9.25 Resolution Requesting Fee Approval for Retirement System, April 11, 2005. (Enclosed)

A motion was made by Georgia Steinhoff, and supported by Robert Erlenbeck, to

receive the communications on file.

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

10. 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.)

- 10.1 State Street Global Advisors, Appraisal Report, March 31, 2005.
- 10.2 Lynch, Jones & Ryan, Trading Summary as of February 28, 2005.
- 10.3 Magna Securities, Commission Recapture Report as of February 28, 2005.
- 10.4 Navellier & Associates, Large Cap Growth Portfolio as of 4th Quarter 2004.
- 10.5 Raymond James & Associates, Stock Trade Report, March 14, 2005.
- 10.6 Intercontinental Real Estate Corp, Net Asset Value Report & Performance Returns, March 18, 2005.
- 10.7 LSV Asset Management, Large Cap Value Composite Performance as of February 28, 2005.
- 10.8 Wentworth, Hauser & Violich, Appraisal Summary as of February 28, 2005.
- 10.9 Fidelity Investments, Monthly Investment Update as of March 31, 2005.
- 10.10 Fidelity Investments, Capital Contributions, March 16, 2005. (Enclosed)
- 10.11 Fidelity Investments, Capital Contributions, April 5, 2005. (Enclosed)
- 10.12 Northern Trust Reports – February 2005 (Enclosed)

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

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

11. STATISTICAL REPORT OF BENEFITS

2003

2004

2005

Number Retired	3,001	3,002	3,019
Annualized Payroll	\$ 61,357,283	\$ 62,627,143	\$ 63,853,882

For informational purposes only. Discussion followed regarding the new Ordinance language in §35-16.5 *Contingent Benefit Payment for Eligible Charter Plan Retirees* and whether those payments, and any future 13th check payments, should be listed in this section in the future.

12. APPROVAL OF THE MAY 1, 2005 PENSION PAYROLL TRANSFER

Robert Erlenbeck reported that the current balance in the SSgA drawdown fund is \$8,570,541.98.

A motion to approve the pension payroll transfer for May 2005 in the amount of \$3,957,388.73 from the State Street Global Advisors S&P Provisional Account (draw-down fund) to Citizens Bank for payment of the May 1, 2005 pension payroll, was made by Georgia Steinhoff, and supported by Robert Rosenberger.

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

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

Chairman Daniel Hall tabled this item. He noted that Actuarial Services Company is working with Gabriel, Roeder, Smith & Company on the review of the actuarial calculations for the transfer.

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

Chairman Daniel Hall tabled this item.

15. RECEIVING OF THE DRAFT 59TH ANNUAL ACTUARIAL VALUATION

Chairman Daniel Hall tabled this item. Chairman Hall noted that the Finance Committee met with Peter Dobrzeniecki, Bob Erlenbeck and David Cramer on April 15th regarding

questions from the Board pertaining to the Valuation, attorney fees, System budget and expenditures, etc. The Finance Committee was formerly called the Education/Training Committee and consists of Dan Hall, Bob Rosenberger, Georgia Steinhoff, and Cass Wisniewski. Georgia & Cass were unable to attend this meeting. Mr. Hall distributed notes from the meeting to the Trustees. He stated that the April 15th meeting was the first in a series of meetings held for the purpose of reviewing these financial issues with the City financial staff.

16. ADOPTION OF THE P.A. 728 CERTIFICATION (AS CONTAINED IN THE 59TH ANNUAL ACTUARIAL VALUATION)

Chairman Daniel Hall tabled this item.

17. 13th CHECK PROGRAM COMMITTEE

Chairman Daniel Hall reported that the Committee has yet to meet. Georgia Steinhoff is Committee Chair, with members Ed Taylor, Sandra Kidd, and Don Phillips. Ed Taylor stated that there are Ordinance changes related to the 13th Check program currently before the City Council. Georgia Steinhoff noted that the Committee would begin meeting once these changes have been adopted.

