

CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM
Board of Trustees Regular Meeting Minutes
Tuesday, July 19, 2011

A regular meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on **Tuesday, July 19, 2011**, at 1:00 p.m. in the Committee-of-the-Whole Room, 3rd Floor, City Council Chambers, at City Hall.

TRUSTEES & ALTERNATES Douglas Bingaman – Chair; Denise Bingaman, Mary Bland, Bryan Bond, Debra Bridges, Robert Erlenbeck, Maryann Malloy, Sherry Murphy, Mark Stratman, Michael Townsend, Cass Wisniewski

ABSENT Gregory Eason, Duane Kelley, Scott Kincaid, Mark Kovach, Sheldon Neeley, Patricia Ramirez

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

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Acting Chair Douglas Bingaman called the meeting to order at 1:06 p.m.

2. ROLL CALL (Attendance)

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

3. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

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

4. APPROVAL OF AGENDA

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

5. APPOINTMENT OF PERMANENT BOARD CHAIR & VICE CHAIR

A motion to table the appointment of a permanent Chair and Vice Chair was made by Mark Stratman, supported by Mary Bland. The motion carried unanimously.

6. APPROVAL OF MINUTES – *June 21, 2011 - Regular Board Meeting*

Motion made by Debra Bridges, supported by Robert Erlenbeck, to approve the minutes of the June 21st, 2011 Regular Board Meeting, as written. The motion carried unanimously.

7. APPROVAL OF APPLICATIONS FOR VOLUNTARY RETIREMENT – *See Attached*

Moved/Resolved by Robert Erlenbeck, supported by Cass Wisniewski, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for the Applications for Voluntary Retirement for Jerome Adams, Duane Benton, Ruth Blassingame, Connie Brown, Sharon Dunbar, Alvin Hare, Martin Juarez, Carrie Ross, and Garrett Woods be approved 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. APPROVAL OF APPLICATIONS FOR DEFERRED RETIREMENT – *See Attached*

A motion was made by Robert Erlenbeck, supported by Michael Townsend and Debra Bridges, to approve the application for deferred retirement for David Forystek. The motion carried unanimously.

9. APPROVAL OF DISABILITY PENSIONS – *See Attached*

A motion was made by Mark Stratman, supported by Mary Bland, to approve the non-duty disability pension for Charlotte Billings. The motion carried unanimously.

10. APPROVAL OF CHANGES TO PENSIONS PREVIOUSLY REPORTED – See Attached

A motion was made by Mark Stratman, supported by Mary Bland, to approve the changes to the pension previously reported for Ray Rodriguez. The motion carried unanimously.

11. APPROVAL OF OPTIONS PICKED BY DEFERRED RETIREMENTS – See Attached

A motion was made by Michael Townsend, supported by Robert Erlenbeck, to approve the option picked by deferred retiree Beatrice Davis. The motion carried unanimously.

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 **MAPERS, 2011 Fall Conference**, Grand Rapids, Michigan, September 18-20, 2011.

14. COMMUNICATIONS 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.)*

14.1 **Genesee County Circuit Court, Order on Motion of City of Flint for Determination of Members of the Board of Trustees of the City of Flint Employees Retirement System Entitled to Vote at Correction of Errors Hearings for Plaintiff William O. Kelly**, June 19, 2011. *

14.2 **Genesee County Circuit Court, Order on Motion of City of Flint for Determination of Members of the Board of Trustees of the City of Flint Employees Retirement System Entitled to Vote at Correction of Errors Hearings for Plaintiffs Sheila Burns, Theron Wiggins, Gregory Doerr and URGE**, June 19, 2011. *

14.3 **CB Richard Ellis Investors, Cash Distribution to FERS of \$120,599.30 from Strategic Partners III**, June 22, 2011.

