

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, June 22, 2004 in the New Committee-of-the-Whole Room, City Hall Council Chambers, third floor, with the following in attendance.

TRUSTEES & ALTERNATES Daniel Hall – Chairperson, Daniel Coffield, Peter Dobrzeniecki, Darnell Earley, Robert Erlenbeck, Mark Horrigan, Sandra Kidd, Amy Lindman, Donald Phillips, Robert Rosenberger, Georgia Steinhoff, Cass Wisniewski

ABSENT James Goodin, Janice Kehoe, Alvern Lock, Edward Taylor

ALSO PRESENT Habeeb Ghattas, Attorney for the Retirement Board
Jeffrey Welch, Attorney for the Retirement Board
Wanda Twitty Retirement Supervisor

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

Daugherty Johnson, President, AFSCME Local #1799, asked the Board about the status of the plans for the transfer of assets to MERS.

Chairman Daniel Hall responded that the background work is in process for the MERS transfer. Therefore, the Board has the transfer and the transfer methodology listed as standing items on the Agenda (Items #14 & #15) so that related issues can be reported to, and voted on by, the Board as they arise.

Robert Erlenbeck, Insurance, Risk & Benefits Supervisor, introduced Wanda Twitty to the Board as the new Retirement Supervisor.

Chairman Daniel Hall extended a welcome to Ms. Twitty on behalf of the Board of Trustees.

3. APPROVAL OF THE MAY 18, 2004 REGULAR BOARD MEETING MINUTES

It was moved by Daniel Coffield, and supported by Amy Lindman, to approve the minutes of the May 18, 2004 Regular Board Meeting, with corrections.

Habeeb Ghattas noted the following correction:

Page 8893, under Agenda Item #23, 1st paragraph, last sentence:

Original Entry: ...would be a violation of the Court's order and one that the Board would be enjoined from engaging in.

Corrected Entry: ...would be a violation of the Court's order and one that the EFM would be enjoined from engaging in.

Georgia Steinhoff asked for clarification on page 8911, last paragraph, last sentence:

Original Entry: Dr. Roth's recommendation is that she be contacted by the Board's attorney and asked to provide the Board with documentation...

Corrected Entry: Dr. Roth's recommendation is that she be contacted by the Board's Attorney, *or whoever is designated by the Board*, and asked to provide the Board with documentation...

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

4. APPLICATIONS FOR VOLUNTARY RETIREMENT

Steven Anderson
DPW/1600

Final Average Compensation:	\$ 35,929.60
Accumulated Contributions:	32,393.40
DRET:	25.38
Effective Date of Retirement	12/27/2003
Service: 32 Years, 10 Months	
The retiree elected the Option A in the amount of \$2,333.70	

Bob Erlenbeck requested that Mr. Anderson's request for approval of his retirement continue to be tabled, until the actuarial information is forthcoming from Gabriel, Roeder, Smith & Company, which will have a bearing on Mr. Anderson's final decision whether or not to retire. The City is continuing to pay him until this issue is resolved. Discussion followed.

Karen Arceo
HMC/825

Final Average Compensation:	\$ 28,985.45
Accumulated Contributions:	Non-Cont
DRET:	.00
Effective Date of Retirement	05/24/2004
Service: 20 Years, 4 Months	

The retiree elected the Option Straight Life in the amount of \$834.94

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Karen Arceo 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 \$834.94, for as long as she lives.

Donald Holko
DPW/1600

Final Average Compensation:	\$ 60,678.84
Accumulated Contributions:	72,389.65
DRET:	894.16
Effective Date of Retirement	05/15/2004
Service: 20 Years, 5 Months	

The retiree elected the Option A in the amount of \$2,448.97

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Donald Holko 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 A, in the amount of \$2,448.97, for as long as he lives.

Alice Mitchell
HMC/1603

Final Average Compensation:	\$ 37,622.00
Accumulated Contributions:	3,410.80
DRET:	20,080.40
Effective Date of Retirement	06/01/2004
Service: 10 Years, 5 Months	

The retiree elected the Option Straight Life in the amount of \$718.48

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Alice Mitchell 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 \$718.48, for as long as she lives.