18. AUDIT COMMITTEE REPORT

Tabled by Chairman Daniel Hall. There has been no Audit Committee meeting since the last board meeting. Chairman Hall noted that he would be talking with Plante & Moran regarding the audit and the merger with BKR Dupuis & Ryden.

19. INVESTMENT COMMITTEE REPORT

In Committee Chair Daniel Coffield's absence, Chairman Daniel Hall reported on the April 15th meeting of the Investment Committee and the status of new money managers, with assistance from Habeeb Ghattas:

- MERS Update – There has been discussion of a potential lawsuit, because of the delay, by the groups at Hurley who voted to move to MERS. A timeline needs to be created showing the steps involved in the transfer; i.e., Actuarial Services review, Ordinance changes through City Council, verification of retirement service credits with Hurley, etc. Ed Taylor noted that the Council is working on the Ordinance changes and hopes to have them ready for the agenda within the next couple of weeks. Attorney Ghattas stated that the attorneys for Hurley and MERS prepared draft ordinance language for the transfer. Mr. Ghattas' understanding is that the City Attorney is currently reviewing the language. Mr. Ghattas and Mr. Taylor will be discussing the proposed language and Mr. Ghattas' concerns on behalf of the Board of Trustees.
- Dodge & Cox – The \$40,000,000 fixed income award is under review, and the contract on hold, because the amount is under their minimum for a separately managed account. City Council has approved the fees. The contract for the \$75,000,000 large cap value/equity to replace Oppenheimer is completed and Council has approved the fees. The process can begin for funding this contract, with the assistance of the Custodian (Northern Trust), and the Consultant (Gray & Co).
- Wells Capital – The \$40,000,000 award is under review, and the contract on hold, because the amount is under Wells' minimum for a separately managed account. Fees have not yet been submitted to the City Council for approval.
- Lee Munder – A \$10,000,000 allocation (and the contract) is on hold because the City Council did not approve their fee structure.
- Piedmont – The contract is prepared, and ready for signatures, for the \$10,000,000 fixed income award. The fees are approved and the funding process can begin, with assistance from Northern Trust and Gray & Co.
- Banc One – The contract is prepared and ready for signatures, and the fees approved, for the \$40,000,000 fixed income allocation. The funding process can begin.
- Northern Trust – Under review by Gray & Co. for fees and an asset allocation study.
- State Street Global Advisors – Under review by Gray & Co. for fees and an asset allocation study.
- Gray & Company Consultant Update – Gray has performed due diligence on all companies ready to be funded. They are now reviewing investment restrictions and guidelines. The contract with Gray & Company is completed and ready for signatures.

Attorney Ghattas noted that he has also drawn up an authorized signature document

based on the Board's recent resolution. This document requires original signatures from all authorized signers and should be attached to each contract for reference.

Chairman Hall noted that Gray & Co. is working on an asset allocation study and a review of the investment policy. He also stated that the completed investment advisory contracts will be signed and mailed as soon as possible and the funding process will begin for those money managers with completed contracts and approved fees.

Discussion followed. It was noted that the \$125,000,000 to fund Banc One (fixed), Dodge & Cox (equity), and Piedmont (fixed) will be coming from the SSgA index fund. Harland Abraham noted that additional signatures are needed on resolutions to move funds not custodied at Northern Trust.

It was moved by Edward Taylor, and supported by Robert Rosenberger, to fund \$75,000,000 for the new Dodge & Cox equity investment account, \$10,000,000 for the new Piedmont core fixed income account, and \$40,000,000 for the new Banc One core fixed income account. Gray & Company will make recommendations to the Board to determine where the funds will be transferred from.

