

CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM

BOARD OF TRUSTEES SPECIAL MEETING

A special meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on Tuesday, August 21, 2007 at 9:00 a.m. in the Committee-of-the-Whole Room, 3rd Floor, City Council Chambers, at City Hall, with the following in attendance:

*TRUSTEES &
ALTERNATES* Daniel Hall – Chairperson, Douglas Bingaman, Peter Dobrzeniecki,
Robert Erlenbeck, Janice Kehoe, Michelle Kirkwood, Amy Lindman,
Georgia Steinhoff

ABSENT Peggy Cook, Ehren Gonzales, Sandra Kidd, Kerry Nelson, Donald Phillips,
Robert Rosenberger, Cass Wisniewski

ALSO PRESENT Denise Bingaman, Retirement Staff
Suzi Bye, Retirement Supervisor
I'Lanta Robbins, Assistant City Attorney/Attorney for the Board
Frederic Champnella, Attorney for the City of Flint
Gregory Gibbs, Attorney for Plaintiffs
Jeanmarie Miller, Attorney for Plaintiffs
Kay Tereau, Plaintiff
Zo Turner, Ripka, Boroski & Associates
Lisa DeDolph, Witness
Ramesh Vankenini, Witness
Julie Sadler, Recording Secretary

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Chairman Daniel Hall called the meeting to order at 9:05 a.m. and noted that the purpose of the meeting was to continue the special hearings for Kay Tereau, Deborah Cherwinski, Sandra Stearns and William Kelly. Chairman Hall asked Julie Sadler to take roll call attendance for the record.

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. SPECIAL HEARINGS FOR KAY TEREAU, DEBBIE CHERWINSKI, SANDRA STEARNS AND WILLIAM KELLY.

Attorney Miller called Lisa DeDolph, who was sworn in at a previous hearing, as a witness in the matter of William Kelly. After direct examination by Ms. Miller, Ms. DeDolph was cross-examined by Attorney Champnella. Ms. DeDolph was then re-examined by Ms. Miller and again cross-examined by Mr. Champnella. Chairman Hall opened the floor for questions from the Board of Trustees, and then Ms. DeDolph was excused.

Attorney Miller then stated that there were no further witnesses in the matter of Mr. Kelly. When questioned by Chairman Hall, Attorney Champnella stated that there were no witnesses that he wished to call in the Kelly matter.

Chairman Hall called for a recess at 9:33 a.m. in order to confer with the attorneys.

Chairman Hall called the meeting back to order at 9:50 a.m.

Chairman Hall noted that it was important that the board members have all of the exhibits distributed by both sides during the course of the hearings available for reference during the attorneys' closing statements. Chairman Hall asked Attorney Champnella to proceed.

Attorney Champnella stated that, in the Deborah Cherwinski matter regarding incorrect VDO days, the Chair had requested that Ramesh Vankineni from the City's IT Department explain the error and how it was corrected. Attorney Champnella proceeded to call Ramesh Vankineni as a witness. Mr. Vankineni was sworn in by Chairman Hall and examined by Attorney Champnella. Mr. Vankineni was then cross-examined by Attorney Miller. Chairman Hall opened the floor to the Trustees to question Mr. Vankineni. Mr. Vankineni was again cross-examined by Attorney Miller, reexamined by Attorney Champnella, and further questioned by the Trustees. Mr. Vankineni was excused.

Attorney Champnella then introduced additional Exhibits, which were designated 082107-A through E. Attorney Gibbs objected to the introduction of the exhibits.

At the request of City's Counsel, Chairman Hall called for a recess at 10:27 a.m.

Chairman Hall called the meeting back to order at 10:41 a.m.

Attorney Champnella proceeded to call Suzi Bye as a witness. Ms. Bye was sworn in by Chairman Hall and examined by Attorney Champnella. Ms. Bye was then cross-examined by Attorney Gibbs. Chairman Hall opened the floor to the Trustees for questions. Ms. Bye was

reexamined by Attorney Champnella and then excused.