Annie Lockett
HMC/825

Final Average Compensation:	\$ 29,455.64
Accumulated Contributions:	Non-cont.
DRET:	.00
Effective Date of Retirement	05/27/2004
Service: 28 Years, 3 Months	

The retiree elected the Option Straight Life in the amount of \$ 1,162.89

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Annie Lockett 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 \$1,162.89, 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 Karen Arceo, Donald Holko, Alice Mitchell, and Annie Lockett.

Upon being put to a vote, the motion to approve the Applications for Voluntary Retirement, with the exception of Steven Anderson, carried unanimously.

5. APPLICATIONS FOR DEFERRED RETIREMENTS

Gayle Biederman
HMC/Exempt

Final Average Compensation:	\$ 52,747.65
Accumulated Contributions:	Non Cont.
DRET:	.00
Effective Date of Retirement	05/01/2004
Service: 17 Years, 10 Months	
The retiree will elect an Option prior to 12/01/2026	

Carrie Buckner
HMC/1603

Final Average Compensation:	\$ 34,615.88
Accumulated Contributions:	13,163.27
DRET:	18,291.99
Effective Date of Retirement	05/26/2004
Service: 15 Years, 5 Months	
The retiree will elect an Option prior to 01/01/2014	

Bruce Coxworth
Police/FPOA

Final Average Compensation:	\$ 44,326.95
Accumulated Contributions:	3,586.03
DRET:	20,766.79
Effective Date of Retirement	04/17/2004
Service: 15 Years, 1 Months	
The retiree will elect an Option prior to 04/01/2012	

Penny Saintjohn
HMC/1973

Final Average Compensation:	\$ 33,934.96
Accumulated Contributions:	Non-Cont
DRET:	.00
Effective Date of Retirement	07/01/2002
Service: 24 Years, 0 Months	
The retiree will elect an Option prior to 09/01/2008	

It was moved by Amy Lindman, and supported by Daniel Coffield, to approve the Applications for Deferred Retirement for Gayle Biederman, Carrie Buckner, Bruce Coxworth, and Penny Saintjohn.

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

6. APPROVAL OF PENSIONS PREVIOUSLY REPORTED

Marsha Judd/HMC Revised FAC \$61,922.09

Retro active hours for 7-1-03 increase for MTO Union

Ann Kuhl-Roy/HMC Revised FAC \$55,347.52

Revised for sick pay not included in FAC

Rosie Lang/HMC Revised Yrs of Svc 24 yrs, 7 mos

Revised for 3 months service credits missed.

A motion was made by Georgia Steinhoff, and supported by Amy Lindman, to approve the pensions previously reported.

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

7. OPTIONS PICKED BY DUTY-DISABILITY AND DEFERRED RETIREMENTS

Thomas Wright/HMC	Option A - \$397.37
Jacob Hawkins/City DPW	Option B w/pop-up - \$2,191.61
Phil Snyder/City Police - Duty Disability	Option B w/pop-up - \$1,643.43

For informational purposes only.

8. APPLICATIONS FOR DUTY DISABILITY RETIREMENT

Gail Cotter
Police/FPOA

Age: 44 Years
Service: 15 Years, 0 Months

The medical report and summary of Disability Determination dated April 8, 2004 from Dr. Victor Roth, Medical Director, does certify that Gail Cotter is not totally and permanently disabled.

In addition, a statement for professional services rendered in the amount of \$550.00 was submitted by M-Works.

A motion was made by Daniel Coffield, and supported by Robert Rosenberger, for this meeting and all future meetings that, unless otherwise noted, the standard, negotiated fee of \$550 for disability evaluations by Dr. Victor Roth, Medical Director at M-Works, is automatically approved for payment, per the contract with M-Works.

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

Georgia Steinhoff reported that the Professional Services Committee met on June 7, 2004, to review the applications for disability retirement. After reviewing the medical report, the Committee concurred with Dr. Roth that Gail Cotter is not totally and permanently disabled.

Motion made by Daniel Coffield, supported by Sandra Kidd, to accept the recommendation of Dr. Roth at M-Works that Gail Cotter is not totally and permanently disabled.