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

Discussion followed regarding commingled vs. separately managed accounts. Mr. Gray noted that he has reviewed the Dodge & Cox commingled account and it does meet local and state requirements, there are no securities concerns, and it is his understanding that the investment guidelines are not in conflict with Michigan law. However, there is no latitude on fees because it is a commingled account vs. a separately managed account. He recommended that funds be placed in separately managed accounts. Attorney Ghattas stated that the Board can reconsider its decisions to invest funds where there have not been signed contracts and funds have not yet been awarded to the proposed manager. Chairman Hall noted that the Board may want to reconsider its plan to award \$40,000,000 for Wells fixed income and \$40,000,000 for Dodge & Cox fixed income. He also noted that a review by Gray & Company of the plan to award \$10,000,000 to Lee Munder Capital is in order, since their fees were not approved.

It was moved by Edward Taylor, and supported by Peter Dobrzeniecki, that the Board reconsider the fixed income awards of \$40,000,000 each to Dodge & Cox and Wells Capital, and authorize Larry Gray, of Gray & Company, to make a recommendation regarding the best allocation for those dollars, considering commingled vs. separately managed, and fee structure.

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

A motion was made by Edward Taylor, and supported by Alvern Lock, to request a review and recommendation by the Consultant, Gray & Company, regarding small cap investments for FERS, including appropriate dollar amount of small cap investments, industry fee structures vs. Lee Munder’s fees, and whether a search should be conducted.

Discussion followed. Chairman Hall noted that FERS is currently invested in small cap at Wellington.

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

Board members agreed that a search should be conducted whenever a new manager is being considered. Also, all managers who contact Board Members should be referred to the Consultant and the Consultant will contact managers when a search is being conducted.

Chairman Hall noted that he has a letter from Gray & Company requesting copies of documents and information for their reference, as FERS’ Consultant. He will be providing all information requested, but noted that the current Investment Policy is in draft form. The Board wants Gray & Company to review, make recommendations and give assistance to the Board for adoption of a new Investment Policy.

Questions were directed to Larry Gray, as the Board’s Consultant, with regard to international equity investments, and the need to replace Bank of Ireland.

A motion was made by Edward Taylor, and supported by Georgia Steinhoff, to direct Gray & Company to begin a search for international equity managers.

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

Questions were directed to Larry Gray with regard to the status of the index funds at Northern Trust and SSgA.

A motion was made by Edward Taylor, supported by Peter Dobrzeniecki: 1) to consolidate the index funds at Northern Trust (move the index fund currently at SSgA into the index fund at Northern Trust); 2) authorize the Consultant, Larry Gray, to work with Harland Abraham at Northern Trust on the fee structure for the index funds; 3) request a recommendation from Gray & Company regarding the amount of funds that should be active and indexed for each asset class; 4) authorize Gray & Company to review all fees and funds at SSgA, including the possibility of moving the drawdown account to Northern Trust, and make recommendations to the Board.

Discussion followed.

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

The Board discussed the Investment Committee and the frequency of meetings needed. Chairman Daniel Hall stated that the Committee could meet quarterly instead of monthly, noting the active involvement of Gray & Company in recommendations regarding investments.

A motion was made by Peter Dobrzeniecki, supported by Edward Taylor, for the Investment Committee to meet quarterly (instead of monthly), or on an as-needed basis, with all investments to be referred to the Consultant, Gray & Company, for their recommendations to the Board.

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

The Board recessed for a break at 2:40 p.m.

The Board returned from break at 2:50 p.m.

Chairman Daniel Hall distributed a chart from Northern Trust of the System's investments. He noted that the Michigan Investment Fund (MIF) has a current FERS asset balance of \$193,858 in common stock. Chairman Hall asked the Board to consider liquidating their assets in the MIF and placing the monies in the cash account at Northern Trust. He noted that he would obtain further information regarding Capital BIDCO. Discussion followed.

A motion was made by Edward Taylor, supported by Robert Rosenberger, to liquidate Northern Trust Account #26-90194, Michigan Investment Fund, in the amount of \$193,858 in common stock, with the proceeds to be deposited into the cash account at Northern Trust.

