

CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM

BOARD OF TRUSTEES REGULAR MEETING

A meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on Tuesday, March 23, 2004 in the Charles White Conference Room at Hurley Medical Center, with the following in attendance.

TRUSTEES &
ALTERNATES Daniel Hall – Chairperson, Daniel Coffield, Peter Dobrzeniecki,
Robert Erlenbeck, James Goodin, Mark Horrigan, Janice Kehoe,
Sandra Kidd, Amy Lindman, Alvern Lock, Donald Phillips,
Robert Rosenberger, Georgia Steinhoff, Edward Taylor

ABSENT Lisa DeDolph, Darnell Earley, Cass Wisniewski

ALSO PRESENT Habeeb Ghattas, Attorney for the Retirement Board
Jeffrey Welch, Attorney for the Retirement Board
Larry Langer, Actuarial Consultant, Gabriel, Roeder, Smith & Co.
(by conference call from 2:00 to 3:00 p.m.)

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Chairman Daniel Hall called the meeting to order at 1:17 p.m.

2. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

Daugherty Johnson, President of AFSCME Local #1799, asked to address the Board in order to present three concerns: 1) The Hurley transfer to MERS – the Union would like to see this discussed in an open forum. When and how will this transfer occur? 2) The Union would like to see action on the DB/DC conversion. 3) How will the issue of the potential Board vacancy in the alternate position for general membership (Lisa DeDolph) be resolved?

Chairman Daniel Hall noted that the first two items are on this agenda. The potential vacancy on the Board of Trustees will be addressed at a later date, and further information will be conveyed to Mr. Johnson as it becomes available.

3. APPROVAL OF THE FEBRUARY 17, 2004 REGULAR BOARD MEETING MINUTES

It was moved by Daniel Coffield, and supported by Amy Lindman, to approve the minutes of the February 17, 2004, Board of Trustees Regular Meeting.

Habeeb Ghattas noted a correction on Page 8799, first paragraph:

Original Entry: Motion by Georgia Steinhoff, supported by Amy Lindman, that the Board adopt the recommendation of Legal Counsel dated February 10, 2004 (reference Communication #8.25 from Habeeb Ghattas) to approve the revision of Daugherty Johnson, Jr.'s credited service to include an additional 1 year and 11 months, as required by Section 35-35(d) of the Retirement Ordinance, subject to proof of payment of the required redeposit amount.

Corrected Entry: Motion by Georgia Steinhoff, supported by Amy Lindman, that the Board adopt the recommendation of Legal Counsel dated February 10, 2004 (reference Communication #8.25 from Habeeb Ghattas) to approve the revision of Daugherty Johnson, Jr.'s credited service to include an additional 1 year and 11 months, *subject to proof of payment of the required redeposit amount, as required by Section 35-35(d) of the Retirement Ordinance.*

Georgia Steinhoff, referencing page 8806, first paragraph, noted that it was not her intent, when she mentioned Sandra Rodwan, to refer to her as one of the "City's" Actuaries, but as one of the "Retirement System's" Actuaries.

Upon being put to a vote, the motion to approve the minutes, as amended, carried unanimously.

4. APPROVAL OF THE AUGUST 26, 2003 REGULAR BOARD MEETING, MONEY MANAGER REVIEW AND BUDGET PRESENTATION MINUTES

It was moved by Amy Lindman, and supported by Georgia Steinhoff, to approve the minutes of the August 26, 2003, Board of Trustees Regular Board Meeting, Money Manager Review and Budget Presentation.

Jeffrey Welch noted the following corrections:

In the August 26, 2003, Minutes, on Page 8642, Item #7, Approval of the May 13, 2003 Money Manager Meeting Minutes, first two paragraphs:

Original Entry: Chairman Daniel Hall stated that he has some concerns with Susan Smart's name being listed on the minutes and that only the people invited to the meeting should be listed.

Habeeb Ghattas questioned Daniel Hall on whether or not the minutes should be amended to remove Susan Smart's name from the minutes and list only the money managers and M-Works representative who did attend.

Corrected Entry: Chairman Daniel Hall stated that he has some concerns with Susan Smart's name being listed on the minutes and that only the people invited to the meeting should be listed.

Habeeb Ghattas *recommended that* the minutes should be amended to remove Susan Smart's name from the minutes and list only the money managers and M-Works representative who did attend.

On Page 8645, Item #9, Approval of the May 23, 2003 Regular Board Meeting Minutes, an additional correction should have been listed as follows:

A correction was noted on Page 8579, Item 1:

Original Entry: Chairperson Hall called the meeting to order at 2:35 p.m.

Corrected Entry: Chairperson Hall called the meeting to order at 3:35 p.m.

Also on Page 8645, Item #9: "Chairman Daniel Hall noted a correction on page 8579, Item 4" – this correction should be amended as follows:

Original Entry: It was moved by Robert Rosenberger and supported by Ed Taylor to approve the minutes of the April 22, 2003 Regular Board Meeting.

Discussion followed by the Board.

Corrected Entry: It was moved by Robert Rosenberger and supported by Ed Taylor to approve the minutes of the April 22, 2003 Regular Board Meeting.

Jan Kehoe noted a correction on Page 8547, Item #7:

Original Entry:

Sally Edwards
HMC/Exempt

Final Average Compensation	\$107,691.10
Accumulated Contributions:	.00
DRET:	.00
Effective Date of Retirement	03/21/2003

Service: 29 Years, 0 Months

The retiree elected the Option Straight Life
in the amount of \$4,424.31.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Sally Edwards 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 \$4,424.31 for as long as she lives.