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

Leroy Macklin Jr.
Police/FPOA

Age: 37 Years
Service: 13 Years, 4 Months

The medical report and summary of Disability Determination dated April 29, 2004 from Dr. Victor Roth, Medical Director, does certify that Leroy Macklin is not totally and permanently disabled.

In addition, a statement for professional services rendered in the amount of \$550.00 was submitted by M-Works.

Georgia Steinhoff reported that the Professional Services Committee, after reviewing the medical report, concurred with Dr. Roth that Leroy Macklin Jr. is not totally and permanently disabled. The report also stated that Mr. Macklin had not followed all of the recommendations of his own physician.

Motion made by Daniel Coffield, supported by Sandra Kidd, to accept the recommendation of Dr. Roth at M-Works that Leroy Macklin Jr. is not totally and permanently disabled.

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

Stephen Tarkowski
Fire/352

Age: 50 Years
Service: 23 Years, 5 Months

The medical report and summary of Disability Determination dated April 29, 2004 from Dr. Victor Roth, Medical Director, does certify that Stephen Tarkowski is not totally and permanently disabled.

In addition, a statement for professional services rendered in the amount of \$550.00 was submitted by M-Works.

Georgia Steinhoff stated that the Professional Services Committee is requesting that the disability retirement request for Stephen Tarkowski be tabled until the July meeting. The Committee will be discussing his case, and their questions regarding further testing, with Dr. Roth and Bob Erlenbeck during a conference call next week.

Cathy Engel
Police/FPOA

Age: 42 Years
Service: 18 Years, 11 Months

The medical report and summary of Disability Determination dated May 13, 2004 from Dr. Victor Roth, Medical Director, does certify that Cathy Engel is totally and permanently disabled.

In addition, a statement for professional services rendered in the amount of \$550.00 was submitted by M-Works.

Georgia Steinhoff reported that the Professional Services Committee, after reviewing the medical report, concurred with Dr. Roth that Cathy Engel is totally and permanently disabled.

Motion made by Daniel Coffield, supported by Robert Rosenberger, to accept the recommendation of Dr. Roth at M-Works that Cathy Engel is totally and permanently disabled.

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

Jill Higgerson
City/1600

Age: 44 Years
Service: 13 Years, 0 Months

The medical report and summary of Disability Determination dated June 8, 2004 from Dr. Victor Roth, Medical Director, does certify that Jill Higgerson is not totally and permanently disabled.

Georgia Steinhoff reported that the Professional Services Committee, after reviewing the medical report, concurred with Dr. Roth that Jill Higgerson is not totally and permanently disabled. Jill Higgerson had applied for disability retirement several years ago. Two doctors examined her. There has been correspondence between her attorney and the Board's attorney, Habeeb Ghattas. The Committee felt that, for clarification, she should see Dr. Roth again. Dr. Roth's recommendation was that she is not totally and permanently disabled. He did indicate that, since she had been away from the workforce for some time, he wanted to work her back into employment gradually. However, the Committee told him that was not an available option (per the City), so he sent an addendum stating that he was trying to be considerate of the fact that she had been away from work. However, if there is no work available, he is still recommending that she could be returned to work; therefore, she is not disabled.

Motion made by Robert Rosenberger, supported by Daniel Coffield, to accept the recommendation of Dr. Roth at M-Works that Jill Higgerson is not totally and permanently disabled.

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

9. UPCOMING CONFERENCES (All items placed on file in the Retirement Office.)
 - 9.1 International Foundation, Benefits Conference for Public Employees, July 12-14, 2004, Washington, D.C.
 - 9.2 MAPERS, Public Plan Investments and Investment Policy, Health Care and Fiduciary Responsibility, July 28, 2004, Plymouth, MI.
 - 9.3 International Foundation, Labor-Management Conference on Health Care, August 12, 2004, Madison, WI.
 - 9.4 Institute for International Research, The 12th Annual Guns & Hoses, October 3-6, 2004, San Diego, CA.
 - 9.5 International Foundation, Portfolio Concepts and Management, October 4-7, 2004, Philadelphia, PA.
 - 9.6 Public Fund Boards Forum, 13th Annual Public Fund Boards Forum, December 4-8, 2004, San Francisco, CA.

