

CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM
Board of Trustees Regular Meeting Minutes
Tuesday, December 15, 2009

A regular meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on **Tuesday, December 15, 2009** 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 & ALTERNATES Douglas Bingaman – Interim Chairperson, Denise Bingaman, Mary Bland, Debra Bridges, Robert Erlenbeck, Janice Kehoe, Duane Kelley, Scott Kincaid, Michelle Kirkwood, Sherry Murphy, Mark Stratman, Michael Townsend, Cass Wisniewski

ABSENT Gregory Eason, John Erwin, Sheldon Neeley

ALSO PRESENT Suzi Bye, Retirement & Benefits Manager
I'Lanta Robbins, Assistant City Attorney/Attorney for the Board
Julie Sadler, Assistant to FERS

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Interim Chair Douglas Bingaman called the meeting to order at 1:38 p.m.

2. ROLL CALL (Attendance)

Roll was called and members were present or absent as noted above.

3. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

Debbie Davis (former spouse of a retiree) asked about the status of his EDRO. Suzi Bye stated that the actuarial calculations had recently been received and processing will proceed.

4. APPROVAL OF AGENDA

Motion by Robert Erlenbeck, supported by Cass Wisniewski, to approve the agenda, as presented at the meeting. The motion carried unanimously.

5. APPOINTMENT OF PERMANENT BOARD CHAIR & VICE CHAIR

Motion by Mary Bland, supported by Mark Stratman, to table the issue of appointing a permanent Chair or Vice Chair. The motion carried unanimously.

6. APPROVAL OF MINUTES

◆ November 17, 2009 Regular Board Meeting

Motion made by Robert Erlenbeck, supported by Cass Wisniewski, to approve the minutes of the November 17, 2009 Regular Board Meeting, as presented. The motion carried unanimously.

◆ November 24, 2009 Special Board Meeting

Motion made by Robert Erlenbeck, supported by Cass Wisniewski, to approve the minutes of the November 17, 2009 Special Board Meeting, as presented. The motion carried unanimously.

7. APPLICATIONS FOR VOLUNTARY RETIREMENT – *See Attached*

The Board discussed the revised Settlement Agreements received from the City for Lorraine Cameron and Eddie Mack (Agenda Items #14.2 and #14.3). It was noted that the new agreements were ratified in compliance with Public Act 728.

Motion by Robert Erlenbeck, supported by Michael Townsend, to approve the December 15, 2009 Applications for Voluntary Retirement – Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement – for Lorraine Cameron, Eddie Mack, Colleen McAuliffe, Myron Roper, Nota Sidiropoulos, and Darlene Verdun, and the Treasurer of the City of Flint Employees' Retirement System be authorized and directed to pay a monthly pension, as indicated, for life or until such chosen option shall require. The motion carried unanimously.

8. APPLICATIONS FOR DEFERRED RETIREMENT – *See Attached*

Motion by Robert Erlenbeck, supported by Mark Stratman, to approve the December 15, 2009 Applications for Deferred Retirement for Elizabeth Ehrmantraut and James Tew. The motion carried unanimously.

9. APPROVAL OF DISABILITY PENSIONS – *See Attached*

Motion by Robert Erlenbeck, supported by Cass Wisniewski, to approve a Non-Duty Disability Pension for Rechanda Abron. The motion carried unanimously.

10. APPROVAL OF PENSIONS PREVIOUSLY REPORTED – *None*

11. OPTIONS PICKED BY DEFERRED RETIREMENTS – *None*

12. INFORMATIONAL CHANGES TO PENSIONS – *See Attached*

13. UPCOMING CONFERENCES

(Placed on file in the Secretary's office and available for Board review.)

13.1 Police, Fire, EMS & Municipal Employee Pension & Benefits Seminar,
February 8-10, 2010, Las Vegas, Nevada.

13.2 The Education & Networking Conference for Institutional Real Estate Investors,
February 9-11, 2010, Palos Verdes, California.

