

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, October 18, 2005, at 1:00 p.m. at City Hall, City Council Committee-of-the-Whole Room, with the following in attendance:

TRUSTEES & ALTERNATES Daniel Hall – Chairperson, Robert Erlenbeck, Janice Kehoe, Sandra Kidd, Amy Lindman, Alvern Lock, Donald Phillips, Georgia Steinhoff, Edward Taylor, Cass Wisniewski

ABSENT Douglas Bingaman, Daniel Coffield, Peggy Cook, Peter Dobrzeniecki, Mark Horrigan, Robert Rosenberger

ALSO PRESENT Gwelda Swilley-Burke, Consultant, Gray & Company
Habeeb Ghattas, Attorney for the Retirement Board

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Chairman Daniel Hall called the meeting to order at 1:15 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 AUGUST 23, 2005 REGULAR BOARD MEETING MINUTES

It was moved by Georgia Steinhoff, and supported by Cass Wisniewski, to approve the minutes of the August 23, 2005, Regular Board Meeting.

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

4. APPROVAL OF THE AUGUST 30, 2005 SMALL CAP SEARCH MEETING MINUTES

It was moved by Georgia Steinhoff, and supported by Robert Erlenbeck, to approve the minutes of the August 30, 2005, Small Cap Search Meeting.

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

5. APPLICATIONS FOR VOLUNTARY RETIREMENT

Thomas Agle

Fire/352

Final Average Compensation:	\$ 84,764.63
Accumulated Contributions:	25,050.58
DRET:	42,451.01
Effective Date of Retirement	08/28/2005

Service: 26 Years, 2 Months

The retiree elected the Option C in the amount of \$4,255.07.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Thomas Agle 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 \$4,255.07, for as long as he lives.

Janine Armstrong

HMC/1603

Final Average Compensation:	\$ 44,821.78
Accumulated Contributions:	Non-Cont
DRET:	.00
Effective Date of Retirement	08/31/2005

Service: 35 Years, 4 Months

The retiree elected the Option Straight Life in the amount of \$2,166.39.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Janine Armstrong 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 \$2,166.39, for as long as she lives.

Robert Clark

City/Lieutenants & Captains

Final Average Compensation:	\$ 122,009.92
Accumulated Contributions:	89,275.30
DRET:	.00
Effective Date of Retirement	06/25/2005

Service: 41 Years, 9 Months

The retiree elected the Option C with pop-up in the amount of \$9,100.70.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Robert Clark 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 with pop-up, in the amount of \$9,100.70, for as long as he lives.

Earl Geary
DPW/1600

Final Average Compensation:	\$ 45,597.22
Accumulated Contributions:	34,288.11
DRET:	2,561.26
Effective Date of Retirement	09/16/2005
Service: 20 Years, 9 Months	

The retiree elected the Option C with pop-up in the amount of \$1,716.59.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Earl Geary 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 with pop-up, in the amount of \$1,716.59, for as long as he lives.

Joyce King
HMC/RN

Final Average Compensation:	\$ 60,612.70
Accumulated Contributions:	Non-Cont
DRET:	.00
Effective Date of Retirement	08/15/2005
Service: 23 Years, 8 Months	

The retiree elected the Option Straight Life in the amount of \$2,032.21.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Joyce King 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 \$2,032.21, for as long as she lives.

Discussion followed regarding Robert Clark's application, which was separated to allow Robert Erlenbeck time to review Mr. Clark's records and ensure that the numbers presented to the Board were the corrected numbers subsequent to a pension recalculation.

Discussion followed regarding Earl Geary's application for retirement. Robert Erlenbeck was asked to verify his years of service (20 years, 9 months) relative to his age.

It was moved by Georgia Steinhoff, and supported by Amy Lindman, to approve the Applications for Voluntary Retirement for Thomas Agle, Janine Armstrong and Joyce King.

