

**CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM**  
**Board of Trustees Regular Meeting Minutes**  
**Tuesday, June 21, 2011**

A regular meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on Tuesday, June 21, 2011, at 1:00 p.m. in the Committee-of-the-Whole Room, 3<sup>rd</sup> Floor, City Council Chambers, at City Hall, with the following in attendance:

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

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

*ALSO PRESENT* Harland Abraham, Northern Trust  
I'Lanta Robbins, Assistant City Attorney/Attorney for Retirement Board  
Suzi Bye, Retirement & Benefits Manager

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

Acting Chair Douglas Bingaman called the meeting to order at 1:09 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 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**

**A motion to table the appointment of a permanent Chair and Vice Chair was made by Robert Erlenbeck, supported by Cass Wisniewski. The motion carried unanimously.**

**6. APPROVAL OF MINUTES – May 17, 2011 - Regular Board Meeting**

**Motion made by Robert Erlenbeck, supported by Debra Bridges, to approve the minutes of the May 17th, 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 Mary Bland, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for the Applications for Voluntary Retirement for Chester Adams, Willa Crowley, Linda Dziczek, Glynn Jackson, JoAnn Jarvis-Jackson, Rosia A. Murphy, Rogelio Villarreal and Sheilia Williams 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 – NONE**

**9. APPROVAL OF DISABILITY PENSIONS – NONE**

**10. APPROVAL OF CHANGES TO PENSIONS PREVIOUSLY REPORTED – NONE**

**11. APPROVAL OF OPTIONS PICKED BY DEFERRED RETIREMENTS – NONE**

**12. INFORMATIONAL CHANGES TO PENSIONS – See Attached**

A change to the pension of Randall Fahey was noted.

**13. UPCOMING CONFERENCES - NONE**

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

**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 **Theron Wiggins (Plaintiff) - Settlement Agreement and Release of All Claims between Plaintiff, the City of Flint, the City of Flint Employees Retirement System and Donald Williamson; City Council Authorization Resolution; Stipulation and Orders for Dismissal**, May 31, 2011.

14.2 **David Plewes**, Letter to D. Bingaman, Chair of FERS Board of Trustees, re: Postponement of Appeal Hearing Scheduled for June 21st, June 9, 2011.

14.3 **Internal Revenue Service**, Letter to FERS re: Additional Information Needed to Process Request for Determination Letter, June 9, 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 June 1, 2011, May 19, 2011.

15.2 I'Lanta Robbins, Letter to David Plewes re: Hearing Scheduled June 21, 2011, May 23, 2011.

15.3 Bingaman/Townsend, Letter to Northern Trust re: Capital BidCo - Removal of Asset Off Record, June 6, 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 **Dodge & Cox**, Proxy Voting Policies, Procedures & Reports.

16.2 **Globalt Investments**, Proxy Voting Policies, Procedures & Reports.

16.3 **ICON Advisors**, Proxy Voting Policies, Procedures & Reports.

16.4 **Keeley Asset Management**, Proxy Voting Policies, Procedures & Reports.

- 16.5 **PNC Institutional Investments**, Proxy Voting Policies, Procedures & Reports.
- 16.6 **Wellington Management Company**, Proxy Voting Policies, Procedures & Reports.
- 16.7 **BNY ConvergeX Group**, FERS Commission Recapture Services Reports, March 31 & April 30, 2011.
- 16.8 **CB Richard Ellis Investors**, Consolidated First Quarter Financial Statements - March 31, 2011.
- 16.9 **Fisher Investments**, FERS Foreign Equity Fund Review & Outlook - First Quarter 2011.
- 16.10 **Globalt Investments**, Form ADV Part 2A and B, May 25, 2011.
- 16.11 **Piedmont Investment Advisors**, FERS Monthly Reports - April 30, 2011.
- 16.12 **PNC Institutional Investments**, FERS Performance Analysis Summary as of March 31, 2011.
- 16.13 **Wentworth, Hauser & Violich**, FERS April 2011 Performance Appraisal.
- 16.14 **Northern Trust**, Schedule C Indirect Compensation for 2010 - Form 5500 Additional Info.