14. COMMUNICATIONS RECEIVED *(Placed on file in the Secretary's office and available for Board review; *if noted, copy included with Agenda packets.)*

14.1 Northern Trust, Supplemental Securities Lending Statement-September 2009. *

14.2 City of Flint Dept. of Human Resources, Settlement Agreement for Eddie Mack,
November 23, 2009. *

14.3 City of Flint Dept. of Human Resources, Settlement Agreement for Lorraine Cameron,
November 23, 2009. *

15. COMMUNICATIONS SENT *(Placed on file in the Secretary's office and available for Board review or copy may be requested; *if noted, copy included with Agenda packets.)*

15.1 Bingaman/Townsend, Letter to Northern Trust re: December 1, 2009 Pension Payroll,
November 17, 2009.

- 15.2 Bingaman/Townsend, Letter to Ms. Veronica Simon re: Hearing Date December 15, 2009 at 12:00 p.m., November 30, 2009.
- 15.3 Attorney I'Lanta Robbins, Pre-Hearing Summary for James Maxwell, December 8, 2009. *
- 15.4 Attorney I'Lanta Robbins, Pre-Hearing Summary for Veronica Simon, December 8, 2009. *

16. REPORTS RECEIVED *(Placed on file in the Secretary's office and available for Board review or copy may be requested; *if noted, copy included with Agenda packets.)*

- 16.1 Fisher Investments, FERS Foreign Equity Fund Report, Third Quarter 2009.
- 16.2 BNY ConvergEx Group/LJR Recapture Services, Trading Activity through October 31, 2009.
- 16.3 Piedmont Investment Advisors, LLC, Monthly Report for Period Ending October 31, 2009.
- 16.4 Intercontinental Real Estate Corp., Investment Fund III, Quarter Ended September 30, 2009.
- 16.5 Wentworth, Hauser & Violich, FERS Performance Report for October 31, 2009 and Corrected Performance Report for September 30, 2009.
- 16.6 CB Richard Ellis Strategic Partners III, L.P., Consolidated Financial Statements, Third Quarter Report for the Nine Months Ended September 30, 2009.
- 16.7 Gabriel Roeder Smith & Co., NewsScan & Research Memorandum, Nov/Dec 2009. *

MOTION made by Robert Erlenbeck, supported by Scott Kincaid, to receive and place on file all documents listed in Agenda Item #s 13, 14, 15, 16. Motion carried unanimously.
(Certain items will be discussed where appropriate in the Agenda.)

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

| | <u>2007</u> | <u>2008</u> | <u>2009 YTD</u> |
|--------------------|----------------------------------------|--------------|-----------------|
| Number Retired | 3,037 | 3,065 | 2,849 |
| Annualized Payroll | \$68,251,822* | \$66,402,468 | \$ 64,959,885 |
| | <i>*includes 13th check</i> | | |

18. GRAY & COMPANY - REPORT/RECOMMENDATIONS

- ◆ **Schedule of Asset Classes, Manager Allocation & Re-Balancing** – Presented and reviewed by Acting Chair Douglas Bingaman.
- ◆ **Status of Rebalancing/Replenishing Drawdown Fund** – *to be done in January*

19. APPROVAL OF THE JANUARY 1, 2010 PENSION PAYROLL TRANSFER

A motion was made by Mary Bland, and supported by Robert Erlenbeck, to approve a transfer of \$4,806,200 for payment of the January 1, 2010 pension payroll (total estimated payroll - \$5,011,758), from the Northern Trust Flint – Drawdown Account #26-19617 to Citizens Bank. The motion carried unanimously.

Motion Requested by Northern Trust - Securities Lending – Realized Loss Payment - \$225,217.14 - Agenda Item #14.1 – Discussion. Motion was made by Scott Kincaid, supported by Mary Bland, to table the issue until the January Board Meeting, at which a representative from Northern Trust will present further information. Motion carried unanimously.