It was moved by Sandra Kidd, and supported by Robert Rosenberger, to add the stated conferences to the list of authorized conferences.

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

10. COMMUNICATIONS RECEIVED (All items placed on file in the Retirement Office.)
- 10.1 Independent Fiduciary Services, Operational Reviews for Public Pension Funds, June 2004.
- 10.2 David Babson & Co., The Babson Staff Letter, June 11, 2004.
- 10.3 NCPERS, The Monitor, May/June 2004.
- 10.4 Fred Alger Management, The Alger Market Review, April 27, 2004.
- 10.5 Fred Alger Management, The Alger Market Review, June 2, 2004.
- 10.6 NCPERS, The President's Annual Report, May 2004.
- 10.7 Gabriel, Roeder, Smith & Co., Invitation to Dinner while attending the Government Finance Officers Association, May 19, 2004.
- 10.8 Gabriel, Roeder, Smith & Co., News Scan, May 2004.
- 10.9 Lerach, Coughlin, Stoia & Robbins, Corporate Governance Bulletin, 2nd Quarter 2004.
- 10.10 Fifth Third Asset Management, Presentation of Investment Management Services, April 2004.
- 10.11 Fisher Investments, Inc., Performance Presentation & Strategy, April 1, 2004.
- 10.12 Great Lakes Advisors, Investment success through sound strategies and consistent execution, 4th quarter 2003.

Chairman Daniel Hall also placed on file the 1st Quarter 2004 report from Intercontinental Real Estate Corporation. In addition, he placed on file correspondence from Ruth Ann Webb, a #1603 employee at Hurley, to Mr. Jay Kitson at Hurley, regarding possible errors in her service credit calculations.

It was moved by Amy Lindman, and supported by Robert Rosenberger, to receive the communications on file, including the two items placed on file at this meeting by the Chair.

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

11. REPORTS RECEIVED (All items were placed on file in the Retirement Office; if noted, a copy was given to Board Members in their agenda packets also.)
 - 11.1 State Street Global Advisors, Account Summary as of April 30, 2004.
 - 11.2 Lynch, Jones & Ryan, Trading Summary as of April 30, 2004.
 - 11.3 Magna Securities, Commission Recapture Report as of April 30, 2004.
 - 11.4 Fidelity Investments, Monthly Investment Update as of May 31, 2004.
 - 11.5 Fidelity Investments, Capital Contribution Acknowledgment, May 27, 2004.
(Enclosed in agenda packets)
 - 11.6 Fidelity Investments, Capital Contribution Acknowledgment, June 16, 2004.
(Enclosed in agenda packets)
 - 11.7 Bank of Ireland, Statement of Holdings as of May 31, 2004.
 - 11.8 Bank of Ireland, Proxy Voting Activity Report as of April 30, 2004, May 10, 2004.
 - 11.9 Merganser Capital Management, Investment Memorandum as of March 31, 2004.
 - 11.10 RCM, Performance Summary for the Month Ending April 30, 2004.
 - 11.11 RCM, Performance Summary for the Month Ending May 31, 2004.
 - 11.12 Northern Trust Reports – April 2004. (Enclosed in agenda packets)
 - 11.13 Retirement Fund Employee/Employer Contributions. (Enclosed in agenda packets)

It was moved by Robert Rosenberger, and supported by Amy Lindman, to receive the reports on file.

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

12. STATISTICAL REPORT OF BENEFITS

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Number Retired	2,964	3,001	2,984
Annualized Payroll	\$ 58,416,621	\$ 61,357,283	\$ 62,357,693
13 th Check	-0-	-0-	-0-
Charter 13 th Check	-0-	-0-	-0-

No action is necessary by the Board – for information only.

13. APPROVAL OF THE JULY 1, 2004 PENSION PAYROLL TRANSFER

A motion to approve the pension payroll transfer for July 2004 in the amount of \$5,086,331.73 from State Street Global Advisors to Citizens Bank for payment of the July 1, 2004 pension payroll, was made by Daniel Coffield, supported by Georgia Steinhoff.

