

**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 22, 2008 at 1:00 p.m. in the New 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, John Balsler, Mary Bland, Peter Dobrzeniecki, Robert Erlenbeck, Janice Kehoe, Michelle Kirkwood, Amy Lindman, Cass Wisniewski (2:30)

*ABSENT* Douglas Bingaman, Darryl Buchanan, Ehren Gonzales, Kerry Nelson, Robert Rosenberger

*ALSO PRESENT* Suzi Bye, Retirement Supervisor  
Ivory Day, Gray & Company  
I'Lanta Robbins, Assistant City Attorney/Attorney for Retirement Board  
Julie Sadler, Recording Secretary

**1. CHAIRPERSON CALLS THE MEETING TO ORDER**

Chairman Daniel Hall called the meeting to order at 1:07 p.m.

**2. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD**

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

**3. APPROVAL OF THE MARCH 18, 2008 REGULAR BOARD MEETING MINUTES**

**A motion was made by John Balsler, and supported by Robert Erlenbeck, to approve the minutes of the March 18, 2008 Regular Board Meeting, as presented.**

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

**4. APPLICATIONS FOR VOLUNTARY RETIREMENT**

**Dolores Bartholomew / HMC/Exempt**

|                              |              |
|------------------------------|--------------|
| Final Average Compensation:  | \$ 95,864.49 |
| Accumulated Contributions:   | 37,737.60    |
| DRET:                        | 47,767.87    |
| Effective Date of Retirement | 02/16/2008   |

Service: 25 Years, 9 Months

The retiree elected the Option Straight Life in the amount of \$4,613.48

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Dolores Bartholomew 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 \$4,613.48, for as long as she lives.

**Virginia Billups / Hurley/1603**

|                              |              |
|------------------------------|--------------|
| Final Average Compensation:  | \$ 38,173.91 |
| Accumulated Contributions:   | .00          |
| DRET:                        | .00          |
| Effective Date of Retirement | 02/01/2008   |

Service: 26 Years, 3 Months

The retiree elected the Option Straight Life in the amount of \$1,411.64

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Virginia Billups 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 \$1,411.64, for as long as she lives.

**Natlean Campbell / Finance/1600**

|                              |              |
|------------------------------|--------------|
| Final Average Compensation:  | \$ 33,536.57 |
| Accumulated Contributions:   | 17,632.85    |
| DRET:                        | 6,169.99     |
| Effective Date of Retirement | 02/29/2008   |

Service: 18 Years, 11 Months

The retiree elected the Option Straight Life in the amount of \$1,298.61

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Natlean Campbell 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 \$1,298.61, for as long as she lives.

**Timothy Murley / Police/Sgts.**

|                              |              |
|------------------------------|--------------|
| Final Average Compensation:  | \$ 78,881.81 |
| Accumulated Contributions:   | 50,946.99    |
| DRET:                        | 13,462.96    |
| Effective Date of Retirement | 02/16/2008   |

Service: 25 Years, 1 Months

The retiree elected the Option Straight Life in the amount of \$4,287.00

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Timothy Murley 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 \$4,287.00, for as long as he lives.

**Ronald Thomas / Fire/352**

|                              |              |
|------------------------------|--------------|
| Final Average Compensation:  | \$ 58,469.05 |
| Accumulated Contributions:   | 16,000.85    |
| DRET:                        | 45,209.87    |
| Effective Date of Retirement | 03/01/2008   |

Service: 26 Years, 2 Months

The retiree elected the Option Straight Life in the amount of \$3,314.87

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Ronald Thomas 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 \$3,314.87, for as long as he lives.