Attorney Champnella proceeded to call Denise Bingaman as a witness. Ms. Bingaman was sworn in by Chairman Hall and examined by Attorney Champnella. Ms. Bingaman was then cross-examined by Attorney Gibbs and reexamined by Attorney Champnella. Chairman Hall opened the floor to the Trustees for questions and then Ms. Bingaman was excused.

Chairman Hall instructed the attorneys that 20 copies of their closing statements should be submitted to the Board in writing by September 17th. The attorneys were also instructed to provide a copy of their closing arguments to each other. Chairman Hall also asked Attorney Gibbs to provide four additional copies of their exhibit notebooks to the Board.

4. OTHER BOARD BUSINESS

There was no other business presented to the Board.

5. ADJOURNMENT (*Break for lunch – Regular Board Meeting at 1:00 p.m.*)

At 11:13 a.m., Chairman Hall called for an adjournment of the hearings until September 25, 2007 at 9:00 a.m.

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, August 21, 2007 at 1:00 p.m. in the Committee-of-the-Whole Room, 3rd Floor, City Council Chambers, at City Hall, with the following in attendance:

TRUSTEES & Daniel Hall – Chairperson, Douglas Bingaman, Peter Dobrzeniecki, *ALTERNATES*
Robert Erlenbeck, Janice Kehoe, Michelle Kirkwood, Amy Lindman,
Donald Phillips, Robert Rosenberger, Georgia Steinhoff, Cass Wisniewski

ABSENT Peggy Cook, Ehren Gonzales, Sandra Kidd, Kerry Nelson

ALSO PRESENT Suzi Bye, Retirement Supervisor
I'Lanta Robbins, Assistant City Attorney/Attorney for Retirement Board
Ivory Day, Jr., Gray & Company
Harland Abraham, Northern Trust
Larry Langer, Gabriel Roeder Smith & Co.
Rebecca Stouffer, Gabriel Roeder Smith & Co.
Julie Sadler, Recording Secretary

6. CHAIRPERSON CALLS THE MEETING TO ORDER

Chairman Hall called the meeting to order at 1:14 p.m. He noted that a special meeting was held at 9:00 a.m. for the purpose of conducting hearings regarding retiree pension calculations. He also noted that the next hearing date has been set for September 25 at 9:00 a.m., with a regular Board Meeting scheduled at 1:00 p.m.

7. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

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

8. APPROVAL OF THE JULY 24, 2007 REGULAR BOARD MEETING MINUTES

It was moved by Georgia Steinhoff, and supported by Amy Lindman, to approve the minutes of the July 24, 2007, Special and Regular Board Meetings, as presented.

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

9. APPLICATIONS FOR VOLUNTARY RETIREMENT

Nancy Burnett

Finance/1600

Final Average Compensation: \$ 36,869.79

Accumulated Contributions: 22,987.53

DRET: 5,112.01

Effective Date of Retirement 07/14/2007

Service: 20 Years, 0 Months

The retiree elected the Option Straight Life in the amount of \$1,505.77.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Nancy Burnett 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 \$1,505.77, for as long as she lives.

Julie Hodges

HMC/1603

Final Average Compensation: \$ 41,460.66

Accumulated Contributions: 28,785.44

DRET: 22,177.55

Effective Date of Retirement 07/14/2007

Service: 26 Years, 1 Months

The retiree elected the Option Straight Life in the amount of \$2,006.81.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Julie Hodges 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 \$2,006.81, for as long as she lives.