Discussion followed.

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

20. PROFESSIONAL SERVICES COMMITTEE REPORT

Committee Chair Georgia Steinhoff reported that the Committee has not met since the last Board Meeting. No disability reports were received in the past month. She noted the Committee would be meeting soon to review the attorney's contract and discuss an RFP for actuarial services.

Chairman Daniel Hall distributed correspondence from Milberg Weiss, the legal firm that made a presentation to the Board at last month's meeting regarding securities fraud litigation and fund monitoring. Discussion followed.

A motion was made by Edward Taylor, supported by Georgia Steinhoff, to hire the legal firm of Milberg Weiss as the Board's securities litigation specialist, subject to Attorney Habeeb Ghattas' review of their proposed contract.

Discussion followed. Harland Abraham noted that Northern Trust keeps a two-year client history readily available for reference; however, Milberg Weiss usually requires more extensive historical data. If so, there will be costs involved for research and reproduction. He recommended that the contract state that Milberg Weiss would pay any costs involved. Mr. Abraham also noted that Northern Trust would continue to work with class action findings and proceeds distributions, which are credited back to FERS. Milberg Weiss would be monitoring the Fund for possible fraud and determinations/recommendations regarding when/if FERS should be actively involved as a lead plaintiff in any class action lawsuits. Milberg Weiss will receive copies of monthly reports for FERS according to the instructions given to Northern by FERS.

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

21. FINANCE COMMITTEE (formerly EDUCATION/ TRAINING COMMITTEE)

Chairman Daniel Hall changed the name of this Committee to the Finance Committee. He stated that the members of the Committee include Georgia Steinhoff, Robert Rosenberger, Cass Wisniewski, and himself.

Chairman Hall reported that there are two upcoming conferences – NCPERS in Las Vegas, May 7-13, and MAPERS in Mt. Pleasant, May 14-17. Five board members have asked to attend each conference. NCPERS will cost approximately \$2596 each, for a total of \$12,980. MAPERS will cost about \$700, for a total of \$3500. The total estimated travel costs for these two conferences are \$16,480. It will require Board action to approve these costs, since there is a balance of only \$2004 left in the current fiscal year travel/education/conference account.

Discussion followed. Peter Dobrzeniecki stated that a budget amendment could be submitted to the City Council. If funds are available in a different line item in the Retirement System budget, a budget transfer could be done to make funds available for travel, which would not require submission to City Council. He also noted that the cost allocation budget method previously put in place is being changed back to a direct charging method. Bob Erlenbeck reported that \$10,000 was in the travel/education budget for fiscal year 2005. In fiscal year 2006, he requested \$40,000; however, the Administration lowered the amount to \$25,000 when they submitted the budget to City Council.

A motion was made by Robert Rosenberger, seconded by Georgia Steinhoff, authorizing Peter Dobrzeniecki and/or Robert Erlenbeck to execute a line item budget transfer of \$17,000, from available funds in the 731 fund, into the education/travel line item within the 731 fund, effective immediately.

Discussion followed.

Upon being put to a vote, the motion carried by a vote of 6 yes and 2 abstentions (Peter Dobrzeniecki and Robert Erlenbeck).

Chairman Daniel Hall stated that the Finance Committee will address the budget allocations and charges with the Finance staff at the next meeting, including the issues of methodology (cost allocation or direct charge). The attorneys charged to the Retirement System this fiscal year include Habeeb Ghattas, Steven Spender, and Michael VanOverBeke for his services as an expert witness in the Board's lawsuit against the Emergency Financial Manager. It was also noted that an additional staff person was requested in the budget for the Retirement Office, as submitted to City Council.

22. ELECTION RULES COMMITTEE

Chairman Daniel Hall recommended that the election rules remain as they are through the next election, which is scheduled at Hurley Medical Center in July 2005. He noted that, in addition to himself, Janice Kehoe and Sandra Kidd are up for re-election this year.