**It was moved by Amy Lindman, and supported by John Balsler, to approve the Applications for Voluntary Retirement for the following persons (with monthly pensions as noted):**

**Dolores Bartholomew - Option Straight Life - \$4,613.48**  
**Virginia Billups - Option Straight Life - \$1,411.64**  
**Natlean Campbell - Option Straight Life - \$1,298.61**  
**Timothy Murley - Option Straight Life - \$4,287.00**  
**Ronald Thomas - Option Straight Life - \$3,314.87**

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

**5. APPLICATIONS FOR DEFERRED RETIREMENT**

**Felecia Bradford / Police/FPOA**

|                              |              |
|------------------------------|--------------|
| Final Average Compensation:  | \$ 60,579.52 |
| Accumulated Contributions:   | 12,064.46    |
| DRET:                        | 36,570.95    |
| Effective Date of Retirement | 03/01/2008   |
| Service: 22 Years, 9 Months  |              |

The retiree elected Option B in the amount of \$2,716.83 effective 6/1/2008

**LaFonda Hayter / HMC/1603**

|                              |              |
|------------------------------|--------------|
| Final Average Compensation:  | \$ 31,879.00 |
| Accumulated Contributions:   | .00          |
| DRET:                        | .00          |
| Effective Date of Retirement | 05/01/2007   |
| Service: 10 Years, 2 Months  |              |

The retiree elected Option B w/pop-up in the amount of \$376.11 effective 3/01/2010

**David Sullivan / Fire/352**

|                              |              |
|------------------------------|--------------|
| Final Average Compensation:  | \$ 66,729.33 |
| Accumulated Contributions:   | 15,701.47    |
| DRET:                        | 46,994.18    |
| Effective Date of Retirement | 01/19/2008   |
| Service: 22 Years, 5 Months  |              |

The retiree will elect an Option prior to 9/01/2008

**A motion was made by John Balsler, and supported by Amy Lindman, to approve the applications for deferred retirement made by Felecia Bradford, LaFonda Hayter, and David Sullivan.**

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

**6. APPROVAL OF NON-DUTY DISABILITY RETIREMENT**

**Derrick Smith / Hurley/1603**

|          |                    |
|----------|--------------------|
| Age:     | 43 Years           |
| Service: | 10 Years, 0 Months |

The Medical Report and Summary of Disability Determination dated March 5, 2008 from Dr. Victor Roth, Medical Director, does certify that Derrick Smith is not totally and permanently disabled.

**A motion was made by Amy Lindman, and supported by Michelle Kirkwood, to concur with Dr. Roth's report that Derrick Smith is not totally and permanently disabled and should be denied a duty disability retirement.**

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

**7. OPTIONS PICKED BY DEFERRED RETIREMENT**

**Larry Moore/Hurley** Option Straight Life \$766.61  
File Audit – FAC \$29,842.24 Retirement Date: 4-1-08  
Original \$29,954.37  
Service Credit – 29 yrs, 0 months  
**Revised FAC prior to 1<sup>st</sup> pension check.**

**Mark McMurtry/Hurley** Option B w/pop-up \$1,904.94  
File Audit – FAC \$74,013.09 Retirement Date: 7-1-08  
Original \$77,057.44  
Service Credit – 17 yrs, 2 months  
**Revised FAC prior to 1<sup>st</sup> pension check.**

**Janice Thurkow/Hurley** Option B w/pop-up \$533.16  
File Audit – FAC \$37,655.62 Retirement Date: 5-1-08  
Original \$37,860.67  
Service Credit – 14 yrs, 3 months  
**Revised FAC prior to 1<sup>st</sup> pension check.**

**A motion was made by Amy Lindman, and supported by John Balsler, to approve the options picked by deferred retirees Larry Moore, Mark McMurtry, and Janice Thurkow.**

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

**8. APPROVAL OF PENSIONS PREVIOUSLY REPORTED**

**John Dagenais/Hurley**

File Audit – FAC \$160,384.52

Original \$152,816.14

Revision \$146,073.92

Pension Underpayment \$2,302.60

Option Straight Life \$5,161.27

Original - \$4,894.35

Revision - \$4,700.75

Retirement Date: Nov. 1, 2007

**Recalculated to include incentive payment & sick payoff.**

**REVISED PER JUDGE YUILLE RULING**

**Guadalupe Gonzalez/1799**

File Audit – FAC \$92,133.47

Original \$90,549.36

Pension Underpayment \$ 5,722.55

Option B w/pop-up \$4,655.56

Original - \$4,575.52

Retirement Date – May 18, 2002

**James Grohoski/Police Sgts**

File Audit – FAC \$77,934.13

Original \$69,727.90

Revision \$76,914.37

Pension Underpayment \$

Option A \$4,526.03

Original - \$4,175.86

Revision \$4,466.81

Retirement Date – Nov. 18, 2000

**EDRO to be sent to actuary**

**Patrick Guelette/1799**

File Audit – FAC \$80,611.66

\$3,501.77

Original \$79,373.79

Pension Underpayment \$3,872.02

Option B w/pop-up \$3,556.38

Original:

Retirement Date – May 4, 2002

**John Linker/Fire**

File Audit – FAC \$137,903.39

Original \$135,882.30

Pension Underpayment \$7,250.81

Option A \$7,098.41

Original - \$6,994.37

Retirement Date – Feb 23, 2002

**Jose Medina/1600**

File Audit – FAC \$43,929.18

Original \$42,933.18

Revision \$45,339.04

Pension Overpayment \$11,447.64

Option A \$2,429.32

Original - \$2,374.24

Revision \$2,507.28

Retirement Date – Jan 6, 1996

**Revised FAC due to settlement agreement disallowing sick & annual fold-in.**

**A motion was made by Amy Lindman, and supported by Michelle Kirkwood, to approve the revisions to the pensions previously reported.**

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

**9. CORRECTION OF ERRORS FROM PREVIOUS AGENDA** *(informational only)*

**JoAnna Davis/1603**

File Audit – FAC \$43,295.09  
Original \$38,734.30

Option Straight Life \$1,045.58  
Original Amount: **\$935.45**  
Retirement Date – Nov. 4, 2007

**James Stickney/1600**

File Audit – FAC \$43,712.31  
Previously Rev. **\$43,528.97**  
Original \$42,013.13  
Pension Underpayment **\$4,687.29**

Option B \$2,086.85  
Previously Rev. - \$2,078.10  
Original: \$2,005.72  
Retirement Date – Jan. 1, 1996

*These were reported and approved at the Board Meeting on March 18, 2008. The errors were strictly typographical in nature. The correction(s) to the previous agenda did not alter any monthly benefits nor did they require recalculation or re-approval.*

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

- 10.1 Information Management Network, Seventh Annual Illinois Public Finance Conference, June 2-3, 2008, Chicago, IL.
- 10.2 Information Management Network, 4<sup>th</sup> Annual Pennsylvania Public Employee Retirement Systems, June 4-6, 2008, Harrisburg, PA.
- 10.3 Information Management Network, 7<sup>th</sup> Annual Canada Cup of Investment Management, June 5-6, 2008, Toronto, Canada.
- 10.4 Financial Research Associates, The Community Investment Forum, June 5-6, 2008, Chicago, IL.

**A motion was made by Amy Lindman, and supported by Robert Erlenbeck, to receive and approve all information/documents listed under Agenda Items #10, #11, #12, and #13, and place all documents on file.**

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

**11. COMMUNICATIONS RECEIVED** *(All items were placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members' agenda packets also)*

- 11.1 Bernstein Litowitz Berger & Grossmann, Invitation, May 17, 2008, New Orleans, LA.
- 11.2 Private Equity Real Estate, PERE, March 2008. *(Publication)*
- 11.3 Coughlin Stoia Geller Rudman & Robbins, Corporate Governance, 2<sup>nd</sup> Quarter 2008.
- 11.4 Northern Trust Global Investments, Strategy, April 2008.
- 11.5 Intercontinental Real Estate Corp., Letter to Daniel Hall re: Distribution, March 19, 2008.
- 11.6 Keeley Asset Management, Annual Update of Form ADV, March 26, 2008.
- 11.7 Giarmarco, Mullins & Horton, Letter to Trachelle Young re: Daniel Coffield, April 11, 2008. *(Enclosed)*

**12. COMMUNICATIONS SENT** *(All items were placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members' agenda packets also)*