Corrected Entry:

Emily Edwards
HMC/Exempt

Final Average Compensation	\$107,691.10
Accumulated Contributions:	.00
DRET:	.00
Effective Date of Retirement	03/21/2003

Service: 29 Years, 0 Months

The retiree elected the Option Straight Life
in the amount of \$4,424.31.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for *Emily* Edwards 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 \$4,424.31 for as long as she lives.

It was moved by Robert Rosenberger and supported by Ed Taylor to approve the minutes of the April 22, 2003 Regular Board Meeting, *with corrections*.

On Page 8648 (continuing Item #9):

Original Entry: It was moved by Ed Taylor and supported by Georgia Steinhoff to approve the May 23, 2003 minutes, with corrections.

Upon being put to a vote the motion carried unanimously.

Corrected Entry: It was moved by Ed Taylor and supported by Georgia Steinhoff to approve the May 23, 2003 minutes, with corrections.

Upon being put to a vote, the motion carried with a vote of 5-4.

Roll Call:	Peter Dobrzeniecki – No	Robert Rosenberger – No
	Amy Lindman – Yes	Georgia Steinhoff – Yes
	Ed Taylor – Yes	Jan Kehoe – Yes
	Dan Coffield – No	Darnell Earley – No
	Dan Hall – Yes	

On Page 8651, Item #11, Approval of the June 10, 2003 Special Board Meeting Minutes:

Chairman Daniel Hall noted a correction on page 8593:

Original Entry: Dan Hall stated that he would like to entertain a motion to authorize the attorneys for the Board of Trustees, Spender, Robb & Black and the law offices of Habeeb Ghattas to appeal to the Court of Appeals Judge Yuille's decision on a cross motion for Summary Disposition and the Board's lawsuit against the City of Flint to determine the Board's right to independently retain legal counsel.

It was moved by Georgia Steinhoff and supported by Ed Taylor to authorize the attorneys for the Board of Trustees, Spender, Robb & Black and the law offices of Habeeb Ghattas to appeal to the Court of Appeals Judge Yuille's decision on a cross motion for Summary Disposition and the Board's lawsuit against the City of Flint to determine the Board's right to independently retain legal counsel.

Corrected Entry: Dan Hall stated that he would like to entertain a motion to authorize the attorneys for the Board of Trustees, Spender, Robb & Black and the law offices of Habeeb Ghattas to appeal to the Court of Appeals Judge Yuille's decision on *the cross motions* for Summary Disposition *in* the Board's lawsuit against the City of Flint to determine the Board's right to independently retain legal counsel.

It was moved by Georgia Steinhoff and supported by Ed Taylor to authorize the attorneys for the Board of Trustees, Spender, Robb & Black and the law offices of Habeeb Ghattas to appeal to the Court of Appeals Judge Yuille's decision on *the cross motions* for Summary Disposition *in* the Board's lawsuit against the City of Flint to determine the Board's right to independently retain legal counsel.

Also, on the Budget Presentation Addendum, Page 1, 2nd paragraph, Mr. Welch noted this correction should be made:

Original Entry: She noted that the Pension Trust Fund is shown as the City's #731 Fund, in which funds of pension transactions are recorded. The operating budget is contained within the General Fund #101, Department #1650 – Insurance, Risk & Benefits Division, Program #22800 – Retirement Administration (Operating Costs of the Pension Fund).

Corrected Entry: She noted that the Pension Trust Fund is shown as the City's #731 Fund, in which funds of pension transactions are recorded. The operating budget is contained within the General Fund #101, Department #1650 – Insurance, Risk & Benefits Division, Program #23800 – Retirement Administration (Operating Costs of the Pension Fund).

Upon being put to a vote, the motion to approve the minutes of the August 26, 2003, Regular Board Meeting, Money Manager Review, and Budget Presentation, as amended, carried unanimously.

5. 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	

Robert Erlenbeck requested that the Application for Steven Anderson be tabled, at Mr. Anderson's request, as a response has not yet been received from the Actuary regarding the cost of purchasing interim and lay-off time. It is Mr. Anderson's position that he wants to consider rescinding his application for retirement based upon the information that he receives in regards to the cost of purchasing time.

Elenita Aquipel
HMC/RN

Final Average Compensation:	\$ 79,918.50
Accumulated Contributions:	.00
DRET:	.00
Effective Date of Retirement	01/23/2004
Service: 29 Years, 4 Months	
The retiree elected the Option C in the amount of \$1,939.79	

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Elenita Aquipel 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 C, in the amount of \$1,939.79, for as long as she lives.

Kay Bois
HMC/RN

Final Average Compensation:	\$ 55,977.51
Accumulated Contributions:	25,466.20
DRET:	29,858.26
Effective Date of Retirement	01/23/2004
Service: 18 Years, 0 Months	

The retiree elected the Option Straight Life in the amount of \$1,875.25

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Kay Bois 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 \$1,875.25, for as long as she lives.

Margaret Chedister
HMC/1603

Final Average Compensation:	\$ 40,241.67
Accumulated Contributions:	7,950.78
DRET:	19,129.72
Effective Date of Retirement	01/23/2004
Service: 12 Years, 6 Months	

The retiree elected the Option Straight Life in the amount of \$922.20

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Margaret Chedister 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 \$922.20, for as long as she lives.