20. ACTUARIAL ISSUES

- ◆ **GRS FY 2008 Actuarial Valuation** – *to be presented at the January Board Meeting.*

21. LEGAL COUNSEL UPDATES

Attorney for the Board I'Lanta Robbins updated the Board on the following pending legal issues:

- ◆ **Take Two Interactive Lawsuit** – *nothing new to report.*
- ◆ **FAC Calculation Policy** – *nothing new to report.*
- ◆ **Capital BidCo – Financial Information** – *nothing new to report.*
- ◆ **Pension Calculation Errors Lawsuits – Cherwinski/Tereau/Kelly** – *In Mediation*
- ◆ **Pension Calculation Errors Lawsuits - Burns/Wiggins/Doerr** – *In Mediation*
- ◆ **Susan Jarema - Purchase of Time** – *In Mediation*

The first mediation hearing was held on November 23rd. Attorney Robbins attended on behalf of the Board; Attorney Gregory Gibbs represented the retirees; an attorney representing the City of Flint was also present. The parties discussed a proposal concerning the overpayments and Attorney Gibbs asked for an opportunity to review the pension benefit recalculations for each retiree.

- ◆ **James Maxwell – Duty Disability Pension – Hearing – Agenda Item #15.3** – Hearing held today and Board decision reached.
- ◆ **Veronica Simon – Contributions to be Paid – Hearing – Agenda Item #15.4** – Hearing held today and Board decision reached.
- ◆ **Linda Winfrey – Settlement Agreement – Pending before the Court.**
- ◆ **Eddie Mack – New Settlement Agreement – Agenda Item #14.2**
- ◆ **Lorraine Cameron – New Settlement Agreement – Agenda Item #14.3**

The new settlement agreements were reviewed and the Board approved the pensions for Mr. Mack and Ms. Cameron earlier in the agenda.

22. PROFESSIONAL SERVICES COMMITTEE

Robert Erlenbeck reported on the following issues:

- ◆ **Cost Saving Measures – nothing new to report.**
 - ◆ **Pension Advice Mailing**
 - ◆ **Votenet Solutions – Telephone/Online Voting Service**
- ◆ **Actuary RFP** - Four responses were received from seven actuaries that were contacted. Their full responses are available for review by Board members. A summary sheet comparing the four quotes was distributed and reviewed with the Board. After discussion, Mr. Erlenbeck stated that he would contact each of the four actuarial companies with the Board's questions and request that a representative make a presentation at the next Regular Board Meeting.
- ◆ **Claude Miller Pension Revisions – Requests for Review per Judge Yuille's Order**
 - ◆ **Full Review or FAC Review only** – Attorney Robbins will review the Judge's ruling and give an opinion at the next meeting.

- ◆ **Harland Verrill – Overpayment** – Suzi Bye noted that a pension overpayment was discovered while processing a pop-up due to a divorce issue. She and Denise Bingaman are reviewing his file and the issue will be discussed at the next Professional Services Committee meeting.
- ◆ **Hurley #1603 - Vacation Fold-Ins** – Suzi Bye stated that an e-mail from Hurley’s Human Resources Dept. has been used as support that employees in Local #1603 should always have their vacation fold-in included in their FAC calculations. There is no language in their contracts regarding this issue. Legal documentation was requested over two years ago and never received. Legally, there must be an ordinance or language in a collective bargaining agreement, settlement agreement, letter of agreement, etc. In the absence of legal documentation, the practice should be stopped. Discussion followed. Janice Kehoe and Debra Bridges stated that they would investigate.
- ◆ **David Williams – Deceased Police Officer – Beneficiary Issue** – Attorney Robbins stated that family law Judge Gadola has set a hearing date in January and will then issue a ruling.
- ◆ **Auditing “Pop-Ups” – Known Errors** - *not discussed.*

22.1 DISABILITY RETIREMENT APPLICATIONS

- ◆ **Duty Disability** – An applicant who was previously denied has re-applied; however, the new application and paperwork does not indicate any significant change in his medical condition, as required by Board policy. Attorney Robbins recommended that a letter be sent to the applicant requesting further information from him and/or his doctor that would indicate that he has had a significant change in his medical condition in order for his application for a duty disability pension to be accepted. **A motion was made by Mary Bland, supported by Scott Kincaid, authorizing a letter to be sent to the applicant requesting the necessary information showing a significant change in his medical condition to determine whether he is eligible to re-apply for a duty disability pension. The motion carried unanimously.**
- ◆ **Non-Duty** – *Two applications pending.*

Michelle Brown - The Medical Report and Summary of Disability Determination from Dr. Victor Roth, Medical Director at MES Solutions, indicates that Michelle Brown (Hurley Medical Center) is not totally and permanently disabled and recommends denial of her application for a non-duty disability pension. Mr. Erlenbeck noted that the Professional Services Committee has reviewed the report and concurs with Dr. Roth’s recommendation to the Board that Ms. Brown’s application should not be approved.