- 12.1 Letter to Northern Trust from Daniel Hall re: April 1, 2008 Pension transfer, March 18, 2008.
- 12.2 Letter to Wentworth, Hauser & Violich, re: Re-balance of portfolio, March 18, 2008.
- 12.3 Letter to Piedmont Investment re: Re-balance of portfolio, March 18, 2008.
- 12.4 Letter to Northern Trust (Custodian) re: Re-balance of portfolio, March 18, 2008.
- 12.5 Letter to Northern Trust (Manager) re: Re-balance of portfolio, March 18, 2008.
- 12.6 Letter to JP Morgan Asset Management re: Re-balance of portfolio, March 18, 2008.
- 12.7 Letter to Kathleen Robinson from Suzi Bye re: Reapplying for disability retirement, March 18, 2008. *(Enclosed)*
- 12.8 Letter to Gabriel Roeder from Peter Dobrzeniecki, re: Proposals, April 10, 2008. *(Enclosed)*
- 12.9 Letter to Northern Trust from Daniel Hall re: Wire out for Fidelity Real Estate Growth Fund, March 14, 2008.



- 12.10 Letter to Northern Trust from Daniel Hall re: Wire out for Fidelity Real Estate Growth Fund, April 16, 2008.
- 12.11 Letter to Northern Trust from Daniel Hall re: Closing of account CFL02, March 24, 2008.

**13. 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)*

- 13.1 Fidelity Investment, Monthly Investment Update as of March 31, 2008.
- 13.2 Fidelity Investment, Real Estate Growth Fund II Capital Contributions, April 9, 2008.
- 13.3 Magna Securities, Commission Recapture Report, February 29, 2008.
- 13.4 Magna Securities, Commission Recapture Report, March 31, 2008.
- 13.5 Piedmont Investment Advisors, Monthly Report as of February 29, 2008.
- 13.6 Northern Trust Reports – February 2008 *(Enclosed)*
- 13.7 Retirement Fund Employee/Employer Contributions *(Enclosed)*
- 13.8 Hurley Employer/Employee Contributions FY 2008 *(Enclosed)*

**14. STATISTICAL REPORT OF BENEFITS** *(for information only)*

|                    | <u>2006</u>   | <u>2007</u>   | <u>2008</u>   |
|--------------------|---------------|---------------|---------------|
| Number Retired     | 3,027         | 3,002         | 3,001         |
| Annualized Payroll | \$ 64,850,497 | \$ 65,084,806 | \$ 65,031,542 |

**15. APPROVAL OF THE MAY 1, 2008 PENSION PAYROLL TRANSFER**

Chairman Daniel Hall reported that a transfer of \$4,824,500 was needed for the payment of the May 1<sup>st</sup>, 2008 pension payroll, with funds to be taken from the Northern Trust Flint-Drawdown Account #26-19617. The balance in the Northern Trust drawdown account, as of April 17, 2008, was \$36,401,348.00.

**A motion to approve the transfer of \$4,824,500 for payment of the May 1<sup>st</sup>, 2008 pension payroll, from the Northern Trust Flint - Drawdown Account #26-19617 to Citizens Bank, was made by Amy Lindman, and supported by John Balsler.**

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

**16. 13<sup>th</sup> CHECK COMMITTEE**

No report. Chairman Hall noted that there will be no 13<sup>th</sup> Check paid in 2008, as the Fund in 2007 did not meet the required return of 8%.

**17. FINANCE COMMITTEE**

No report.

**18. PROFESSIONAL SERVICES COMMITTEE REPORT**

The Committee met and discussed the following issues, as reported by Michelle Kirkwood and Amy Lindman:

**Disability Retirement Policy** – The policy is under review and should be in the next agenda packets.

**Education/Travel Policy** – A copy of the policy, as approved at the last Board Meeting, was in this month's agenda packets for future reference.

**Board Election Policy & Procedures** – A draft policy is under review by Attorney I'Lanta Robbins.

**Letter from Bambi Rose dated June 28, 2007 (HMC Exempt Retiree)** – Suzi Bye asked the Board whether Ms. Rose' pension should be recalculated to apply the new guidelines. She referenced Mr. Dagenais, who wrote a letter expressing similar concerns, and noted that his pension has been recalculated. Among issues under question are the former exclusion of merit pay, incentive pay, sick pay-off, etc., in FAC. Discussion followed.