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

Nancy Burnett - Option Straight Life – \$1,505.77

Julie Hodges – Option Straight Life - \$2,006.81

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

10. OPTIONS PICKED BY DEFERRED RETIREMENTS *(Informational Only)*

Maureen McFarland/HMC Option Straight Life \$2,906.86

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

- 11.1 Information Management Network, Second Annual Middle Atlantic Public Employee Retirement System Forum, September 17-18, 2007, Chantilly, VA.
- 11.2 Strategic Research Institute, 2007 Blue Ribbon Hedge Fund Symposium, September 24-25, 2007, Greenwich, CT.
- 11.3 Information Management Network, 8th Annual Masters of Investment Management, September 27-28, 2007, Shangri-La, Hong Kong.
- 11.4 NCPERS, Public Sector Health Care Symposium & Exhibition, October 1-3, 2007, Chicago, IL.
- 11.5 Financial Research Associates, High-Impact Marketing Communications, October 29-30, 2007, Harvard Club, NY.
- 11.6 Institutional Real Estate, 2nd Annual Investing in Infrastructure Conference, November 5-6, 2007, Chicago, IL.
- 11.7 Public Fund Boards Forum, The 16th Annual Public Fund Boards Forum, December 8-11, 2007, San Francisco, CA.
- 11.8 Institutional Real Estate, Inc., VIP 2008 Vision Insights & Perspectives, January 15-17, 2008, Scottsdale, AZ.

A motion was made by Amy Lindman, and supported by Georgia Steinhoff, to receive and approve all information/documents listed under Agenda Items #11, #12, #13, and #14, and place all documents on file.

Chairman Hall separated the following items for discussion: #12.6, #13.15, #13.13 (and distributed response) under “Legal Updates”; #13.16 under the Professional Services Committee Report. Chairman Hall referred Item #12.7 to the Professional Services Committee and placed it on September’s agenda for discussion under Professional Services. Chairman Hall asked the Trustees to submit any topics or questions for the Professional Services

Committee to him in writing and noted that, since the Committee is currently without a Chair, he will be overseeing that committee.

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

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

- 12.1 Northern Trust, Changes in Official Benchmark Effective 5-31-07, May 18, 2007.
- 12.2 Community Capital Management, The Community Investor, Summer 2007.
- 12.3 NCPERS, The Monitor, June/July 2007.
- 12.4 Northern Trust Global Investments, Strategy, August 2007.
- 12.5 Independence Investments, Independent Thought, 2nd Quarter 2007.
- 12.6 State of Michigan Party Notification, Claude Miller vs City of Flint – Copy of Court Order, July 30, 2007. *(Enclosed)*
- 12.7 Letter to Retirement Board from Bambi Rose (HMC Retiree) re: Pension Calculation, June 28, 2007. *(Enclosed)*
- 12.8 Letter to Retirement Board from Joyce Lanckton re: Retirement Board Election, August 14, 2007. *(Enclosed)*

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

- 13.1 Letter to Northern Trust from Daniel Hall re: August 1, 2007 Pension transfer, July 24, 2007.
- 13.2 Letter to Northern Trust from Daniel Hall re: CB Richard Ellis Strategic Partners Wire, July 17, 2007.
- 13.3 Letter to Northern Trust from Daniel Hall re: Rebalancing Portfolio, July 24, 2007.
- 13.4 Letter to Wentworth, Hauser & Violich from Daniel Hall re: Rebalancing Portfolio, July 24, 2007.

- 13.5 Letter to Globalt from Daniel Hall re: Rebalancing Portfolio, July 24, 2007.
- 13.6 Letter to Dodge & Cox from Daniel Hall re: Rebalancing Portfolio, July 24, 2007.
- 13.7 Letter to ICON Advisors from Daniel Hall re: Rebalancing Portfolio, July 24, 2007.
- 13.8 Letter to Northern Trust from Daniel Hall re: Fidelity Real Estate Fund Wire, July 27, 2007.
- 13.9 Letter to Globalt, Inc. from Daniel Hall re: Suspension of Rebalancing, July 27, 2007.
- 13.10 Letter to Dodge & Cox from Daniel Hall re: Suspension of Rebalancing, July 31, 2007.
- 13.11 Letter to ICON Advisors from Daniel Hall re: Suspension of Rebalancing, July 31, 2007.
- 13.12 Letter to Northern Trust from Daniel Hall re: Suspension of Rebalancing, July 31, 2007.
- 13.13 Letter to Richard Shaink, Hurley Medical Center, from Daniel Hall re: Employer contributions, August 3, 2007. (Enclosed)
- 13.14 Letter to Northern Trust from Daniel Hall re: Fidelity Real Estate Fund Wire, August 8, 2007.
- 13.15 Letter to City of Flint & Hurley Medical Center Retirees' from Robert Erlenbeck re: Claude Miller Lawsuit, August 7, 2007. (Enclosed)
- 13.16 Letter to City of Flint & Hurley Medical Center Retirees' from Suzi Bye re: FERS Retiree Election, July 27, 2007. (Enclosed)