Mary Covert
HMC/RN

Final Average Compensation:	\$ 53,340.28
Accumulated Contributions:	.00
DRET:	.00
Effective Date of Retirement	01/23/2004
Service: 21 Years, 4 Months	

The retiree elected the Option Straight Life in the amount of \$1,612.06

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Mary Covert 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 \$1,612.06, for as long as she lives.

Shirley McFadden
HMC/RN

Final Average Compensation:	\$ 54,586.14
Accumulated Contributions:	.00
DRET:	.00
Effective Date of Retirement	01/09/2004
Service: 23 Years, 2 Months	

The retiree elected the Option Straight Life in the amount of \$1,791.49

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Shirley McFadden 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 \$1,791.49, for as long as she lives.

Michael Phillips
HMC/Exempt

Final Average Compensation:	\$ 77,252.02
Accumulated Contributions:	34,458.10
DRET:	33,153.29
Effective Date of Retirement	01/23/2004
Service: 25 Years, 5 Months	

The retiree elected the Option C w/pop-up in the amount of \$3,371.65

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Michael Phillips 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 C w/pop-up, in the amount of \$3,371.65, for as long as he lives.

Jack Perkins
DPW/1600

Final Average Compensation:	\$ 45,440.30
Accumulated Contributions:	43,053.49
DRET:	28.39
Effective Date of Retirement	12/27/2003
Service: 25 Years, 0 Months	

The retiree elected the Option B w/pop-up in the amount of \$2,134.61

Robert Erlenbeck stated that Mr. Perkins has withdrawn his request for retirement and is remaining as an employee of the City of Flint.

Geneva Stanley
HMC/RN

Final Average Compensation:	\$ 73,161.11
Accumulated Contributions:	32,313.99
DRET:	34,945.94
Effective Date of Retirement	01/23/2004
Service: 25 Years, 0 Months	

The retiree elected the Option Straight Life in the amount of \$3,475.15

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Geneva Stanley 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 \$3,475.15, for as long as she lives.

It was moved by Amy Lindman, and supported by Georgia Steinhoff, to approve the Applications for Voluntary Retirement for Elenita Aquipel, Kay Bois, Margaret Chedister, Mary Covert, Shirley McFadden, Michael Phillips, and Geneva Stanley.

Discussion followed. The Board requested that, in the future, employees be designated non-contributory, if that was their status, in addition to putting a zero under "Accumulated Contributions." Also, in response to a question from a Board Member, Bob Erlenbeck noted that retirees, while they may already have left their employment with the City, do not begin receiving their retirement checks until the Board of Trustees has approved their retirement applications.

Upon being put to a vote, the motion carried unanimously to approve the Applications for Voluntary Retirement.

6. APPLICATIONS FOR DEFERRED RETIREMENTS

Jeanine Smith
City/1799

Final Average Compensation:	\$ 69,195.94
Accumulated Contributions:	32,380.09
DRET:	227.89
Effective Date of Retirement	01/17/2004
Service: 18 Years, 3 Months	
The retiree will elect an Option prior to 07/01/2014.	

Deborah Steslicki-Slater
HMC/RN

Final Average Compensation:	\$ 50,776.35
Accumulated Contributions:	.00
DRET:	.00
Effective Date of Retirement	01/29/2004
Service: 15 Years, 8 Months	
The retiree will elect an Option prior to 11/01/2011.	

It was moved by Amy Lindman, and supported by Dan Coffield, to approve the Applications for Deferred Retirement for Jeanine Smith and Deborah Steslicki-Slater.

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

7. APPROVAL OF PENSIONS PREVIOUSLY REPORTED

Deborah Brower/HMC Revised FAC \$78,596.66

Money received after retirement date

Robert Gillis/HMC Revised FAC \$69,457.98

Money received after retirement date

Anne McAuliffe/HMC Revised FAC \$51,253.02

Money received after retirement date

Sheryl McBrayer/HMC Revised FAC \$51,400.36

Money received after retirement date

Brian Sepanak/Police Revised FAC \$79,699.12

To include VDO days in FAC

Janet Wood/HMC Revised FAC \$57,630.69

Money received after retirement date

SharenZuehlke/HMC Revised FAC \$40,768.63

Money received after retirement date

Chairman Daniel Hall recommended that these approvals be tabled due to inadequate information. "Money received after retirement date" does not state what the money is for. Also, what are "VDO days" and are they provisions of the Ordinance or the collective bargaining agreements? These payments reflect a change in the records for what reason? "Money received" is a generic term and not in itself a reason to change someone's pension previously reported. Further clarification is needed before approval.

Bob Erlenbeck explained that the term "VDO" refers to unpaid "Voluntary Day Off" and, pursuant to all City collective bargaining agreements, VDO days are to be treated the same as if the individual had been paid. Therefore, the employees receive full service credits for these unpaid days off. The Board requested that "VDO" be spelled out in the future as "Voluntary Days Off per Union Contract."

Daniel Coffield noted that "monies received" were probably gainsharing for the Hurley employees; however, he cannot be certain without checking into it.

Habeeb Ghattas stated that it is necessary to know exactly what type of money was received by the employees; i.e., only certain types of compensation received can be approved as changing the pension benefit. For instance, there is no basis in the Plan or in the Ordinance to allow for an adjustment to the pension benefit for a settlement provision for "pain and suffering." Since these individuals are already receiving their pension benefits, he recommends that these changes be tabled until the Board is given more information, prior to voting on increasing their benefits.