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

It was noted that the current balance in the State Street Pension Drawdown Fund is \$15,700,000. It was also noted that the following signatures are being affixed to all financial directives at this time: Daniel Hall, Chair; Peter Dobrzeniecki, Fund Administrator; Donald Phillips, Vice Chair; James Goodin, Treasurer.

14. RESOLUTION AUTHORIZING THE TRANSFER OF ALL DATA FOR CERTAIN ACTIVE MEMBERS AND RETIREES OF HURLEY MEDICAL CENTER

Tabled

Mark Horrigan entered the meeting at 1:40 p.m.

Georgia Steinhoff left the meeting at 1:48 p.m.

Daniel Coffield reported that Cass Wisniewski and Robert Erlenbeck have provided all

necessary data to the Actuary, Larry Langer, at Gabriel, Roeder, Smith & Co. for the transfer calculations to be made. Mr. Langer's letter stated that it would take three weeks, from the time he received all requested information, to make the necessary calculations for the transfer to FERS. Therefore, these calculations should be completed by the July Board Meeting. Mr. Coffield asked that Mr. Langer be present at the July Board Meeting. The Board has questions for Mr. Langer regarding the calculations, funding percentage, transfer of assets and liabilities, recommendations, etc.

Mr. Coffield also noted that those employees covered by collective bargaining agreements do not need a Retirement Ordinance change; however, the agreements need to be implemented regarding the transfer to MERS. Regarding those employees not covered by a collective bargaining agreement, the Emergency Financial Manager was going to make an ordinance change.

Habeeb Ghattas reported on the status of the tax qualification concerns, noting that he has retained, as special tax counsel, Meg Hunter at Dykema Gossett, since no conflict of interest was found to exist. However, he expressed a concern regarding the approval of fees for payment of invoices from special tax counsel. Also, it is his position that ordinance amendments are needed regarding the transfers to MERS of employees with collective bargaining agreements, as well as employees who are not represented by collective bargaining, particularly with regards to the transfer methodology. He also noted that it is his position that the Retirement Ordinance amendments, presented by the Emergency Financial Manager (EFM) at the public hearing yesterday, are invalid as being without appropriate authority. Specifically, P.A. 72, the enabling legislation of the EFM, does not extend to the operation of the Retirement System, per Judge Yuille's opinion. It appears that the EFM is, in effect, attempting to impact the operation of the Retirement System indirectly through these ordinance changes, which Judge Yuille had directed that he is not authorized to do directly.

Discussion followed by the Board. It was noted that the EFM's Retirement Ordinance changes were authored by the City's Legal Department and Administration officials and put into effect without the City's normal ordinance amendment process or any input by the Pension Board or City Council. Chairman Daniel Hall stated that he has been in contact with City Council President Johnnie Coleman regarding the Trustees' proposed joint committee of Council members and Board members for the purpose of amending the Retirement Ordinance, as approved by the Pension Board previously. An official letter is going out today to Mr. Coleman, from Chairman Hall, formally requesting that this committee be established. Chairman Hall noted that the Ordinance Committee report will be listed on the Agenda from now on (#21 on today's agenda).

Councilman/Alternate Trustee Mark Horrigan noted that P.A. 771 clearly states that the Legislative Body, upon repeal of the financial emergency, shall review every ordinance

that the EFM has enacted or changed within the first 90 days after the emergency is ended. The City Council then has the authority to change/amend the ordinance changes made by the EFM, through the normal legal process.

15. RESOLUTION AUTHORIZING THE TRANSFER OF RELATED ASSETS AND LIABILITIES FOR CERTAIN ACTIVE MEMBERS AND RETIREES OF HURLEY MEDICAL CENTER.

Tabled

16. AUDIT COMMITTEE REPORT

- Update/Recommendations

Chairman Daniel Hall reported that a committee meeting was held on June 21 with Plante & Moran. The auditors had concerns, which they outlined with the Committee Members (Dan Hall, Peter Dobrzeniecki, Cass Wisniewski, Sandy Kidd). There will be another meeting in July to further address their concerns. It is expected that draft audit reports will be ready for presentation to the Board at the August Board Meeting for the two audits: the 18-month period ended June 30, 2002 and the 12-months ended June 30, 2003.