23. RETIREMENT ORDINANCE REVISION COMMITTEE

Tabled by Chairman Daniel Hall.

24. LEGAL COUNSEL UPDATES

- Retirement Ordinance Changes (MERS) – Attorney Habib Ghattas stated that he has reviewed the proposed language and has some concerns he will express in writing to Ed Taylor and Daniel Hall. He noted that there were specific recommendations made by the Board’s special tax counsel that were not referenced in the proposed language document, as prepared by Hurley Medical Center. He will also be seeking further input from the actuary and tax counsel.
- Claude Miller Class Action Lawsuit Update – Attorney Ghattas noted this lawsuit was filed against the City, the Board of Trustees, and individual Trustees. The Plaintiff’s counsel has filed a motion for summary disposition, which is scheduled for oral argument tomorrow. There are two counts - breach of contract and violation of Article 9, Section 24. The Plaintiff claims that the City and the Board violated the ‘pension contract,’ which violated Article 9, Section 24. The Board of Trustees’ position is that the Board is not a party to the contract between the City and employee groups; therefore, there should be no liability to the Board. The Board has asked for summary disposition in its favor.
- Velma Wright – Attorney Ghattas noted that she is a nurse whose employment status at Hurley Medical Center is in question. He has corresponded with her attorney and the attorney from the nurses’ union, George Washington. To date, neither party has replied to his correspondence.
- Colleen Belanger – Attorney Ghattas reported that he responded to a letter from her attorney, Mr. Keller, and has not yet received their reply. They have requested a hearing; however, Attorney Ghattas is hopeful that a hearing can be avoided if they will agree to more current testing to determine the status of her latex allergy.
- Jill Higginson – Attorney Ghattas noted that she filed an application for disability retirement; however, the Board’s medical director refused to certify her as totally and permanently disabled. Through her attorney, she has requested a hearing before the Board to appeal the denial. Attorney Ghattas recommends that the Board schedule a hearing for Ms. Higginson and her attorney, citing the Retirement Ordinance, Sections §35-44 and §35-27. He noted that there is a question regarding the discretion of the Board when its medical director refuses to certify the condition. Attorney Ghattas stated that Dr. Roth should be contacted regarding the hearing and given the option of attending. If Dr. Roth does not attend, in person or by conference call, all medical information from the hearing should be forwarded to him for evaluation. Based on his recommendation, the Board would make a final determination. Ms. Higginson’s attorney has indicated that he expects the hearing to last a couple of hours, and he will call Ms. Higginson, her treating physician and her husband, to testify before the Board.

Discussion followed. Chairman Daniel Hall scheduled the hearing for Tuesday, July 19, at 9:00 a.m., and asked Attorney Ghattas to notify Ms. Higginson’s attorney.

25. OTHER BOARD BUSINESS

The Board expressed their appreciation to the new consultant, Larry Gray and staff, of Gray & Company, and to Harland Abraham, of Northern Trust, for attending meetings and providing their assistance to the Board.

Discussion followed regarding a letter from Northern Trust dated March 14, 2005, stating the need for three signatures (City Treasurer, Secretary/Fund Administrator/Director of Finance, and Chair or Vice Chair) when funds are moved out of the custody of Northern Trust. This request complies with the Ordinance, which requires the signatures of the Treasurer and the Director of Finance. The Custody Agreement with Northern also requires the signature of the Chair or Vice Chair. Peter Dobrzeniecki stated that it would be best to have all three signatures on all documents from now on.

Attorney Habbab Ghattas reported that the City's lawsuit, filed against him personally, has been dismissed by the Judge. It is now resolved, unless an appeal is filed by the City.

26. ADJOURNED

There being no further business to discuss, it was moved by Peter Dobrzeniecki, and supported by Edward Taylor, to adjourn the meeting at 4:15 p.m.

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

Respectfully submitted,

Peter Dobrzeniecki
Secretary/Fund Administrator