Chairman Daniel Hall tabled Item #7 until the next Board Meeting and requested further information at that time.

8. OPTIONS PICKED BY DEFERRED RETIREMENT

Renaë Chambry/City	Option Straight Life/\$1,506.86
Catherine Diffenderffer/HMC	Option Straight Life/\$831.57
Robert Gunnerfeldt/City	Option B w/pop-up/\$1,236.11
Kenneth Taylor/City	Option B w/pop-up/\$1,498.00

For information only - no action is necessary by the Board.

9. APPROVAL FOR NON-DUTY DISABILITY RETIREMENT

Danny Boring
City/1600

Age: 54 Years
Service: 17 Years, 2 Months

The medical report and summary of Disability Determination dated February 5, 2004 from Dr. Victor Roth, Medical Director, does certify that Danny Boring is not totally and permanently disabled.

Georgia Steinhoff, Chair of the Professional Services Committee, stated that the Committee concurs with Dr. Roth's recommendation that Mr. Boring is not totally and permanently disabled and wishes to refer Mr. Boring back to the City's Personnel Department, since it is the Committee's belief that he is still able to perform some work.

It was moved by Amy Lindman, and supported by Dan Coffield, to concur with Dr. Roth's report that Danny Boring is not totally and permanently disabled, and refer Mr. Boring back to the City's Personnel Department.

Discussion followed. The Professional Services Committee was asked to discuss disability evaluations with Dr. Roth to ensure that he is aware of all contractual requirements relating to the issues of what constitutes a disability for each bargaining unit. It is up to the Committee to work with Dr. Roth and give him the guidelines for disability including language and language changes in the Union contracts, Retirement Ordinance language, etc. For example, an observation that an individual is still "mobile" does not mean they should be denied a disability retirement. In addition, it would be prudent for the Board to work with the City to find out if the individual is eligible for another position if/when disability retirement is denied, since that may require a re-evaluation of disability. A review and evaluation of Dr. Roth's services may also be in order.

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

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

It was moved by Amy Lindman, and supported by Bob Rosenberger, to approve the fee of \$550.00 for payment for professional services rendered by Dr. Victor Roth, of M-Works.

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

10. UPCOMING CONFERENCES

- 10.1 Callan Associates, Second Annual Defined Contribution Conference, April 26-28, 2004, San Francisco, CA. (On file in Retirement)

- 10.2 NCPERS, NCPERS' 2004 Annual Conference & Exhibition, May 2-6, 2004, Anaheim, CA. (On file in Retirement)
- 10.3 International Foundation, Washington Legislative Update, May 17-19, 2004, Washington, DC. (On file in Retirement)
- 10.4 MAPERS, 2004 Spring Conference, May 23-25, 2004, Mt Pleasant, MI. (On file in Retirement)
- 10.5 National Association of Real Estate Investment Trusts, 2004 NAREIT Institutional Investor Forum, June 7-9, 2004, New York, NY. (On file in Retirement)

It was moved by Amy Lindman, and supported by Bob Rosenberger, to add the stated conferences to the list of authorized conferences.

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

11. COMMUNICATIONS RECEIVED

- 11.1 International Foundation, Employee Benefits Digest, February 2004. (On file in Retirement)
- 11.2 International Foundation, Employee Benefits Digest, March 2004. (On file in Retirement)
- 11.3 International Foundation, Employee Benefits Journal, March 2004. (On file in Retirement)
- 11.4 David Babson & Co., The Babson Staff Letter, February 13, 2004. (On file in Retirement)
- 11.5 David Babson & Co., The Babson Staff Letter, February 27, 2004. (On file in Retirement)
- 11.6 Callan Associates, Observations & Opinions, Winter 2003-2004. (On file in Retirement)
- 11.7 Callan Associates, Hedge Fund Monitor, 4th Qtr. 2003. (On file in Retirement)
- 11.8 Callan Associates, Update on recent SEC examination of Investment Consulting firms, February 19, 2004. (On file in Retirement)
- 11.9 Callan Associates, Plan Investment Structure: Principles and Design, February 11, 2004. (On file in Retirement)

- 11.10 Gabriel, Roeder, Smith, News Scan, February, 2004. (On file in Retirement)
- 11.11 NCPERS, Persist, Winter 2004. (On file in Retirement)
- 11.12 NCPERS, The Monitor, February/March 2004. (On file in Retirement)
- 11.13 RCM, Letter to Lisa DeDolph re: Recent Mutual Fund Developments, March 2, 2004. (On file in Retirement)
- 11.14 CB Richard Ellis, Letter to Dan Hall re: Strategic Partners III, February 11, 2004. (On file in Retirement)
- 11.15 Retirement Board Unreimbursed Travel Expenses. (Enclosed)
- 11.16 Letter to Retirement Board from Al Hardenburg re: Pension, March 11, 2004. (Enclosed)
- 11.17 Plante & Moran, Universal Advisor, 1st Issue 2004. (On file in Retirement)

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

Referencing #11.15, Dan Coffield noted that his due diligence trip to Boston was for the purpose of visiting four (not one) money managers: MFS, Fidelity, Intercontinental Real Estate, and State Street.