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

Mr. Erlenbeck then confirmed that the numbers on the agenda were the revised and final calculations for Robert Clark. Discussion followed regarding the computer program now being used to assist with FAC calculations.

It was moved by Alvern Lock, and supported by Georgia Steinhoff, to approve the Application for Voluntary Retirement for Robert Clark.

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

After reviewing Mr. Geary's file, Mr. Erlenbeck reported to the Board that he is 61 years old; therefore, he qualified for retirement based upon his age.

It was moved by Georgia Steinhoff, and supported by Edward Taylor, to approve the Application for Voluntary Retirement for Earl Geary.

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

6. 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.	

Clark Satterley

DPW/1600

Final Average Compensation:	\$ 60,744.60
Accumulated Contributions:	32,467.41
DRET:	341.73
Effective Date of Retirement	04/15/2005
Service: 18 Years, 8 Months	
The retiree will elect an Option prior to 11/01/2009.	

Office; if noted, a copy was enclosed in the Board Members' agenda packets also.)

- 9.1 Northern Trust, Invitation to Dinner during International Foundation’s Annual Employee Benefits Conference, November 14, 2005, Honolulu, Hawaii.
- 9.2 Northern Trust, Global Investments Strategy, October 2005.
- 9.3 Independence Investments, Independent Thought, 3rd Quarter 2005.
- 9.4 Russell Investment Group, The 2005-2006 Russell Survey on Alternative Investing, September 9, 2005.
- 9.5 Habeeb Ghattas, Letter to Joyce Lanckton re: Hearing Date, September 22, 2005. (Enclosed)
- 9.6 Habeeb Ghattas, Letter to Loyst Fletcher re: Linda Belford, September 22, 2005. (Enclosed)
- 9.7 Letter from Elizabeth Welch re: Transfer to MERS, October 3, 2005. (Enclosed)
- 9.8 Letter to Bob Erlenbeck from Joyce Lanckton re: Information needed for hearing, October 3, 2005. (Enclosed)
- 9.9 Letter to Retirement Board from Kathleen Robinson re: Disability Retirement, September 28, 2005. (Enclosed)
- 9.10 Letter to Kathleen Robinson from Robert Erlenbeck re: Disability Retirement, October 11, 2005. (Enclosed)

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

Bob Erlenbeck requested that Item #9.7 be discussed under Agenda Item #15 and Items #9.9 and #9.10 be discussed during the Professional Services Committee report (#21).

Chairman Daniel Hall asked Attorney Habeeb Ghattas to address Item #9.5 & #9.8 regarding Joyce Lanckton. Attorney Ghattas stated that the Board, at Ms. Lanckton’s request, previously scheduled a hearing date of Tuesday, October 25th. He has since been in contact with Attorney George Washington, who is now representing Ms. Lanckton. Attorney Washington asked that the October 25th hearing date be adjourned, with the possibility of rescheduling or resolving the matter without the need for a hearing. Attorney Ghattas recommended adjournment of the October 25th hearing date. Discussion followed. Chairman Daniel Hall set a new hearing date of November 29th (morning). Attorney Ghattas will report to the Board at the November 22nd Meeting whether the hearing will still be needed.

Chairman Daniel Hall noted that the Regular Board Meeting scheduled for November 22nd conflicts with the City Council Committee Meetings, which have been rescheduled to November 22nd, and are held in the Committee-of-the-Whole room. Therefore, the Retirement Board Meeting scheduled on November 22nd will be held at Hurley Medical Center. The Money Manager Review Meeting is scheduled for Tuesday, November 29th at 12:00 p.m., at City Hall, with Ms. Lanckton’s hearing, if needed, in the morning.

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 enclosed in the Board Members’ agenda packets also.)

- 10.1 Lynch, Jones & Ryan, Trading Summary as of August 31, 2005.
- 10.2 Magna Securities, Commission Recapture Report as of August 31, 2005.
- 10.3 State Street Global Advisors, Appraisal Report as of September 30, 2005.
- 10.4 Northern Trust Reports – August 2005 (Enclosed)
- 10.5 Retirement Fund Employee/Employer Contributions (Enclosed)

A motion was made by Georgia Steinhoff, and supported by Robert Erlenbeck, to receive the reports and place them on file.