17. DB/DC COMMITTEE REPORT

DB/DC Committee Chairman Robert Rosenberger presented the Minutes of their meeting on Thursday, May 20, to the Board. Attached to the minutes was information sent by I.C.M.A. in response to the Committee's questions during the meeting, which included a telephone conference with I.C.M.A. to review the tax issues for the conversion. I.C.M.A. had provided a tax determination letter for all government clients that used I.C.M.A. to perform their DB/DC conversion and there have been no problems with the IRS resulting from these conversions. Bob Erlenbeck reported that the "GUST" amendment issues were addressed in the ordinance changes just made. Bob Rosenberger noted that the Board's tax determination letter is not significant in the money rolled to I.C.M.A.; it is their tax determination letter that is significant. According to I.C.M.A., the money transferred over to I.C.M.A. is automatically covered by their tax determination letter. It was noted that none of the other government entities who have made this change have obtained their own tax determination letter. The transfer methodology for the City's DB/DC conversion has been done by the Actuary and approved by the Board. The next step before the conversion can go forward is the review and opinion of legal counsel.

Habeeb Ghattas will review the information from I.C.M.A. However, he recommends that the Board take the advice of special tax counsel, Meg Hunter at Dykema Gossett, and seek the tax determination letter from the IRS. The Retirement System's current IRS tax determination letter was issued in 1996. All changes to the Retirement Ordinance since 1996 should be reviewed to ensure that the System is tax qualified. A current tax determination letter should be obtained. He will also review the recent ordinance revisions to determine whether they adequately address the issues regarding the DB/DC conversion.

Discussion followed.

18. PROFESSIONAL SERVICES COMMITTEE REPORT

- Holly Duncan reevaluation
- Kathleen Robinson reevaluation
- Disability Report
- RFP, Consultant Report
- Equating Option

Amy Lindman presented the Professional Services Committee Report in Georgia Steinhoff's absence. There is a letter in the packets regarding the Holly Duncan reevaluation. The Kathleen Robinson reevaluation needs to be tabled for further review. The Disability Report was handled earlier in the agenda. Regarding the Consultant RFP, there was a joint meeting with the Investment Committee (a Special Board Meeting) for a presentation regarding the implemented style of consulting.

Discussion followed regarding the consultant search and the implemented vs. traditional style of consulting. It was decided that the RFP should ask whether the companies provide implemented or traditional consulting services (or both) and, if implemented services are offered, how long they have been offering that style of consulting.

Amy Lindman also reported that the Investment Committee needs to provide to the Professional Services Committee a list of all assets of the System and an Investment Policy, for inclusion in the RFP. The Investment Committee is currently working on a draft of the Investment Policy. During discussion, it was noted that an Investment Policy and an Asset Allocation can be developed with the assistance of a consultant after one is hired. It was also agreed that this search needs to proceed more quickly since there is currently no contract with a consultant and the services being received from Callan are not sufficient to meet the System's needs.

Amy Lindman reported that a letter was sent to Councilman Taylor expressing the Board's concerns over the Equating Option issues. At this time, the City Council is researching the Equating Option and it has been placed on the Special Affairs Agenda.

19. INVESTMENT COMMITTEE REPORT

- Recommendations – Report
- Manager Review
- MERS Update

Daniel Coffield reported that the Investment Committee met with the Professional Services Committee regarding the implemented consulting style on June 7 at Hurley. The meeting was posted, per the Open Meetings Act, as a Special Board Meeting. He distributed and reviewed the minutes of this meeting with the Board. After the presentation, discussion indicated a consensus for having an RFP process that narrows the search to a couple of traditional consultants and a couple of implemented consultants and then the Board will determine which style they want as they choose a consultant.

Chairman Daniel Hall asked that Trustees review information regarding traditional vs. implemented consulting and bring any concerns to the Investment Committee to research as soon as possible. Discussion followed regarding implemented vs. traditional consulting.

Motion made by Daniel Coffield, supported by Sandra Kidd, to accept the minutes of the Special Board of Trustees Meeting held on June 7, 2004, at Hurley Medical Center, for educational purposes (presentation and discussion of implemented consulting).