**A motion was made by Robert Erlenbeck, supported by Bryan Bond, 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	2,875
Payroll	\$64,959,885	\$63,205,866	\$32,167,023

#### **18. GRAY & COMPANY – CONSULTANT’S REPORT/RECOMMENDATIONS**

- ◆ **Schedule of Asset Classes, Manager Allocation & Re-Balancing**
- ◆ **New Real Estate Managers – Contract status**
  - **Mayfield Gentry** - pending raising of capital
  - **American Realty Advisors** - contract signed & sent to ARA for signatures
    - Capital Call - approx. \$4.8 million
- ◆ **Proxy Voting** - Information received from Equity Managers (Items #16.1-16.6)  
- under review by Ivory Day & Compliance Staff at Gray & Company

## 19. APPROVAL OF THE JULY 1, 2011 PENSION PAYROLL TRANSFER

**A motion was made by Robert Erlenbeck, and supported by Cass Wisniewski, to approve a transfer of \$5,147,000 for payment of the July 1, 2011 pension payroll (total estimated payroll - \$5,205,102), 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*

## 21. LEGAL COUNSEL UPDATES – *I'Lanta Robbins, Attorney*

- ◆ **Take Two Interactive Lawsuit** – *Securities Fraud Loss \$176,505 –Settlement pending*  
No information regarding the final distribution has been received - Attorney Robbins and Harland Abraham (Northern Trust) are investigating the issue of distribution of class action proceeds. Discussion followed with Harland Abraham.
- ◆ **Capital BidCo** – *Pending completion of State of Michigan investigation - Discussion*
- ◆ **Theron Wiggins** – *Lawsuit Settlement Agreement (Item #14.1)*
- ◆ **Pension Calculation Errors Lawsuits** – *Hearings to be scheduled*
  - **Sheila Burns** (*5 “free” years in FAC*)
  - **William O. Kelly III** (*FAC issues*)
  - **Gregory Doerr** (*FAC issues*)
  - **Susan Jarema** (*purchase of time*)

Attorney Robbins reported that Judge Farah issued his decision regarding participation of Mary Bland and Denise Bingaman in the hearings. For the Sheila Burns lawsuit, Judge Farah ordered that Denise Bingaman and Mary Bland cannot participate as decision makers in the hearing; however, Doug Bingaman can participate. In the William O. Kelly lawsuit, the Judge ordered that Denise Bingaman cannot participate as a decision maker. Based on Attorney Robbins' conversations with Attorney Gibbs, the hearings will likely be scheduled in the fall. Discussion followed.

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

## 22. PROFESSIONAL SERVICES COMMITTEE

Robert Erlenbeck reported that the Committee met and discussed the following:

- ◆ **Pension System Budget/Revenues/Expenditures/Administrative Costs - pending review**
- ◆ **Cost Saving Measures**
  - **Pension Advice Mailing** – 505 retirees have signed up to discontinue receiving advice statements (532 statements no longer being mailed). Another mailing will be sent in early fall.
  - **Debit Cards, Direct Deposit, etc.** (*copy of flyer from US Bank regarding Pay Cards for City employees in agenda packets*) Denise Bingaman reported that, currently, less than 200 retirees receive checks; all of them are of social security age, which means they are already receiving a direct deposit payment, as opposed to a check, from the Social Security Administration. The City is requiring all active employees to sign up for either direct deposit or bank cards and access their pay statements online only, effective July 14. Some retirees have asked to have the pay cards available to them also. Discussion followed.

**A motion was made by Mark Stratman, supported by Robert Erlenbeck, that new retirees as of January 1, 2012, must sign up for Direct Deposit or Pay Cards. Motion carried unanimously.**

**A motion was made by Mary Bland, supported by Robert Erlenbeck, to offer the pay cards to all retirees as a payment option. Motion carried unanimously.**

**A motion was made by Mark Stratman, supported by Michael Townsend, that as of January 1, 2012 all new retirees will not receive advice statements in the mail (available online). Motion carried unanimously.**

- **Voluntary pension payroll deductions & costs to administer**  
*- Employee Club, AFLAC, Fire Fund, POL Benefit, URGE, Hurley, City*

The Professional Services Committee is recommending that a charge for each voluntary deduction be billed to the organization to whom the deduction is being paid, since this is a service being provided by the Retirement System to those organizations and the retirees. It would be each organization's decision how they deal with that fee, whether absorbing it or passing the charge along to the retirees. The Committee recommends a \$.20 charge per voluntary deduction per month be made in order to offset the administrative costs to the System of providing this service. Discussion.