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

11. STATISTICAL REPORT OF BENEFITS (for informational purposes)

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Number Retired	3,001	3,002	3,025
Annualized Payroll	\$ 61,357,283	\$ 62,627,143	\$ 64,511,479

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

Chairman Daniel Hall reported that a transfer of \$5,077,000.00 was needed from the Northern Trust S & P 500 provisional account for the payment of the November 1st, 2005 pension payroll.

A motion to approve a transfer for payment of the November 1, 2005 pension payroll, in the amount of \$5,077,000 from the Northern Trust S & P 500 provisional account to Citizens Bank, was made by Georgia Steinhoff, and supported by Alvern Lock.

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 stated that this Resolution continues to be tabled; however, there are related issues to discuss. He reported that the Actuaries (Gabriel Roeder Smith & Company and Actuarial Services Company) are working together to develop the actuarial transfer methodology, including choice of interest assumptions, recommendations as to installment transfer of assets, assignment of responsibility for transfer fees, etc. They have contacted him with questions regarding which divisions are transferring to MERS, which are staying in FERS, whether individual choice will be allowed, what will happen with retirees, the contribution rates, liability issues, and fees for converting assets to cash. Chairman Hall indicated that he had discussed these issues with Dan Coffield at Hurley and contacted the actuaries with regard to their concerns. Daniel Hall further reported that Dan Coffield indicated that, at this time, there are no plans at Hurley to allow individual choice within the seven bargaining units that have voted to transfer to MERS. The actuaries plan to bring recommendations to the Board in November. Also, the Retirement Board office staff has begun the process of moving the affected retirees since July 1, 2004, over to MERS and new applicants for retirement from the seven bargaining units are being referred to MERS.

Bob Erlenbeck stated that Item #9.7 is a letter from Elizabeth Welch, a Hurley retiree who retired on 7/7/05. She received pension checks from FERS for July through October and requested to be transferred to MERS. Her first pension check from MERS was received in October, meaning she received two paychecks in October. She called immediately regarding the duplicate payment. There are approximately 42 Hurley employees who retired between 7/1/04 and 7/15/05 from FERS and must be transferred to MERS. The current monthly payment to those individuals is about \$82,000. MERS has not been communicating with his staff to ensure problems, such as duplicate payments, do not happen. There are many questions that need resolution: How will these transfers be accomplished? How should situations like this one be handled with a transfer that results in a duplicate payment? How will the retirees that transfer to MERS, who had already received payments from FERS, be reconciled? Will the monies paid out of FERS be taken into consideration and deducted by the actuaries when the transfer is made? Or will MERS be required to reimburse FERS for payments to those retirees?

Chairman Daniel Hall stated that a meeting is needed to clarify these issues and work out a plan for the transfers. The following persons should be in attendance at the meeting: FERS Attorney Habeeb Ghattas, City Attorney Trachelle Young, Union Attorney Doyle O'Connor, a Hurley legal representative, Joseph Esuchanko (Actuarial Services Company), Larry Langer (Gabriel, Roeder, Smith & Company), Robert Erlenbeck, Chairman Daniel Hall, Daniel Coffield, Peter Dobrzeniecki, a MERS representative, and others, if needed.

Discussion followed.

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

Tabled by Chairman Daniel Hall.

15. FERS TO MERS

Chairman Daniel Hall stated that the determination of whether FERS or MERS should process Hurley retirement applications, for those in the affected bargaining units, is the actual application date. Johnnie Coleman's application date in September requires that he retire through MERS, as a member of Local #1973.