Motion made by Janice Kehoe, supported by Scott Kincaid, to concur with Dr. Roth's recommendation and deny a non-duty disability pension for Michelle Brown. Motion carried unanimously.

22.2 STATUS OF RETIREE SELECTION OF CORRECTION OPTION FOR OVERPAYMENT

Suzi Bye reported -

- ◆ **David Plewes** - *pending*
- ◆ **Catherine Allen** – The actuarial report has been received and a letter will be sent with the options available for repayment.
- ◆ **Stephen Colonna** – He selected the option of an actuarial reduction and she will proceed with the EDRO.

23. FINANCE/INVESTMENT COMMITTEE

- ◆ **IRS Tax Determination Letter** - *Pending w/Attorney Michael VanOverbeke* - Attorney Robbins noted that the deadline is February 2010. Attorney VanOverbeke is reviewing ordinance changes, contract amendments, and current information before drafting the final documents. She will follow up with him before the next Board Meeting.

24. RETIREMENT ORDINANCE REVISION COMMITTEE (of-the-Whole)

- ◆ **§35-16.4 “13th Check” SUBCOMMITTEE** – *Michelle Kirkwood, Chair*
Issues under discussion -
 - **Five-Year Rolling Average**
 - **Percentage Funded**
 - **Age Requirements**
 - **Contributory/Non-contributory**
 - **Deferred**
 - **Straight Life Pension Factor**
 - **Beneficiaries – Spouses, Parents, Children, Others**
 - **Alternative Option; i.e., Cost of Living, etc.**
 - **Other Retirement Systems**

Michelle Kirkwood reported that the committee met and began reviewing changes that could be made to the Ordinance. Their first discussion identified several key issues: 1) the need to factor in the reduction in retirees, due to transfers to MERS and the Defined Contribution plan, by reducing the maximum disbursement; 2) requiring a certain percentage level of

funding in the System before checks would be issued; 3) basing the calculations on a straight life pension factor so that all retirees are treated equally. The Committee is researching legislation and practices of other systems. Board discussion followed. Previously, the Board had agreed that the financial management consultant's 5-year rolling average would be the best number to use for determining when a 13th check should be paid. It was noted that the original purpose of the 13th check was to boost lower pensions to more livable levels.

- ◆ **§35-17 / §35-19 Hurley Medical Center - Purchase of Time** – Attorney Robbins and Suzi Bye will discuss with the Professional Services Committee and make recommendations.
- ◆ **§35-8 Alternates - Language & letter of recommendation to be sent to City Council** – currently under review by Council representative on Board.
- ◆ **§35-10 Alternates Ascending to Trustee Position when Vacated** – Attorney Robbins submitted a draft revision to the Board for review and asked that Board members contact her for clarifications or to make suggestions.
- ◆ **§35-31/31.1/32/32.1 Firefighters/Police Officers–Death in the Line of Duty** – *under review*
- ◆ **§35-26(a)(1) Option “A”** – Attorney Michael VanOverbeke recommended revision and Attorney Robbins will present language at the next Board Meeting. Denise Bingaman asked whether any retirement forms should be revised as a result. Discussion followed.

25. OTHER BOARD BUSINESS

The need for new recording and transcribing equipment was discussed. **A motion was made by Cass Wisniewski, supported by Mark Stratman, to authorize staff to purchase new recording/transcription equipment in an amount not to exceed \$1500. Motion carried unanimously.**

26. ADJOURNMENT

A motion was made to adjourn at 3:16 p.m. by Scott Kincaid, supported by Robert Erlenbeck. The motion carried unanimously.

Michael A. Townsend
Secretary