**A motion was made by Peter Dobrzeniecki, and supported by Amy Lindman, to authorize Suzi Bye to review Bambi Rose's request and recalculate her pension according to the new audit guidelines, which would include merit pay, etc.**

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

**Terminated/Vested Employees** – Attorney I’Lanta Robbins has provided a legal opinion regarding interpretation of the Ordinance.

**Kathleen Robinson** (Reference Agenda #12.7) – A letter was sent to her from Suzi Bye regarding the procedures she must follow to reapply for disability retirement.

**Dan George** (Hurley retiree) – His pension was calculated with the IRS Section 415 limitations (as also applied to Daniel Coffield) and his pension information has been sent to the Actuary for review.

**Claude Miller Lawsuit/Judge Yuille Ruling** - Robert Erlenbeck led a discussion regarding the required pension revisions and the guidelines that have been developed for recalculating them. He noted that, during this process, it was discovered that James Stickney had underpaid for the purchase of time. As a “known error” (reference Ordinance language), should the underpayment be deducted from the money that is owed to him as a result of his pension recalculation because of the lawsuit?

**A motion was made by Peter Dobrzeniecki, and supported by Amy Lindman, to deduct the amount owed to the Retirement System by James Stickney, for his underpayment for the purchase of time, from the amount owed to him as a result of recalculating his pension per Judge Yuille’s decision in the Claude Miller lawsuit.**

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

Mr. Erlenbeck also reported that a 2001 retiree’s file has been found to have multiple problems and issues including: three years’ FAC of 26-27½-29 weeks, ineligibility to purchase interim and lay-off time he was allowed to purchase, the very low sum he was charged for the purchase of time, violations of Ordinance language and the provisions of the window he retired under, ineligibility for the five “free” years received, etc. Of the 42+ recalculations as a result of Judge Yuille’s ruling, most retirees experience an increase in their pension; however, it appears that this individual should be significantly reduced. Discussion followed.

Attorney I’Lanta Robbins noted that the retiree lawsuits, for which hearings were held, are currently pending a scheduling order from the court with respect to submitting the documentation the Board received at the hearings. She also noted that the Board does not need to wait for the outcome of the retiree lawsuits before taking action to correct other errors. Retirees can continue to be contacted and given an opportunity to submit additional information in support of the original calculations, to discuss payback options, or to schedule a hearing.

Chairman Hall asked that the staff create a summary sheet detailing their findings in the case Mr. Erlenbeck mentioned (or any others) for the Board to review and take action on at the next meeting. These summary sheets should always be included in the agenda packets for prior review.

**Over- and Underpayment Policy** – Attorney Robbins stated that she is still working on a draft of the System’s policies and procedures regarding pension overpayments and underpayments. She noted that Genesee County just passed a similar policy, which she will review, also noting that their ordinance language is very similar to the City’s regarding correction of errors. A policy draft should be in the next agenda packets.

**19. RETIREMENT ORDINANCE REVISION COMMITTEE**

No report.

**20. INVESTMENT COMMITTEE REPORT**

No report.

**22. LEGAL COUNSEL UPDATES**

Attorney I’Lanta Robbins reported on the following legal issues:

**Claude Miller Update (26/27 pays)** – Staff continues the process of recalculating the identified group (42+) that may have been underpaid per Judge Yuille’s ruling.

**Take Two Interactive** – Nothing new to report – no court action to date.

**Status of Hearings for Pension Calculation Errors – Tereau, Cherwinski, Kelly Stearns** – Pending the Court issuing a scheduling order, including a date to submit the supporting documents to the Court for review

**Pension Overpayments/Underpayments** – Discussed under PSC report. Attorney Robbins is drafting a policy.

**FERS to MERS Transition – Pending Litigation** – Several meetings of the attorneys have been held and progress is being made. The attorneys include: 1) FERS’ Board – Michael VanOverbeke, I’Lanta Robbins, Trachelle Young; 2) Hurley Attorney Kendall Williams; 3) MERS Attorneys; 4) Plaintiffs’ Attorneys. Much information has been

exchanged and attorneys are now in agreement with respect to the methodology for handling the transfer and are working to create the documents that must be submitted to the City Council for approval prior to the MERS transfer. She is hopeful that the parties will ultimately agree and the lawsuit will be dismissed. Attorney VanOverbeke has asked for a Board motion allowing him to confer with the Actuary regarding the calculations and issuing a Public Act 728 Supplemental Actuarial Report. Discussion followed. It was noted that there is no agreement in place at this time with the Actuary (Gabriel Roeder) for them to provide services to the Board.