16. RECEIVING OF THE 59TH ANNUAL ACTUARIAL VALUATION

Chairman Daniel Hall noted that the Board had requested revenue and expense detail for information listed in the valuation report. This information was provided in the agenda packets by Peter Dobrzeniecki. He also noted that Larry Langer and staff at Gabriel, Roeder, Smith & Company are currently working on the 60th Annual Actuarial Valuation, which they hope to have in final form by the December meeting. Chairman Hall tabled this item until the November meeting.

17. STATUS OF EMPLOYER CONTRIBUTION RATES – HURLEY MEDICAL CENTER

Chairman Daniel Hall stated that a resolution would be written and brought to the Board.

18. AUDIT COMMITTEE REPORT

Chairman Daniel Hall reported that the Audit Committee has not met.

19. 13th CHECK PROGRAM

Chairman Daniel Hall stated that he had referred this item to the Professional Services Committee, who determined that there would not be a 13th check issued this year.

20. INVESTMENT COMMITTEE REPORT

Chairman Daniel Hall reported that the Investment Committee has not met.

21. PROFESSIONAL SERVICES COMMITTEE REPORT

Chairman Daniel Hall stated that the Committee asked Attorney Ghattas to submit a proposal to them for review.

Georgia Steinhoff noted that the Committee met on October 10th. Bob Erlenbeck reported to the Committee that he had sent a letter to Dr. Roth at M-Works asking for a status report on the requests for disability retirement. He noted that Dr. Roth is now working at U of M on a part-time basis. There are currently 14 disability retirement applications pending, including new applicants, status changes, and those sent back for additional medical review.

The Committee discussed the FERS retirees that should be transferred to MERS and agreed that they should be moved to MERS as soon as practicable. Bob Erlenbeck is researching procedures for those transfers.

Georgia Steinhoff noted that the retirees involved in the 26/27 pays lawsuits, which are still in the appeals process, have had their pensions revised by the City. However, the retirees were not given full notification of their revised numbers; i.e., the new FAC, the overpayment amount and how much is being deducted to repay those funds to the System, what the new pension amount actually would be without the repayment, etc. They were only given notification of the new amount they would receive. Some retirees have contacted her, stating that they have requested this information, but it has not been received. The Committee also asked if those recalculations should be presented to the Board as corrections to the pensions?

Attorney Habeeb Ghattas stated that he would review this issue. However, he believes that, since the Board initially approved the retirements based upon the FACs, the adjustments or corrections of the FACs should come back to the Board of Trustees for review and approval, for recordkeeping purposes.

Bob Erlenbeck noted that approximately 270 retirees were affected and actuary letters have been prepared. He will verify the status of those letters.

Discussion followed. It was noted that, some time ago, the Board passed a resolution stating that no pensions were to be recalculated for the retirees involved in the 26/27 pays lawsuits until the appeals process was completed. However, the City chose to do so anyway. The Board would like a report of the adjustments and corrections.

Bob Erlenbeck referred to agenda items #9.9 & #9.10 regarding Kathleen Robinson's denial of a disability retirement. The Board's past direction has been that he is to respond to a request for reconsideration of a denial of disability retirement with a letter requesting information regarding significant changes in their medical condition, since their last review, that would warrant such reconsideration by the Board. Does the Board wish to continue, or amend, this practice? Discussion followed. The Board indicated that they wished this practice to continue.

Colleen Belanger's request for reconsideration of her disability retirement application was also discussed. It was noted that the Committee is awaiting Dr. Roth's further review. The Board's consensus is that disability retirements will be approved only upon recommendation by the FERS doctor. A recommendation by a doctor of the applicant's choice is not sufficient for the Board to make a determination.

22. FINANCE COMMITTEE

Chairman Daniel Hall stated that the Finance Committee has not met. He noted that he, Janice Kehoe, and Donald Phillips attended the MAPERS Fall Conference September 24-27, at the Grand Traverse Resort. It was an excellent conference and he brought back workshop information, which is available for any interested Trustees.

23. RETIREMENT ORDINANCE REVISION COMMITTEE

Chairman Daniel Hall reported that the Committee has not met.