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

- 14.1 Globeflex Capital, Performance Update as of June 30, 2007.
- 14.2 Fidelity Investment, Monthly Investment Update as of July 31, 2007.
- 14.3 Fidelity Real Estate Growth Fund, Performance Update as of June 30, 2007.
- 14.4 Magna Securities, Commission Recapture Report as of June 30, 2007.
- 14.5 LJR Recapture Services, Trading Summary as of May 31, 2007.

- 14.6 LJR Recapture Services, Trading Summary as of June 30, 2007.
- 14.7 Fisher Investments, Investment Portfolio as of June 30, 2007.
- 14.8 Globalt Investments, Equity Strategies, 2nd Quarter 2007.
- 14.9 Payden & Rygel, Point of View, July 2007.
- 14.10 Hartford Investment Management, Fixed Income Outlook, June 2007.
- 14.11 State Street Global Advisors, SSgA Investment Quarterly, 3rd Quarter 2007.
- 14.12 Wentworth, Hauser & Violich, Appraisal Summary as of May 31, 2007.
- 14.13 Wentworth, Hauser & Violich, Appraisal Summary as of June 30, 2007.
- 14.14 CB Richard Ellis Investors, Monthly Summary Report as of May 31, 2007.
- 14.15 Skyline Asset Management, Small Cap Value as of June 30, 2007.
- 14.16 Keeley Asset Management, Performance Update as of June 30, 2007.
- 14.17 Wellington Management Co., Investment Review as of June 30, 2007.
- 14.18 Northern Trust Reports – June 2007 (*Enclosed*)
- 14.19 Retirement Fund Employee/Employer Contributions (*Enclosed*)
- 14.20 Hurley Employer/Employee Contributions July 2004 to Present (*Enclosed*)

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Number Retired	3,032	3,027	3,009
Annualized Payroll	\$ 64,198,389	\$ 64,850,497	\$ 65,151,427

16. APPROVAL OF THE SEPTEMBER 1, 2007 PENSION PAYROLL TRANSFER

Chairman Daniel Hall reported that a transfer of \$3,996,300 was needed for the payment of the September 1st, 2007 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 August 17, 2007 was \$22,945,342.00.

A motion to approve the transfer of \$3,996,300 for payment of the September 1st, 2007 pension payroll, from the Northern Trust Flint - Drawdown Account #26-19617 to Citizens Bank, was made by Robert Rosenberger, and supported by Robert Erlenbeck. Upon being put to a vote, the motion carried unanimously.

17. APPROVAL OF THE 61ST ANNUAL ACTUARIAL VALUATION REPORT FOR JUNE 30, 2005.

Larry Langer reviewed the 61st Annual Actuarial Valuation Report for June 30, 2005 with the Board. A discussion ensued regarding the impact of the correction of pension errors, including those involving the 26/27 pays lawsuits, which could potentially lower the unfunded liability, if more overpayment errors were found, and also raise the assets, if overpayments are recouped.

Larry Langer reviewed the proposed contribution rates for fiscal years 2008 (July 1, 2007 to June 30, 2008) and 2009 (July 1, 2008 to June 30, 2009) , as a percentage of payroll:

	<u>FY2008</u>	<u>FY2009</u>
General	33.16%	36.0%
Police	4.43%	9.0%
Fire	28.46%	31.0%
Hurley Medical Center	9.70%	11.0%

Discussion followed. It was noted that the Retirement System, as a whole, was funded at 79.6% on June 30, 2005, down from 82.7% as of June 30, 2004.

Chairman Hall stated that he has asked Larry Langer to stay for the legal discussion regarding FERS to MERS in order to answer any questions from the Board. Chairman Hall also noted that he has asked for a demonstration of the new MinuteMaster by a GRS representative at a future board meeting.