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

12. REPORTS RECEIVED

- 12.1 State Street Global Advisors, Appraisal Report as of February 2004. (On file in Retirement)
- 12.2 Lynch, Jones & Ryan, Trading Summary as of January 31, 2003. (On file in Retirement)
- 12.3 Magna Securities, Commission Recapture Report as of January 31, 2003. (On file in Retirement)
- 12.4 Sit Investment Associates, 4th qtr. 2003 Performance, 4th qtr. 2003. (On file in Retirement)
- 12.5 Bank of Ireland, Proxy Voting Report as of December 31, 2003. (On file in Retirement)

- 12.6 Bank of Ireland, Statement of Holding as of February 29, 2004. (On file in Retirement)
- 12.7 USB Global Asset Management, Quarterly Investment Strategy as of December 31, 2003. (On file in Retirement)
- 12.8 USB Global Asset Management, 2003 Investment Review. (On file in Retirement)
- 12.9 Barrow, Hanley, Mewhinney & Strauss, Inc., Small Cap Value Equity Management as of December 31, 2003. (On file in Retirement)
- 12.10 LSV Asset Management, International Large Cap Value Equity as of January 31, 2004. (On file in Retirement)
- 12.11 Fidelity Investments, Capital Contribution Request, February 17, 2004. (On file in Retirement)
- 12.12 Fidelity Investments, Monthly Investment Update as of February 29, 2003. (On file in Retirement)
- 12.13 Globeflex Capital, Equity Performance as of December 31, 2003. (On file in Retirement)
- 12.14 RCM, Portfolio Report as of January 31, 2004. (On file in Retirement)
- 12.15 RCM, Portfolio Report as of February 29, 2004. (On file in Retirement)
- 12.16 Intercontinental Real Estate, Notice of Capital Call, February 19, 2004. (On file in Retirement)
- 12.17 Kirby McInerney&Squire, LLP, The KMS Fiduciary Report, Q2 2004. (On file in Retirement)
- 12.18 State Street Global Advisors, Account Summary as of January 31, 2004. (On file in Retirement)
- 12.19 State Street Global Advisors, Annual Report for the Pyramid Trust Fund of Deutsche Bank as of November 30, 2003. (On file in Retirement)
- 12.20 State Street Global Advisors, Investment Quarterly, 1st Qtr. 2004. (On file in Retirement)
- 12.21 Fortis Investment Services, Transactions made by Wentworth, Hauser & Violich, February 2, 2004. (On file in Retirement)

12.22 Northern Trust Reports – January 2004 (Enclosed)

12.23 Retirement Fund Employee/Employer Contributions (Enclosed)

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

Referencing #12.16 & #11.14, Chairman Daniel Hall noted that these items are informing the Board of capital calls. In the future, he would like these documents in the packets so that the Board is aware of the capital calls as they are made and knows they are being processed appropriately. He would like these two referenced items to be in the April packets also.

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

13. STATISTICAL REPORT OF BENEFITS

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Number Retired	2,964	3,001	2,983
Annualized Payroll	\$ 58,416,621	\$ 61,357,283	\$ 62,242,511
13 th Check	-0-	-0-	-0-
Charter 13 th Check	-0-	-0-	-0-

No action is necessary by the Board.

Chairman Daniel Hall noted that URGE filed a Freedom of Information Act request with the City for information regarding retirees who have died since 10/1/03. A copy of this request will be in the April agenda packets.

14. APPROVAL OF THE APRIL 1, 2004 PENSION PAYROLL TRANSFER

It was moved by Ed Taylor, and supported by Dan Coffield, to transfer \$4,335,978.00 from State Street Global Advisors to Citizens Bank for payment of the April 1, 2004 pension payroll.

Discussion followed. The amount of \$250,000 set aside in the Citizens Bank account as a buffer was questioned. The Board voted previously to keep a \$200,000 buffer in the account. Could the buffer be reduced to \$50,000? Bob Erlenbeck and Peter Dobrzeniecki will monitor the account and the trends and make recommendations at the next meeting about lowering the buffer.

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

Mr. Larry Langer, Actuary with Gabriel, Roeder, Smith & Company, joined the Meeting at 2:00 p.m. by conference call, as requested by Dan Coffield, for the purpose of discussing with the Board of Trustees a possible change in calculations that would affect the contributions into the Pension System by Hurley Medical Center. Chairman Daniel Hall requested that Item #23 be moved up on the Agenda and discussed at this time.

23. HURLEY MEDICAL CENTER CONTRIBUTION UPDATE

Chairman Daniel Hall noted that this item is due to a request by Dan Coffield for a change in actuarial practices that would allow an annual cap for contributions to the System for Hurley Medical Center (HMC).

Dan Coffield asked the Board to turn to page #2 of the Investment Committee Minutes for some background information on this issue. Hurley has not been required to make contributions for the past 4-5 years and must resume with the next fiscal year. The projected contribution rate at that time is about 11%. He was in favor of the 5% cap on contribution rates recommended by the Pension Reform Task Force; however, that item did not pass at the last meeting. It is the practice of some state-wide large pension funds to cap the amount of change in contributions from one year to the next. However, Larry Langer indicated that to set Hurley at a 5% contribution rate would require changing the assumed return or something equally dramatic.

Larry Langer stated that a change is not being proposed in the underlying assumptions - long-term investment return, type of benefits to be paid - only the method of paying them off. To try to achieve 5%, the assumptions would have to be changed. Today's proposal satisfies actuarial standards of practice and State of Michigan laws.