**A motion was made by Bryan Bond, supported by Michael Townsend, to charge a \$.20 voluntary deduction transaction fee to all organizations for whom deductions are made - Employee Club, AFLAC, Fire Fund, Police Benefit Fund, City of Flint, Hurley Medical Center, URGE, etc. - to become effective January 1, 2012. During discussion, it was noted that 2309 deductions are currently being processed each month.**

**By a roll call vote, the motion carried 5-3:**

<b>Mary Bland - No</b>	<b>Michael Townsend - Yes</b>
<b>Cass Wisniewski - Yes</b>	<b>Debra Bridges - No</b>
<b>Bryan Bond - Yes</b>	<b>Mark Stratman - Yes</b>
<b>Robert Erlenbeck - Yes</b>	<b>Maryann Malloy - No</b>

- **Website** [www.cityofflint.com/finance/Retirement/retirement.asp](http://www.cityofflint.com/finance/Retirement/retirement.asp)
  - Forms
  - Retirement Self Service Access
- ◆ **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 -** *Lanta Robbins has been trying to contact Ms. Moore to determine whether she has legal representation and what issues she wishes to appeal in her requested hearing.*
- ◆ **Election Schedule - Retiree Representative - Trustee & Alternate** *(see attachment)* - *Suzi Bye asked whether any Board Members had any comments or objections to the schedule before it is distributed to the retirees. During discussion, it was suggested that brief candidate biographies (submitted by the qualified candidates) could be posted on the website before the election or included in the ballot mailing.*

## **22.1 DISABILITY RETIREMENT APPLICATIONS OUTSTANDING/PENDING**

- ◆ **Duty – 1 (City) - appt to be scheduled**
- ◆ **Non-Duty**
  - *Hurley Medical Center - 1 - appt scheduled*
  - *City of Flint - 1 - appt to be scheduled*

◆ **Responses received from Dr. Roth -**

○ **Charlotte Billings, Hurley Medical Center - Non-duty disability**

Dr. Roth's report stated that Charlotte Billings is totally and permanently disabled and recommended that a non-duty disability retirement be granted. The Professional Services Committee concurs with his recommendation. **A motion was made by Mary Bland, supported by Bryan Bond, to concur with Dr. Roth's recommendation that Charlotte Billings is totally and permanently disabled and should be granted a non-duty disability retirement pension. The motion carried unanimously.**

○ **Michelle Champion, City of Flint - Non-duty disability**

Dr. Roth's report stated that Michelle Champion 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 Mark Stratman, supported by Bryan Bond, to concur with Dr. Roth's recommendation that Michelle Champion is not totally and permanently disabled and should be denied a non-duty disability retirement pension. The motion carried unanimously.**

**22.2 STATUS OF RETIREE SELECTION OF CORRECTION OPTION FOR OVERPAYMENT**

- ◆ **David Plewes** (*service credits/FAC*) - *Hearing scheduled by Board on June 21, 2011 (Item #15.2) & postponed at his request (Item #14.2)* Attorney I'Lanta Robbins reported that Mr. Plewes stated that he would be retaining an attorney; however, she has not been contacted by counsel on his behalf. The Board can set another hearing date. Discussion.

**Motion made by Robert Erlenbeck, supported by Michael Townsend, to schedule a hearing for Mr. Plewes at 9:00 a.m. on the Regular Board Meeting date of July 19, 2011. Motion carried unanimously.**

**23. FINANCE/INVESTMENT COMMITTEE**

- ◆ **Financial Updates** - *Fiscal Year 2011-12 Budget (attached)*
- ◆ **IRS Tax Determination Letter** – *Pending w/IRS - additional info requested (#14.3)*
- ◆ **Private Equity Investments** – *Under review*
- ◆ **Independent Audit of FERS** – *RFP in process for FY11*



Chairman Bingaman reported that the Committee will be meeting next month with Attorney Michael VanOverbeke via conference call regarding the IRS Tax Determination Letter and required amendments to the Retirement Ordinance that must be reviewed and discussed.

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

- ◆ **Apply IRS Regulations for Beneficiaries** –*Legal, R. Erlenbeck, GRS*
- ◆ **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 – Tuesday, July 19, 2011, 9:00 a.m. - David Plewes' Hearing*

*Regular Board Meeting – Tuesday, July 19, 2011, 1:00 p.m.*

*Regular Board Meeting – Tuesday, August 16, 2011, 1:00 p.m.*

*Regular Board Meeting – Tuesday, September 13, 2011, 1:00 p.m.*

**A motion was made by Robert Erlenbeck, supported by Bryan Bond, to adjourn the meeting at 2:27 p.m. The motion carried unanimously.**

***Michael A. Townsend***  
***Secretary***