- 14.4 **American Realty Advisors**, Executed Adoption Agreement between FERS & American Core Realty Fund, June 20, 2011.
- 14.5 **American Realty Advisors**, Capital Contribution Request for American Core Realty Fund - \$4,800,000 from FERS, June 24, 2011.
- 14.6 **Habeeb Ghattas, Attorney**, Letter of Request to Reschedule Hearing for David Plewes, July 11, 2011.
- 14.7 **Michael VanOverbeke, Attorney**, Letter to IRS re: Determination Letter - IRS Request for Further Information, June 1, 2011.
- 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.)*
- 15.1 Bingaman/Townsend, Letter to Northern Trust re: Pension Payroll Transfer for July 1, 2011, June 21, 2011.
- 15.2 Bingaman/Townsend, Letter to Northern Trust re: Wire of \$4.8 Million to American Realty Advisors, June 27, 2011.
- 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 **CB Richard Ellis Investors**, Monthly Summary Report for May 2011.
- 16.2 **CB Richard Ellis Investors**, Revised Schedule K-1s for 2010.
- 16.3 **Dodge & Cox**, Form ADV Part 2A Brochure, March 31, 2011, with Updates & Continuity Disclosure Statement, May 20, 2011.
- 16.4 **Piedmont Investment Advisors**, FERS Monthly Reports - May 31, 2011.
- 16.5 **BNY ConvergEx Group**, Commission Recapture Report, January 1 - May 31, 2011.

A motion was made by Robert Erlenbeck, supported by Cass Wisniewski, to receive and place on file all documents listed in Agenda Item #s 13, 14, 15, 16. (Certain items were discussed where appropriate in the Agenda.) Motion carried unanimously.

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

	<u>2009</u>	<u>2010</u>	<u>2011 YTD</u>
Number Retired	2,849	2,880	2,882
Payroll	\$64,959,885	\$63,205,866	\$31,539,376

18. GRAY & COMPANY – CONSULTANT’S REPORT/RECOMMENDATIONS - TABLED

- ◆ **Schedule of Asset Classes, Manager Allocation & Re-Balancing / Market Update**
- ◆ **New Real Estate Managers – Contract status**
 - **Mayfield Gentry** - *pending raising of capital*
 - **American Realty Advisors** - *Contract signed (Item #14.4)*
 - Capital Call - \$4.8 million transferred on June 28, 2011 *(Items #14.5 & #15.2)*
- ◆ **Proxy Voting - Information received from Equity Managers**
 - Under review by Ivory Day & Compliance Staff at Gray & Company

19. APPROVAL OF THE AUGUST 1, 2011 PENSION PAYROLL TRANSFER

A motion was made by Mark Stratman, and supported by Bryan Bond, to approve a transfer of \$4,468,400 for payment of the August 1, 2011 pension payroll (total estimated payroll - \$5,203,000), from the Northern Trust Flint – Drawdown Account #26-19617 to Citizens Bank. The motion carried unanimously.

20. ACTUARIAL ISSUES PENDING

- ◆ **Fiscal Year 2010 Actuarial Valuation – Status - data collection** - Suzi Bye reported that she is reconciling retirement savings and service credits and expects to have the corrected data sent to the Actuary within a couple of weeks.

21. LEGAL COUNSEL UPDATES – I’Lanta Robbins, Attorney

- ◆ **Take Two Interactive Lawsuit – Securities Fraud Loss \$176,505 –Settlement pending**
- ◆ **Capital BidCo – Pending completion of State of Michigan investigation**

- ◆ **Pension Calculation Errors Lawsuits – Hearings to be scheduled (Item #s 14.1 & 14.2)**
 - Attorney Robbins has contacted Attorney Gibbs regarding scheduling these hearings beginning in September on the mornings of the Regular Board Meeting dates.
 - **Sheila Burns** (5 “free” years in FAC)
 - **William O. Kelly III** (FAC issues)
 - **Gregory Doerr** (FAC issues)
 - **Susan Jarema** (purchase of time)

- ◆ **FAC Calculation Policy – Draft submitted to the Retirement Office for review**

22. PROFESSIONAL SERVICES COMMITTEE

- ◆ **Reports/Recommendations** - Bryan Bond reported that the Committee met on June 12.

- ◆ **Pension System Budget/Revenues/Expenditures/Administrative Costs** - *review pending*

- ◆ **Cost Saving Measures**
 - **Pension Advice Mailing** – discontinued mailing 556 statements, per retirees' requests
 - **Debit Cards, Direct Deposit, etc.** - Michael Townsend and staff are writing a letter to retirees to attach to the bank's information regarding the option of receiving pension payments by paycard; to be included with the August 1 pension mailing.
 - **Pension payroll deductions & costs to administer** - Michael Townsend and staff will send a letter of notification to the parties noting the effective date of January 1.
- *Employee Club, AFLAC, Fire Fund, POL Benefit, URGE, Hurley, City*
 - **Retirement Self-Service Website** www.cityofflint.com/finance/Retirement/retirement.asp