**Gabriel Roeder Smith & Company (GRS) Actuarial Proposals** - Peter Dobrzeniecki distributed and reviewed two proposals from GRS for actuarial services: 1) Actuarial valuations for fiscal years 2006 and 2007, along with other actuarial services as needed; i.e., EDROs, social security death check access, supplemental valuations, 415 calculations, etc. 2) Actuarial services and calculations for the potential “FERS to MERS” transfer. Board discussion followed regarding actuarial services and Public Act 728.

**A motion was made by Amy Lindman, and supported by Robert Erlenbeck, to approve the GRS proposal to provide actuarial services for the FERS to MERS transfer, in an amount not to exceed \$27,000.**

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

**A motion was made by Amy Lindman, and supported by John Balsler, to approve the GRS proposal to provide actuarial services for the June 30, 2006 and June 30, 2007 actuarial valuations and other actuarial services as needed.**

Discussion followed. Robert Erlenbeck noted that, for the calculations for the potential transfers from the defined benefit to defined contribution (DB/DC) conversion, the City has hired Actuarial Services Company (ASC). He asked whether the agreement with GRS would allow for them to review and verify the methodology of ASC’s calculations or if a separate agreement would be needed. Peter Dobrzeniecki stated that the review could be performed through the agreement under discussion, paying the hourly fees as listed, or a separate agreement could be made with GRS or any other actuary that the Board would choose to verify ASC’s calculations. He noted that GRS has indicated that a time schedule to review the calculations in time for the DB/DC conversion to begin on July 1, 2008, may be too tight for them to meet. Chairman Hall asked Peter Dobrzeniecki to contact GRS and discuss the DB/DC conversion issue and timing. It was agreed that the second actuary’s responsibility would be to review ASC’s work; i.e., perform a statistical sampling and ensure that their methodology is consistent with industry standards. Therefore, that review need not interfere with the City’s timetable to “open a window” for employees to sign up for the DC program.

**Upon being put to a vote, the motion to approve the GRS proposal for actuarial services carried unanimously.**

**A motion was made by Amy Lindman, and supported by John Balsler, to authorize Attorney Michael VanOverbeke to confer with the Actuary, Gabriel Roeder Smith & Company, in connection with the potential FERS to MERS transfer.**

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

**Daniel Coffield** – Attorney Robbins noted that a new letter was included in the agenda packets (#11.7) from Mr. Coffield’s attorney, in reference to his pension, stating that they believe the Ordinance should have been amended to include no limitations. She noted that Attorney Trachelle Young responded that Mr. Coffield’s pension information has been sent to the actuary to make calculations based on the after-tax contributions he made. Mr. Coffield’s position is that no limitations should be applied; however, the Ordinance does contain such limitations. If the issue is not resolved with the actuarial review, she has notified the attorney that he must request a hearing before the Board, to exhaust their administrative remedies, before a lawsuit can be filed. Discussion followed. Mr. Erlenbeck noted that Mr. Coffield’s attorney, in his letter, refers to Hurley’s “Exempt Employee Handbook.” Chairman Hall asked Janice Kehoe to obtain a copy of the latest version of the handbook from the Medical Center for the Attorney and the Retirement Office. Ms. Kehoe noted that the handbook was last printed in 1999 and that she would obtain the needed copies. Chairman Hall stated that any agreements involving pension benefits for Hurley’s exempt employees are required to be approved by the City Council and incorporated into the retirement ordinance.

**Burns/Wiggins/Doerr – Pending hearing dates** – Attorney Robbins noted that these cases regarding pension calculation errors are still pending. Attorney Gibbs has not yet indicated whether they want to move forward and schedule hearings with the Board or wait until after a court decision on the previous pension error hearings. Attorney Robbins noted that Theron Wiggins had a hearing before the Board in 2003. Mr. Erlenbeck stated that the Board was informed by staff at that time that his pension was calculated based only on the union contract, and the Board agreed that is how it should have been. In fact, his retirement calculations intermingled elements from both the contract (Fire Union #352) and exempt ordinance language. Mr. Wiggins also filed a lawsuit at the time stating that the City did not include everything in his FAC that it should have. Discussion followed. The Board agreed that each individual’s hearing should be scheduled separately, rather than grouped together by issues as the past hearings were.