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

Daniel Coffield also noted that, at their regular Investment Committee meeting, they reviewed the March results of the investments in the System and there were no significant changes to report.

Daniel Coffield left the meeting at 2:32 p.m.

20. EDUCATION/ TRAVEL/ TRAINING COMMITTEE

There have been no meetings of this Committee held to date.

21. RETIREMENT ORDINANCE REVISION COMMITTEE

Chairman Daniel Hall reported that a letter is being sent to City Council President Johnnie Coleman today regarding the establishment of this Committee.

22. LEGAL COUNSEL UPDATES

- Board v Kurtz

The Board's Attorney, Habeeb Ghattas, reported that there is nothing new to report in the Board v Kurtz case. However, the Court of Appeals recently issued a decision regarding the Appeal by the collective bargaining units regarding the 26/27 pay issue. The Court of Appeals affirmed, in part, and reversed, in part, the Michigan Employment Relations Commission (MERC) decision. In summary, the conclusion of the Court of Appeals was that there was not sufficient evidence submitted to result in a conclusion that there had been an amendment to the collective bargaining agreement as a result of past practice to allow members to self-select three annual periods of 27 pays. However, on the question of whether or not the practice was so prevalent as to allow or support the conclusion that there was an entitlement to at least one year of 27 pays, the Court of Appeals felt that there was. To that extent, they reversed the MERC decision and ordered that the matter be directed back to MERC for further proceedings. That decision relates only to the representative members. In terms of the non-representative members, those issues still remain before Judge Yuille. The cases that are pending before Judge Yuille had been administratively stayed by the Court, pending a decision of the Court of Appeals, so the Circuit Court and the parties may obtain further guidance from the Court of Appeals once their decision was made. The further concern is that the EFM had issued a directive recalculating the pension benefits so as to exclude three annual periods of 27 pays. Presumably, this must be recalculated, because the Court of Appeals has decided that employees are entitled to one year of 27 pays. There will be a further update at the next board meeting. Copies of the Court of Appeals opinion will be in the Board's next agenda packet.

23. POLICE & FIRE ELECTION DATES

Chairman Daniel Hall reported that the next election is scheduled in July to select the Police & Fire Trustee and Alternate. The Board discussed the election process and possible changes. The changes being contemplated include the possibility of holding all future elections by mail ballots and whether or not primary elections are necessary or only a general election could be held. Habib Ghattas will review the current election rules, as established by the Board, and previous minutes that addressed election issues. A previous motion changed the elections for retirees to a mail ballot. Election methodology and possible changes will be discussed further at the next Board Meeting.

Motion to approve the Retirement Board election for the Police & Fire Representatives, Trustee and Alternate, was made by Amy Lindman, and supported by Bob Rosenberger.

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

24. OTHER BOARD BUSINESS

Peter Dobrzeniecki noted that the Board has not yet adopted the 58th Annual Actuarial Valuation Report for calendar year 2002. Those rates are scheduled to take effect on July 1, 2004, if adopted by the Board. The report has been revised and a revised copy should have been given to Trustees previously. This will be added to the Agenda for the July Meeting, at which time Larry Langer should be present to answer questions.

Chairman Daniel Hall noted that he received a letter from Larry Langer on June 1, concerning Public Act 728 and the contracts of Local #1799 & #1600. This letter will be in the next agenda packets.

Don Phillips questioned the travel budget for fiscal year 2005. Chairman Daniel Hall stated that the current budget allocation for the Retirement Board for fiscal year 2005 is \$10,000. He has appointed a committee to review current industry practices, along with the current policy, and make recommendations regarding education and travel for Trustees. The Committee members are Don Phillips, Sandy Kidd, Jan Kehoe & Bob Erlenbeck. Chairman Hall requested that they appoint a chairperson for the Committee.

Chairman Daniel Hall asked that a listing of the Money Managers, with contact information, be added to the informational notebooks.

25. ADJOURNED

A motion was made by Amy Lindman, and supported by Donald Phillips, to adjourn the meeting at 2:53 p.m.

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

Respectfully submitted,

Peter Dobrzeniecki
Secretary