A motion to accept the 61st Annual Actuarial Valuation Report by Gabriel Roeder Smith & Company for June 30, 2005, was made by Georgia Steinhoff, and supported by Amy Lindman.

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

Chairman Hall asked that a formal resolution to adopt the contribution rates for the fiscal year beginning July 1, 2007 (fiscal year 2008), as presented in the 61st actuarial valuation, be placed on the September agenda.

A motion was made by Georgia Steinhoff, and supported by Peter Dobrzeniecki, that resolutions be prepared, based on the valuation ended June 30, 2005, for the Police, Fire, General City and Hurley Medical Center contribution rates for fiscal year 2008, to be placed on the September agenda for approval.

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

18. FINANCE COMMITTEE

No report. Chairman Hall noted that Robert Rosenberger is Chair of the Finance Committee, which will be meeting soon.

19. PROFESSIONAL SERVICES COMMITTEE REPORT

Committee Chair Georgia Steinhoff reported that the Professional Services Committee met on August 13th and discussed the following:

Disability Policy – The Committee discussed and reviewed disability policies collected by Suzi Bye and I'Lanta Robbins from other pension systems. Attorney Robbins will review all information and bring a recommended disability policy back to the Committee.

13TH Check – The Committee discussed the status of 13th check calculations. Chairman Hall told the Board that financial information is needed to determine whether there will be a 13th check, and retirees need to be notified of the result. Discussion followed. It was noted that the Ordinance requires that any 13th check is to be paid by October 1st. Chair-man Hall stated that retirees have been contacting Board members and staff regarding this issue. Chairman Hall asked that Peter Dobrzeniecki and the Attorney review all relevant information and report to the Board at the September meeting whether there should be a 13th check issued for 2006.

Election Policy – The Committee discussed the election process and reviewed a policy from the U. S. Department of Labor dealing with mail ballots and the process they use. The State was also contacted, but had no rules or information available. Useful information was found on the Internet on a university website, which will also be reviewed. Discussion followed. Mr. Erlenbeck stated that the Committee will present a recommended policy to the Board in the future.

MinuteMaster – A presentation by Gabriel Roeder Smith & Company will be scheduled.

Susan Faussett – This former Hurley Medical Center employee is now employed by Genesee County. She has asked to revoke all rights to the City of Flint pension system in order to buy her prior governmental service at Genesee County. This matter was referred to Attorney Robbins. She and Suzi Bye have written a letter acknowledging Ms. Faussett's request to relinquish her rights and purchase her time with Genesee County. The letter requested that a copy of her receipt for purchase of time with the County be forwarded to the City for her file. Discussion followed. Bob Erlenbeck noted that, legally, her rights cannot be revoked, but the System can acknowledge and document her request, which falls under the Reciprocal Retirement Act.

Travel Policy – The Committee discussed the travel policy and made specific recommendations to the Board. Discussion followed. Chairman Hall noted that the policy should also include a requirement that requests for attendance at seminars be made at least 30 days in advance. It was agreed by the Board that a detailed travel policy is needed. Amy Lindman will incorporate the Committee's recommendations into a travel/education policy for the Committee to review and ultimately submit to the Board for approval.

A motion was made by Amy Lindman, and supported by Georgia Steinhoff, that recommended language from the Professional Services Committee be incorporated into an education/conference policy for the Board to consider for adoption. The recommended language includes the following: 1) Up to three Board members may be authorized to attend a particular out-of-state conference, plus the Chair. First priority would be given to those individuals who did not attend that conference the previous year. 2) Up to five Board members may be authorized to attend the same in-state conference, plus the Chair. First priority for approval would be given to those individuals who did not attend the previous conference given by the same organization. 3) Notice of intent to attend a conference must be given to the Board and staff at least 30 days prior to the conference.

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

Dual Employment-Hurley/City: The Committee asked the Attorney to investigate whether an employee who works at Hurley, in a position that may be in MERS, and who also works in a position at the City that has a pension from FERS, could potentially draw from both plans. Discussion followed.

Actuary RFP: The Committee is writing a Request for Proposal for an Actuary. They have asked Ivory Day for names of actuarial firms to add to the list when the requests are mailed.