- ◆ **Flint Housing Commission 2003 Job Eliminations - Deferred Retirees - Errors Found**
 - **David Gardin – Purchase of Generic Time** – *copy of file provided/no response received*
 - **Ronda Moore - Purchase of Time/Cost of Purchase/Service Credits** - *Hearing requested - Attorney Robbins to contact*

- ◆ **Election Schedule - Retiree Representative - Trustee & Alternate**
 - **Nominating Petition Filing Deadline** - *Friday, July 22 @ 5:00 p.m.*
 - **Ballots will be mailed** - *Friday, July 29*
 - **Ballot return deadline** - *Friday, August 12*
 - **Ballots will be counted** - *Friday, August 26*

22.1 DISABILITY RETIREMENT APPLICATIONS OUTSTANDING/PENDING

- ◆ **Duty – 1 (City)**

- ◆ **Non-Duty - 1 (City)**
- ◆ **Responses received from Dr. Roth - 1 (Hurley)**
 - **Erwin D. Kelley, Hurley Medical Center - Non-duty disability**
Dr. Roth's report stated that Erwin D. Kelley is not totally and permanently disabled and recommended that a non-duty disability retirement be denied. The Professional Services Committee concurs with his recommendation. **A motion was made by Robert Erlenbeck, supported by Mary Bland, to concur with Dr. Roth's recommendation that Erwin D. Kelley is not totally and permanently disabled and should be denied a non-duty disability retirement pension. The motion carried by a vote of 7 to 1.**

22.2 STATUS OF RETIREE SELECTION OF CORRECTION OPTION FOR OVERPAYMENT

- ◆ **David Plewes (service credits/FAC) - Hearing to be rescheduled (Item #14.6)**
Discussion. Mr. Plewes hired Attorney Habeeb Ghattas to represent him. Attorney Ghattas requested an adjournment of today's hearing to allow time for a pre-hearing conference with Attorney I'Lanta Robbins (representing the Board) and Attorney David Lawson (representing the City).

A motion was made by Mary Bland, supported by Michael Townsend, to set a hearing date for David Plewes of August 16th at 9:00 a.m. The motion carried unanimously.

23. FINANCE/INVESTMENT COMMITTEE

Chairman Bingaman reported that the Committee has not met because they are waiting for the final ordinance change language resolutions to be sent from Attorney Michael VanOverbeke to meet IRS requirements. After the language is received, it will be reviewed by the Committee and given to the Board for approval (and referral to City Council).

- ◆ **Financial Updates**
- ◆ **IRS Tax Determination Letter – Pending w/IRS (Agenda Item #14.7)**
- ◆ **Private Equity Investments – Under review**
- ◆ **Independent Audit of FERS – RFP in process for FY11**

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

- ◆ **Apply IRS Regulations for Beneficiaries –Legal, R. Erlenbeck, GRS**

- ◆ **IRS Changes for Tax Determination Letter** - *pending IRS approval of language recommended/submitted by Attorney Michael VanOverbeke (Agenda Item #14.7)*
- ◆ **Defined Contribution/Defined Benefit Change for Exempts** – *Attorney Robbins drafting final language for submission to City Council*
- ◆ **§35-31/31.1/32/32.1 Firefighters/Police Officers – Death in the Line of Duty / Death Pension Limitations – Surviving Spouses** – *Legal, Mark Stratman, Suzi Bye*

25. OTHER BOARD BUSINESS

- ◆ **Pending Michigan Legislation - No Update**
 - ◆ **Public Act 314 (Pension Investment Act), Public Act 345 (Police & Fire Retirement Systems), Public Act 336 (Public Employees Retirement Act)** – *Pending Revisions*
- ◆ **Vacancies (Ord. §35-8 & §35-10)**
 - ◆ **Alternate for Cass Wisniewski** – *Pending appointment by Hurley President/CEO*

26. ADJOURNMENT

Upcoming Board Meetings:

Special Board Meeting – Hearing for David Plewes - Tuesday, August 16, 2011, 9:00 a.m.
Regular Board Meeting – Tuesday, August 16, 2011, 1:00 p.m.
Regular Board Meeting – Tuesday, September 13, 2011, 1:00 p.m.
Regular Board Meeting – Tuesday, October 18, 2011, 1:00 p.m.

The Chairman declared a recess at 1:23 p.m.

The Chairman called the meeting back to order at 1:31 p.m.

A motion was made by Robert Erlenbeck, supported by Bryan Bond, to adjourn the meeting at 1:32 p.m. The motion carried unanimously.

Michael A. Townsend
Secretary