**Pension Overpayment and Underpayment Policy** – Previously discussed under “Professional Services.”

**Lump Sum Payments** – The Board discussed Attorney Michael VanOverbeke’s opinion that lump sum payments should be included in final average compensation when they are paid rather than spread over the period earned. Mr. VanOverbeke has stated that the day the employee receives the money is the day it is paid and is to be included in FAC, per the Plan Document/Ordinance language [§35-6 – Definitions - Annual Rate of Compensation, Compensation, Final Average Compensation], Union contracts and past practice. These payments may include gainsharing, retro payments, bonuses, various one-time lump sum payments, some arbitration/grievance settlements, etc. Some settlement agreements and contract language state whether certain payments are to be included in the FAC. Robert Erlenbeck asked the Board what should be done with a lump sum payment resulting from a payroll error? Should it be credited the same as other lump sum payments? Or as an error that must be spread over the period earned? Concerns were expressed that, if errors are not spread, there could be the potential for manipulation to increase one’s FAC. A discussion was held and Robert Erlenbeck asked that a written opinion on lump sum payments, including correction of payroll errors, be obtained from Attorney VanOverbeke. That legal opinion should be included in the audit guidelines and the formal FAC policies and procedures that are being written. Also, Ordinance and contract language should be revised to better address the issues of what payments should be included in FAC and whether they should be spread.

**23. DB/DC CONVERSION (*City Of Flint*)**

Robert Erlenbeck reported that the Board previously approved the methodology and the irrevocable decision waiver; however, he asked whether there was any documentation or information the Board wants to review regarding this issue before the conversion begins. The Ordinance changes are all in place. He stated that Actuarial Services Company is currently calculating the numbers for each eligible employee and will issue a report that includes the total impact on the Retirement Fund if all eligible members made the switch, as well as an “experience” percentage of the number likely to actually make the transfer. Now that there will be an agreement in place with Gabriel Roeder, they could be asked to review and confirm the calculations. Discussion followed. It was noted that the Ordinance language states that a transfer from the City’s defined benefit to the defined contribution plan is irrevocable and that new hires go directly into the defined contribution plan. Chairman Hall asked the new trustees to contact staff if they need any additional information on this issue, which the Board Members received when the Ordinance changes were made (2002).

**24. HURLEY DOE\* COMMITTEE {*\*Deductions & Other Earnings*}**

Committee Chair Janice Kehoe reported that the Committee (Cass Wisniewski, Michelle Kirkwood) and City staff (Suzi Bye, Denise Bingaman) met with Hurley staff (Keith Hearsh, Ramona Powell) to discuss information sharing issues and the needs of the Retirement Office. Hurley staff has agreed to provide the additional information requested. Chairman Hall asked that the Committee continue to work with Hurley.

**21. GRAY & COMPANY**

Consultant Ivory Day distributed a current manager allocation & rebalancing schedule, noting that a rebalancing was done after the March meeting to replenish the drawdown account. He reviewed the schedule with the Board, noting that funding levels are currently very close to the Investment Policy's asset allocation percentages. Discussion followed regarding FERS' investments and current market conditions. Mr. Day also reported that questionnaires were sent to all money managers and, based upon their responses, it appears that FERS had no exposure to Bear Stearns.

Chairman Daniel Hall asked Mr. Day to make a recommendation to the Board at the May meeting for two or three money managers to make presentations to the Board in June.

**25. OTHER BOARD BUSINESS**

Daniel Hall announced that he has submitted his application to retire from Hurley Medical Center, effective June 1, 2008. Discussion followed.

**26. ADJOURNED**

**There being no further business to discuss, it was moved by Amy Lindman, and supported by John Balsler, to adjourn the meeting at 3:00 p.m.**

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

Respectfully submitted,

Peter Dobrzeniecki, Secretary