Discussion followed. The RFP will not affect the 6-30-06 valuation, which should already be in process with Gabriel Roeder.

A discussion followed regarding the hearing procedures being used for the four individuals currently in the hearing process.

A motion was made by Amy Lindman, and supported by Peter Dobrzeniecki, that future hearings are to be scheduled one at a time; i.e., only one person will be heard, all information pertaining to that person reviewed, and a decision made by the Board, before beginning a hearing for another individual.

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

20. RETIREMENT ORDINANCE REVISION COMMITTEE

No report.

21. INVESTMENT COMMITTEE REPORT

Chairman Hall noted that the Committee will be meeting to discuss Bank of Ireland issues.

22. GRAY & COMPANY

Ivory Day distributed and reviewed an updated rebalancing schedule as of August 17th. He noted that the Fund is on target with each money manager and type of investment, with the exception of funding real estate and private equity, which cannot be funded until other issues are resolved. He reported that the recent rebalancing has been completed. Chairman Hall expressed his appreciation to Ivory Day, Harland Abraham, and Julie Sadler for their efforts in completing the recent rebalancing, noting that the market took a dive in the middle of the rebalancing and some transactions were put on hold and then completed at later dates. Mr. Day stated that the Quarterly Report, for the Quarter ended June 30, 2007, which was included in the agenda packets, would be reviewed in detail at the September Board Meeting.

23. LEGAL COUNSEL UPDATES

Claude Miller (26/27 pays) Lawsuit Update {Reference Agenda Items #12.6 – Court Order dated July 30, 2007 regarding the Plaintiff's Motion & #13.15 – Letter to Retirees dated August 7, 2007} – Attorney Robbins reported that the City was required to provide proof of notice to the class members that they have an option to review their pension

information.

Robert Erlenbeck explained that the Judge ordered that the “Claude Miller” Class be contacted. Since they were unsure exactly who was included in that specific Class, the letter was sent to all 1,424 retirees from Hurley or the City who retired between October 1, 1991 and October 1, 2003, the time period that included 27 pays in some Final Average Compensation (FAC) calculations. (It was noted that there were 289 in the “Claude Miller” lawsuit, which was also involved in the MERC ruling.) The purpose of the letter to the retirees was to inform them that the Judge ruled, and the Trial Court ordered, that retirees during that period were to have their pensions recalculated with FACs based on two 26-pay years and one 27-pay year. These calculations also include the “Rutherford” class action lawsuit, as well as retirees who were not involved in either lawsuit but are impacted by the Court’s decision. The Judge ruled that calculations did not have to be based on a calendar year and that the retirees could pick their own two 26-pay non-overlapping, non-calendar years and one 27-pay non-overlapping, non-calendar year. The ruling also eliminates a naturally-occurring 27-pay year. This is to be applied to all who retired between October 1, 1991 and October 1, 2003. All retirees since October 1, 2003 receive three 26-pay years, per Ordinance and Union contracts. Discussion followed.

Attorney Robbins reported that the Court Order also states that identified class members who only received three 26-pay years for their FAC should be modified retroactively within a 21-day period. The Judge’s order also required the City to respond fully to Class Members’ requests for their last five years of payroll information within 56 days. The City’s attorney is drafting a letter to the Court giving a report on the progress that has been made to comply with the Order so far. Mr. Erlenbeck’s staff is compiling the payroll information requested. An additional Court Order, entered by Judge Yuille on August 13, 2007, denied Plaintiffs’ requests for reimbursement of their attorney fees and other monetary sanctions against the City.

Mr. Erlenbeck reported on the progress of recalculating the pensions of the individuals who originally received three 26-pay years in their FAC, noting that four have been completed to date. These recalculations include a complete audit of each file. The audits have uncovered various errors, including one miscalculation of service credits. Each audit and recalculation requires 6-8 hours. Regarding the 56 day deadline to provide the five-year wage history to retirees: 91 letters were received in response to a recommendation from the Class attorney and 105 Freedom of Information Act requests were filed with the City, for a total of 196 (with 4 duplicates). Since the August 7th letter of notification was sent, 79 more letters have been received, with 10 being duplicates of previous requests. With the majority of the information still on microfiche, it takes 6-8 hours to complete one request. A company has been hired to convert the microfiche to computer files, which will speed up the process somewhat. Another time-consuming issue is that all information on each payroll page that relates to a different employee must be blacked out. In total, it requires 14-16 hours to gather five years of payroll history and fully audit/review each pension file. Discussion followed.

