

CITY OF FLINT EMPLOYEES RETIREMENT SYSTEM

BOARD OF TRUSTEES MONEY MANAGER REVIEW MEETING

A meeting of the Board of Trustees of the City of Flint Employees Retirement System was held on Tuesday, April 13, 2004 at 1:00 p.m., in the Committee-of-the-Whole Room, 3<sup>rd</sup> Floor, City Council Chambers, at City Hall, with the following in attendance:

TRUSTEES &  
ALTERNATES Daniel Hall - Chairperson, Daniel Coffield, Robert Erlenbeck,  
Jan Kehoe, Sandra Kidd, Amy Lindman, Donald Phillips,  
Robert Rosenberger, Georgia Steinhoff, Cass Wisniewski

ABSENT Peter Dobrzeniecki, Darnell Earley, Jim Goodin, Mark Horrigan,  
Al Locke, Ed Taylor

ALSO PRESENT Jeffrey Welch, Attorney for the Retirement Board  
Kenneth Brunke, Callan Associates  
Mary G. Fedorak, Bank of Ireland  
John Landau, Bank of Ireland  
William H. Roach, Jr., Globalt Investments  
Gary E. Fullam, Globalt Investments  
Dan Connelly, State Street Global Advisors  
Mary K. Guy, State Street Global Advisors

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Chairman Daniel Hall called the meeting to order at 1:13 p.m.

2. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

No members of the public wished to address the Board.

Chairman Daniel Hall noted that the Economic Panel would not be held. Questions can be asked of Money Manager representatives by Trustees following each presentation. He requested that the economic panel be eliminated from the agendas of future Money Manager Review Meetings.

Daniel Coffield, Chairman of the Investment Subcommittee, noted that the Committee has identified performance issues with Bank of Ireland and Globalt, as well as concerns about transition fees with State Street.

3. CALLAN ASSOCIATES OVERVIEW

Mr. Brunke stated that the Fund is valued in excess of \$792,000,000. He suggested that the Board may want to consider reworking the System's asset allocation and updating the investment policy.

Mr. Brunke presented the 2004 Investment Industry Overview by Callan Associates.

Discussion followed by the Board.

Mr. Brunke presented the Callan Associates Investment Measurement Service Quarterly Review for the City of Flint, for the quarter ended December 31, 2003, giving an overview of fund performance, with special focus on the three companies that will be making presentations at this meeting: Bank of Ireland (international equity), Globalt (domestic equity), and State Street Global Advisors (transition management). He noted that the 1<sup>st</sup> Quarter 2004 reports are not yet available for all money managers.

Discussion followed by the Board.

Bank of Ireland Asset Management

Mary G. Fedorak, Vice President of Client Services, and John Landau, Vice President of Client Services, presented the performance report for Bank of Ireland Asset Management as of December 31, 2003.

Discussion followed by the Board.

The Board recessed for a break at 3:08 p.m.

The Board reconvened the meeting at 3:21 p.m.

Globalt, Inc.

William H. Roach, Jr., President, and Gary E. Fullam, CIO, presented the performance reports for Globalt Investments for the 4<sup>th</sup> quarter ended December 31, 2003 and the 1<sup>st</sup> quarter ended March 31, 2004.

Discussion followed by the Board.

Attorney Jeffrey Welch entered the meeting at 4:05 p.m.

State Street Global Advisors (SSGA)

Mary Guy and Dan Connelly reviewed with the Board their transition management services as related to the pending transfer of \$65,000,000 from SSGA to Dodge & Cox, with an explanation of the various potential costs/expenses involved. Research is underway for this transaction and contracts must be signed. The Board also received an SSGA Investment Report as of February 28, 2004.

Discussion followed by the Board.

4. OTHER BOARD BUSINESS

Daniel Coffield stated that there will be two resolutions coming before the Board of Trustees: 1) at the Regular Board Meeting in April regarding the exchange of information at Gabriel, Roeder, Smith & Co. (GRS) to facilitate the MERS transfer, and 2) at the Regular Board Meeting in May regarding approval of the transfer of funds to MERS. He distributed, to all Trustees and Legal Counsel present, notebooks containing copies of the following documents, relative to the MERS transfer, for review prior to the next meeting. He noted that the MERS transfer and the attached documents are the result of a joint effort of the workforce at Hurley, union leadership, the Board of Managers, Administration staff, etc.:

- 1) *Memorandum of Understanding between MERS and HMC*
- 2) *HMC Board of Managers' Resolutions dated 2/25/04*
- 3) *Letters of Understanding between HMC and each bargaining unit*
- 4) *MERS Membership Agreement (to be signed by Ed Kurtz this week)*
- 5) *Proposed Joint Agreement concerning the Transfer of all Data for Certain Active Members and Retirees of Hurley Medical Center & Draft of Proposed Joint Agreement concerning the Transfer of Related Assets and Liabilities for Certain Active Members and Retirees of Hurley Medical Center*

Dan Coffield stated that these resolutions will be needed from the Board of Trustees to authorize the Agreements:

- 1) *Resolution authorizing the Proposed Joint Agreement concerning the Transfer of all Data for Certain Active Members and Retirees of HMC.* The purpose of this resolution is to allow information to be released to MERS by GRS (transfer of information among actuaries representing FERS and MERS within GRS) to facilitate the necessary calculations in preparation for the transfer. This resolution would also authorize the City to provide the necessary information to GRS and MERS.
- 2) *Resolution authorizing the Proposed Joint Agreement concerning the Transfer of Related Assets and Liabilities for Certain Active Members and Retirees of Hurley Medical Center.* This resolution would authorize the transfer of assets and liabilities on 6/30/04 related to the approximately 1400 HMC employees who will be making the transfer to MERS.

Chairman Daniel Hall noted that he had requested that this information be given to the Board of Trustees for review prior to consideration of actions to be taken. Larry Langer (GRS) indicated that GRS must receive official authorization to share information, since a GRS actuary represents FERS and another GRS actuary represents MERS, in order to avoid any conflict of interest. This sharing of information is necessary in order to make the required calculations in preparation for the transfer of HMC employees' pensions to MERS. Larry Langer also reported that a Freedom of Information Act request had been filed with GRS and MERS by the City Fire Department regarding the potential transfer. The FOIA was declined.

Dan Coffield noted that the amount to be transferred is estimated to be between \$200,000,000 and \$250,000,000.

Chairman Daniel Hall reported that the Plante & Moran Audit will begin soon. A contract extension is needed for fiscal year 2003, since the original contract was for an 18-month audit through June 30, 2002. The City has given Northern Trust the authority to give information to Plante & Moran, as needed.

Discussion followed regarding Hurley board positions affected by the transfer to MERS (Daniel Hall, Janice Kehoe, Sandra Kidd). Their terms expire in July 2005. Attorney Jeffrey Welch was asked to give an opinion on the issue and he noted that there would be no reduction in the number of representatives for Hurley, per Ordinance. However, there is a question of whether or not current board members, who are representatives of transferred groups, would be eligible to maintain their position on the Board and/or run for reelection.

Dan Coffield noted that about 1000 active employees at HMC and 900 active employees at the City of Flint would remain in FERS.

Dan Coffield asked that a legal review of the two proposed resolutions, and related documents, be expedited so that they can be on the Agenda for the April and May Regular Board Meetings. He noted that it would be beneficial to make the transfer at the end of the fiscal year. Chairman Dan Hall noted that the April 20 meeting will be held at Hurley Medical Center in the Charles White Conference Room at 1:00 p.m.

The Board requested a list of outstanding legal items from the attorneys. Attorney Jeffrey Welch said that the information could be presented at the Regular Board Meeting in May. It was noted that “Legal Updates” should be on all future Agendas.

Chairman Daniel Hall stated that there is an item of business that cannot wait until the next meeting agenda – the appointment of delegates representing FERS to vote at the NCPERS 2004 Annual Conference. This information must be submitted to NCPERS, via fax, no later than April 15. He noted that he and Donald Phillips will be attending the NCPERS 2004 Conference.

Motion made by Daniel Coffield, supported by Amy Lindman, to certify Daniel Hall and Donald Phillips as delegates for FERS to vote at the NCPERS 2004 Annual Conference.

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

Chairman Daniel Hall noted that at the April 20 meeting he will be asking for a change in the date of the May regular board meeting date, since May 25 conflicts with MAPERS. He will be requesting that the date be changed to May 18.

Attorney Jeffrey Welch reported that the Wallace Jones case was settled today and he will give a report at the Regular Board Meeting on April 20.

## 5. ADJOURNMENT

There being no further business to discuss, it was moved by Georgia Steinhoff, and supported by Amy Lindman, to adjourn the meeting at 4:48 p.m.

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

Respectfully Submitted,

Peter Dobrzeniecki  
Secretary