24. GRAY & COMPANY

Gwelda Swilley-Burke stated that the 3rd Quarter report will be presented at the November meeting. She reported that Attorney Ghattas is working with the legal departments of the prospective international managers regarding their contracts and Public Act 314.

Discussion followed regarding the Money Manager Meeting on November 29th. It was decided that the meeting would begin at noon, with a half hour allowed for each company's presentation (20 minute presentation followed by a 10 minute Q & A session). The following fixed income and equity managers will be scheduled: ICON, Globalt, Wellington, Piedmont, J P Morgan, and Dodge & Cox. Ms. Burke will give a brief overview at noon, prior to the presentations, which will begin at 12:15.

Attorney Ghattas has reviewed and revised the contracts for the Small Cap Value managers, Keeley and Allegiant. It is expected that these contracts will be ready for signatures soon.

25. LEGAL COUNSEL UPDATES

Retirement Ordinance Changes - Attorney Habeeb Ghattas reported that he is not aware of any further meetings or discussions regarding retirement ordinance changes.

Claude Miller Update – Attorney Ghattas updated the Board on the Claude Miller 26/27 Pay class action lawsuit filed against the City, the collective Board of Trustees and the individual Trustees. The City of Flint and the Board of Trustees sought dismissal of the Complaint. Judge Yuille ruled in favor of the City and the Board and granted the Motion for Dismissal. Since that time the Attorney representing that class action group has requested Clarification of the Court's order. The case is currently awaiting Judge Yuille's decision. The City had submitted a request for further clarification, as well, in regard to his order. An appeal cannot be filed with the Appeals Court until after the Judge makes a decision on the Request for Clarification.

Fidelity Management – Attorney Ghattas updated the Board regarding the FERS investment with Fidelity. The Board had concerns regarding their investments in mezzanine debt. He has contacted Fidelity and requested additional information to be sent to him and to the Consultant. As of today, no information has been received. He will send them a follow up letter indicating that the Board is still waiting for the requested information.

Chairman Daniel Hall stated that Attorneys Ghattas and Spender have been paid for their September invoices for legal services. A Motion was filed in court, but payment was processed prior to hearing, resulting in the hearing being cancelled.

26. OTHER BOARD BUSINESS

Chairman Daniel Hall reported that Retirement Supervisor Wanda Twitty resigned, taking a deferred retirement. Bob Erlenbeck informed the Board that the City had a valid internal, certified list of three qualified applicants for that position; however, one of the three declined to interview. He interviewed the other two candidates. The position was offered to the #1 candidate who, after about a week of consideration, turned it down. The 2nd individual accepted another position within the City and was no longer interested. Therefore, a new list of candidates must be established. Last Friday, the job was posted open to the public and applications will be taken for the next two weeks. There will be a testing process to establish a certified list and then interviews will be conducted. Mr. Erlenbeck also noted that he and Wanda had conducted interviews for the Retirement Specialist (Supervisor's Assistant) position and were close to a decision when Ms. Twitty resigned. He has decided not to fill that position at this time as there is the possibility that someone on that list will apply for the Supervisor position. The Supervisor should be involved in the selection. Also, the training applicable to both positions could be done at the same time. He stated that the Supervisory position is a High Level Exempt Level 24 position that pays approximately \$50,000 per year. The requirements include a Bachelor's Degree with two years of experience in benefits and/or retirement administration or an Associate's Degree with four years of experience in benefits and/or retirement administration. Discussion followed. Mr. Erlenbeck noted that the staff has developed a set of internal procedures and the FAC calculations are now computerized; therefore, he feels confident that there is a team in place that can keep the office running until these positions are filled.

30. ADJOURNED

There being no further business to discuss, it was moved by Georgia Steinhoff, and supported by Janice Kehoe, to adjourn the meeting at 2:38 p.m.

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

Respectfully submitted,

Peter Dobrzeniecki, Secretary