Take Two Interactive – Attorney Robbins stated that motions were filed by the defendants on June 25, July 9, and July 10, 2007. The motions have not yet been heard by the Court. It could take 2-3 months for the Judge to issue a ruling. Once those motions are heard, if the case is not dismissed by the Court, it will move forward. An article was enclosed in the agenda packets regarding criminal charges against the company's CEO, SEC investigations, etc.

FERS to MERS – Pending Litigation – Attorney Robbins reported that a response was received yesterday to the letter sent to the Hurley Board of Managers (*reference Agenda Item #13.13*), requesting that pension fund contributions be made. (*The response, from the Chairman of the Hurley Board, was distributed to the Trustees.*) Hurley's lack of contributions to FERS is one issue of the FERS to MERS litigation. It was noted that Mayor Williamson also addressed the Hurley Board at their July meeting regarding the lack of contributions. Discussion followed.

Peter Dobrzeniecki, Douglas Bingaman, Robert Rosenberger, and Robert Erlenbeck left the meeting at 3:30 p.m.

Attorney I'Lanta Robbins reported that a meeting of attorneys took place on August 20th with the following in attendance: 1) FERS – Trachelle Young, I'Lanta Robbins; 2) Hurley Medical Center – Kendall Williams & Staff; 3) City of Flint – Ric Champnella & Staff; 4) MERS – Mike Moquin. The purpose of the meeting was to identify the legal issues regarding the lawsuit. Ms. Robbins noted that the meeting was productive, with many issues identified and each attorney receiving an assignment to bring back further information at another meeting to be scheduled in 30 days. The litigation will continue to go forward. As defendants, motions will be filed on behalf of FERS and the City to dismiss the case on a legal basis.

Several key issues were discussed:

1) Ed Kurtz' signature on agreements/memoranda of understanding – The Board maintains their position that anything the Emergency Financial Manager signed that would affect the assets of the Retirement System was not authorized. Judge Neithercut issued a ruling upholding that position.

2) Whether City Council needs to approve the transfer by Ordinance, because there should be a change in the Plan Document for a transfer to take place. The attorneys need to review possible Ordinance language and all parties need to agree that there must be a change in the Ordinance to allow the transfer to happen.

- 3) Who would pay the costs associated with the transfers? Hurley is to submit their intentions in writing to cover any costs associated with the transfers, which their attorneys have agreed to do.

- 4) Hurley contributions to FERS that are in arrears. In the event a transfer is made to MERS, the contributions owed to FERS by Hurley would be an offset.

- 5) Which groups should be transferred to MERS? It was decided that the attorneys would first focus on the transfer of the active members of the seven bargaining units that voted to move to MERS and determine the exact amount to be transferred for those groups, which was previously calculated at approximately \$60 million. An updated actuarial study needs to be made to determine the exact amount needed for that transfer and the amount of contributions owed to FERS by Hurley, which could be used as an offset for the transfer to MERS. The attorney for the bargaining units conceded with moving forward regarding the active members of the bargaining units, and dealing with the retirees and exempts at a later time.

- 6) MERS needs to signify in writing their intentions of how the transfer should take place; i.e., cash or securities, installment transfers, etc.

Attorney Robbins stated that the attorneys would issue a letter outlining the points agreed to at the August 20th meeting. They plan to meet again in a month to try to move the process forward.

Peter Dobrzeniecki, Robert Rosenberger, Douglas Bingaman and Robert Erlenbeck returned to the meeting at 3:40 p.m.

Attorney Robbins stated that a motion is needed from the Board to authorize Gabriel Roeder Smith & Company (GRS) to review the amount that must be transferred to MERS for the seven bargaining units' active members only and determine the contributions that are owed by Hurley to FERS.