Dan Coffield noted that he did not want to recommend a change in the assumed rate of return or go outside the bounds of generally accepted actuarial practice. An option he would like the Board to consider is lifting the corridor on actuarial value. This would give Hurley an 8.39% contribution rate for FY05, which would be approximately \$9,000,000.

Larry Langer explained that the Corridor is the funding value of assets that is limited to be within 15% of the actual market value at a given point in time. The corridor attempts to be sure the funding value doesn't stray too far from market. The corridor is no longer used in the vast majority of retirement systems within the State. The reason it has been used in the FERS system was to try to keep the funding value from straying too far from market value. Sometimes funding values become considerably higher than market value, meaning they don't reflect bad returns (for example, in the earlier part of this decade). The point of the funding value is to try and level out contributions over time. Eliminating the corridor would put FERS with the majority of plans within the State of Michigan that do not have a corridor. Also, the FERS corridor is more restrictive than most corridors still in use. The corridor helps ensure that the contributions are a little closer to reality, but flexibility in funding the plan is lost. When the top of the corridor is hit, returns are not smoothed out. Capping out above the top of the corridor means being on market returns for the upcoming year, which would require higher contributions than might be necessary. Approximately 95% of the plans in Michigan do not have a corridor. A longer amortization period doesn't help Hurley because there isn't a very large unfunded liability. The actuarial report draft currently recommends a 13.45% contribution for FY05 before applying the changes recommended by the Pension Reform Task Force that were approved by the Board of Trustees last month. Instituting a longer amortization period would only change the Hurley contribution to 12.75%. Narrowing the corridor (+ or - a certain market value) from 15% would make the situation worse. Funding value is limited to 15% higher than market. Hurley is requesting the lifting of the corridor which, in effect, makes the fund about 25% higher than market. If the corridor is eliminated, the Hurley contribution goes down for FY05 to 8.39%. In future years, the contribution will go up unless that 25% difference is made up within the next couple of years. Even though 2003 markets were good, it was not enough to wipe out the difference between the funding value and the market value. Contributions will be going up next year, based on market performance and how the funding value works, still reflecting full returns from the earlier part of the decade. The contribution will go up fairly fast for both the City and for Hurley. The increase will be more dramatic for Hurley because their contributions were kept artificially low. The current corridor was put into place by the Board in 2002, based on a recommendation from Gabriel Roeder. In 2002, one of the controls implemented for the experience review was a 15% corridor put on the assets to keep the market value close to the funding value. If this control is removed, it provides for some contribution relief, and the Plan remains in the realm of general practice, since the vast majority of systems do not have the corridor in place. Over the next couple of years, contributions will be going up even with great returns because the funding values have gone so much higher than market. Contributions will steadily go up unless market returns continue to rebound.

Larry Langer (in response to a question regarding ramifications of removing the corridor) stated that one positive aspect is in terms of contribution relief. A negative is that eventually the funding values over the course of a few years will still end up leading to the truth. The market value of assets is what eventually pays for benefits; they are not paid with funding value. Over the course of the next few years, the System will reflect the returns. There will be more returns to make up if the corridor is removed to keep the contributions lower this year. The only thing to bear in mind is the contribution will go up fairly fast in the next year or two. Removing the corridor is a reasonable option available, within standard practice, to keep the contributions from increasing as quickly.

Dan Coffield stressed the following points: 95% of plans do not have the corridor, FERS didn't have it until two years ago, it is in the realm of generally accepted actuarial practice, and the \$4,000,000 deferred will save 80 jobs at Hurley. Also, the absence of a corridor gives more smoothing (a more predictable rate of return) than the current four-year smoothing and a 15% cap results in more contribution volatility than if the cap was not in place.

Regarding the possibility of approximately \$200,000,000 being transferred from FERS to MERS, Larry Langer stated that future actuarial reports would reflect that change and contribution percentages would be based upon the new data. Gabriel Roeder Smith is also the actuary for MERS. If the MERS transfer happens, GRS has given HMC an estimate of between 7.6 and 8.4% of payroll as a contribution rate. Dan Coffield stated that the amount owed depends on assumptions – if 60% of the HMC employees change over to MERS, the \$4,000,000 owed to FERS would become \$1,600,000.

Chairman Daniel Hall noted that a decision needs to be made at this meeting to allow Hurley to set the contribution rate in their FY05 budget.

Larry Langer noted that lifting the corridor for the City would lower the City's contribution from \$8.4 million to \$6.9 million (about a \$1.4 million difference) for FY05. However, future contribution rates will continue to go up in spite of the good returns from 2003 – in FY06, contributions are expected to be significantly higher.

The Board requested that a motion to remove the corridor deal with the contribution rates of HMC and the City separately.

A motion was made by Daniel Coffield, and supported by Amy Lindman, to lift the corridor of plus or minus 15% on actuarial assets for calculating the contribution rates for Hurley Medical Center.

Upon being put to a vote, the motion passed 8-1:

Roll Call:	Janice Kehoe – yes	Robert Rosenberger – yes
	Ed Taylor – no	Amy Lindman – yes
	Georgia Steinhoff – yes	Daniel Hall – yes
	Daniel Coffield – yes	Peter Dobrzeniecki – yes
	Robert Erlenbeck – yes	

A motion was made by Daniel Coffield, and supported by Peter Dobrzeniecki, to lift the corridor of plus or minus 15% on actuarial assets for calculating the contribution rates for the three City of Flint units.