Discussion followed. The Board requested that the Hurley Board of Managers list, in writing, the groups they want GRS to review; i.e., which bargaining units would transfer and whether the first transfer would include active employees only, prior to Board authorization of further assistance from the Actuary. There are also issues regarding retirees and deferred retirees since July 2004. The Board discussed their concerns regarding GRS, who also works for MERS, and whether Actuarial Services should be used for all future FERS-related calculations in this matter. Concerns were also expressed regarding payment of actuarial fees for calculations related to the transfer to MERS.

A motion was made by Robert Rosenberger to hire a separate actuary to work for FERS regarding the potential MERS transfer. The motion failed for lack of support. After further discussion, Attorney Robbins stated that she would get all issues in writing to present at the next Board Meeting. She also stated that the attorneys for FERS and the City are preparing to file a Motion for Summary Disposition for this lawsuit.

A motion was made by Robert Rosenberger, supported by Robert Erlenbeck, to authorize the attorneys to file for dismissal of the lawsuit filed against the FERS Board concerning the FERS to MERS transition.

Upon being put to a vote, the motion carried by a vote of 7 to 1, with Cass Wisniewski voting against the motion.

24. DB/DC CONVERSION

Bob Erlenbeck stated that letters were sent to #1600 and #1799 regarding the purchase of time issue, which must be resolved before the conversion can proceed.

25. FERS RETIREE ELECTION RESULTS

Chairman Daniel Hall asked Georgia Steinhoff to report to the Board on the election for the Retiree Trustee and Alternate. Ms. Steinhoff reported that an Election Commission of three retirees, Georgia Steinhoff, Florence Nesser, and Johnnie Welch, counted and certified the votes for the General Election for the Retiree Representatives. Of 1063 votes cast, John Balsler received the highest number of votes - 397, Mary Bland – 307, Joyce Langton - 60, and Gary Thomas - 128. There were 171 spoiled ballots. Therefore, Mr. Balsler was elected as Trustee and Ms. Bland as the Alternate.

A motion was made by Georgia Steinhoff, and supported by Amy Lindman, to certify the results of the election on Monday, August 13th, of the Retiree Representatives naming John Balsler as Trustee and Mary Bland as Alternate, for four-year terms ending in 2011.

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

It was noted that Joyce Lanckton sent a letter of protest regarding the election procedures; however, the number of spoiled ballots would not have caused her to receive enough votes to surpass Mary Bland and become the Alternate. Chairman Hall referred her letter to the

Professional Services Committee.

Chairman Daniel Hall stated that the new Trustee and Alternate must be sworn in at the City Clerk's office before they can vote at a future Board Meeting.

26. OTHER BOARD BUSINESS

Chairman Hall noted that information regarding 415 Regulations for Governmental Defined Benefit Plans will be included in the next agenda packets. This issue will be discussed at a future meeting.

A discussion was held regarding Board vacancies: 1) Scott Sutter's resignation; 2) Sandra Kidd's retirement, leaving no Alternate for Janice Kehoe; 3) No Alternate for Daniel Hall.

A motion was made by Peter Dobrzeniecki, supported by Georgia Steinhoff, to authorize Chairman Daniel Hall to send a letter to the Hurley Medical Center Board of Managers requesting that Alternates be appointed for Trustees Janice Kehoe and Daniel Hall.

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

It was also noted that a letter needs to be drafted to the City Administrator to appoint a replacement for Scott Sutter from Police/Fire.

Chairman Hall asked the Board Members to notify Julie Sadler today if they wish to attend the Fall MAPERS conference in Grand Rapids.

Donald Phillips, the outgoing Retiree Alternate, bade farewell to the Board, noting that he was first elected in July of 1971 and he has enjoyed his 36 years of service on the Board.

27. ADJOURNED

There being no further business to discuss, it was moved by Georgia Steinhoff, and supported by Peter Dobrzeniecki, to adjourn the meeting at 4:04 p.m. Upon being put to a vote, the motion carried unanimously.

Respectfully submitted,

Peter Dobrzeniecki

Secretary