Upon being put to a vote, the motion passed 6-3:

Roll Call:	Janice Kehoe – no	Robert Rosenberger – yes
	Ed Taylor – yes	Amy Lindman – no
	Georgia Steinhoff – no	Daniel Hall – yes
	Daniel Coffield – yes	Peter Dobrzeniecki – yes
	Robert Erlenbeck – yes	

It was noted that Larry Langer will now be able to complete the 12/02 actuarial report. The compilation of data for the actuarial report for 12/03 is currently underway.

Daniel Coffield gave the Board an update regarding the potential transfer of HMC employees/retirees to MERS. Educational meetings have been held for Hurley employees. Local #1603 voted No on the transfer by a 65% to 35% margin. The other seven union groups voted yes by an 85% to 15% margin. The Hurley Board of Managers has agreed that the employees should be able to transfer to MERS if they wish. The Hurley Board of Managers authorized the execution of collective bargaining agreements with all groups. These collective bargaining agreements supercede City ordinance. For the exempt employees, which do not supercede City ordinance, a request will go to Ed Kurtz to request authorization for their transfer to MERS. There is approximately \$200,000,000 in assets involved in the transfer. That would leave about 1000 HMC active employees still in FERS, which is more than the approximately 900 active employees at the City. At the Retirement Board Meeting in April, the HMC and the unions will be presenting a request for authorization to release the funds to MERS. Those resolutions will be shared with Legal Counsel ahead of time to ensure that all is in order. It is the intention of the HMC and its unions to change over on 6/30/04, which will create two pension systems for HMC: 1400 active employees in MERS and 1000 active employees in FERS.

Discussion followed regarding Board of Trustees changes, since Daniel Hall and Sandra

Kidd are in unions that go to MERS.

Discussion followed regarding ordinance changes that would be required in order to allow transfers to MERS. There are questions as to the extent of the authority of Ed Kurtz, as Emergency Financial Manager. Many legal questions must be resolved before these transfers can take place. Retirement Ordinance changes could also affect contract language currently in effect.

Habeeb Ghattas noted that Mr. Kurtz' authority does not extend to the Retirement System, as a separate and independent trust under State law. This is an issue that is in pending litigation. Therefore, the Board should not operate in a manner that is consistent with the perception that Mr. Kurtz has authority over this Board of Trustees. Mr. Ghattas asked Larry Langer whether his firm, Gabriel, Roeder, Smith & Company (GRS), as the actuarial consultant for MERS, or Larry Langer personally, could be placed in a conflict of interest situation regarding this potential transfer of assets. Mr. Ghattas also noted that he has not been given an opportunity to review any of the contracts or suggested asset transfer methodologies.

Larry Langer noted that GRS does not believe there is a conflict of interest. The staff members/consultants who work with MERS are a separate group from the staff members who work for other pension systems. He also noted that he and his firm have not yet been given any methodologies to review regarding potential transfer of assets and liability from FERS to MERS. The \$200,000,000 number is a Hurley estimate and is not based on any data from GRS.

Dan Coffield stated that it is the Board of Managers' position that active employees *and* retirees should be kept together within each bargaining unit. Therefore, the Board's position is that all retirees connected with any union that voted to transfer to MERS should be transferred to MERS with the active employees of that union. Exempt retirees will be voting tomorrow night as to whether or not to transfer to MERS. Also, in response to a question regarding retiree benefits, such as the 13th check, under the MERS system, Dan noted that MERS would implement whatever rules FERS gives them.

Larry Langer left the meeting (via conference call) at 3:00 p.m.

Habeeb Ghattas stated that, per the Retirement Ordinance, the conditions require that a Board Member be an employee or former employee of the City or Hurley Medical Center and be a member of the Retirement System. Therefore, he believes that anyone who is not a member of the Retirement System cannot be elected to serve on the Board. Chairman Daniel Hall referred this issue to Habeeb Ghattas, as Legal Counsel, for further review.

The Board recessed for a break at 3:02 p.m.
The Board reconvened at 3:18 p.m.

15. AUDIT COMMITTEE REPORT
- Update/Recommendations

Chairman Daniel Hall reported that an Audit Committee Meeting was held with Beth Bialy, of Plante & Moran, and Peter Dobrzeniecki, to begin structuring the audit and discuss the sharing of information as required for an audit of the Retirement System. At the meeting Beth Bialy was asked to provide some information that has been distributed to the Board at this meeting.

Chairman Hall reported that a meeting of the Audit Committee was held yesterday with Peter Dobrzeniecki, Sekar Bawa, and other Finance staff members regarding the Plante & Moran audit and the gathering of information. He noted that Northern Trust and other companies have been contacted by Peter Dobrzeniecki with requests for the information Plante & Moran will need. Another subject discussed at the Audit Committee Meetings was whether or not the audit will be based on a fiscal year or a calendar year, or if an 18-month audit will be done. After discussion, it was decided to move to a fiscal year basis for the audit.

Habeeb Ghattas noted that the Board had resolved to change the System from a calendar year to a fiscal year in order to match the City's fiscal year basis. The only issue unresolved was an effective date for this change.

Daniel Hall noted that the Committee tentatively set another Audit Committee Meeting before the next Board Meeting in April, with Beth Bialy and Finance staff involved. The audit is expected to begin on April 19, with Beth Bialy on-site. Dan asked that any issues or information that Board Members feel should be reviewed by Plante and Moran, as part of the audit, should be brought to his attention so that he can pass the information along to Beth Bialy. As part of the fee structure, it was noted that there should not be a duplication of work with BKR Dupuis & Ryden. Updates will be given on audit status and costs at future Board Meetings.

16. DB/DC COMMITTEE REPORT

It was noted that the public would like an update on this Committee's actions. The Committee has not met for some time. The members of the Committee are Robert Rosenberger (newly appointed Chairman), Georgia Steinhoff, Al Locke, Peter Dobrzeniecki and Jan Kehoe. Bob Rosenberger noted that he has been reviewing the information available on this issue and will be calling a meeting shortly.

17. DUE DILIGENCE REPORT

Daniel Hall reported that he met with Peter Dobrzeniecki, Georgia Steinhoff and Sekar Bawa regarding the “walk across sheet” and they now have a greater comfort level with this report and the supporting documentation. Dan recommended that any Board Members who wish to review this report in more detail should meet with Peter and Sekar, keeping in mind the Open Meetings Act requirement of no more than three or four Board Members meeting together at one time.

Peter Dobrzeniecki noted that, as a result of the meeting with Georgia and Dan, he and Sekar changed the walk-across sheet to match more closely with the bank reconciliation.

Georgia Steinhoff asked for a budget status report showing all expenses from the retirement system. Peter noted that the new General Ledger System, which will be implemented as of July 1, will make it much easier to produce that report whenever required.

Ed Taylor asked the Professional Services Committee to review some information he received while at a conference in January regarding class action lawsuits. Habeeb Ghattas noted that Northern Trust, as the fund’s custodian, processes the class action claims. FERS does benefit in the class action suits through Northern Trust.

18. PROFESSIONAL SERVICES COMMITTEE REPORT

- Disability Report
- RFP, Consultant Report
- Equating Option

Georgia Steinhoff reported that the Professional Services Committee met on March 1. Items on the Agenda included the disability exam for Danny Boring and the consultant RFP. She reported that approximately 50 replies have been received from companies interested in submitting a proposal. In addition, the Committee has been in contact with Gary Findley, Executive Director of the Mississippi Retirement System, who loaned the Committee a \$1500 reference book for their use in working through this process. Dan Coffield has provided information from the Community Foundation’s search and the Committee has contacted other cities and gathered information. The Committee has used these resources to draft a list of questions for prospective consultants, which will be finalized at a meeting next Tuesday and presented at the April Regular Board Meeting. A letter will be sent to all respondents acknowledging receipt of their reply and indicating that they will receive the formal Request for Proposal in the near future.

Georgia reported that the Committee also discussed the equating option language (as given to the Board at last month's meeting) and they would like to move this issue forward.

A motion was made by Georgia Steinhoff, and supported by Amy Lindman, to move forward on an ordinance language change regarding the equating option, with Habeeb Ghattas, as the System's legal counsel, preparing the necessary documents to present to City Council.

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

Bob Erlenbeck informed the Committee that there are 4-5 people requesting a disability exam in March and another 2-3 in April.

19. INVESTMENT COMMITTEE REPORT

- Recommendations – Report
- Manager Review
- MERS Update

Investment Committee Chairman Daniel Coffield reported that he now has access to the Northern Trust Passport System and the Fund value hit \$800,000,000 briefly this week.

Dan reported that the Committee has been evaluating the small cap value fund of the Lee Munder Capital Group out of Boston, which has consistently outperformed their benchmark for several years. They made a very impressive presentation to the Committee. Although there is not an active search for this asset class, the Committee would like to consider a reallocation in the small cap arena. The Committee tabled any action and is requesting that Trustees make referrals for small cap managers. Ken Brunke is also advising the Committee regarding Lee Munder Capital and small cap investments. Since High Rock was fired, Wellington is currently the only small cap manager at this time, investing about \$80,000,000 for FERS.

Ed Taylor stated that he has a couple of international managers he would like to make presentations before the Investment Committee within the next couple of months.

Dan Coffield noted that normally a search is performed with the aid of the consultant; however, a manager with a significant outperformance over an extended period of time would be reviewed.

Chairman Daniel Hall stated that Callan should be notified in advance if the Committee is meeting with managers under these circumstances.

Dan Coffield reported that the awards made to the fixed income managers - Piedmont, Bank One, Wells Fargo, Dodge & Cox – are still in process. Contracts and fees must be finalized. Due diligence is still under consideration also. The potential MERS transfer of approximately \$200,000,000, which would take the fund from just under \$800,000,000 to about \$600,000,000, should be taken into consideration before any monies are transferred also. The Committee wants to wait for the rebalancing, with the exception of firing Dresdner RCM, until a transfer amount is determined.

The Board awarded \$65,000,000 to Dodge & Cox, with the money to come from State Street, as the Transition Manager. Mary Guy at State Street notified Dan Hall that the total cost of using State Street as Transition Manager for the entire restructuring is \$175,476.00, a savings of \$190,862. Alternately, if the funds remain out of the market for three days, they will only charge \$126,740. Per Ken Brunke, the total fees should not be more than \$12,000. The transferred money is to come from the State Street Index Fund and be transferred to Dodge & Cox. Also, State Street has made no progress on the draw down fund. The Investment Committee would like State Street representatives to address the Board regarding these issues so the Board can evaluate whether or not to retain them.

Chairman Daniel Hall stated that State Street, Bank of Ireland & Globalt will be making presentations at the April Money Manager Review Meeting.

Mark Horrigan asked for an explanation of the Bankers Trust fund balance change on the “walk-across sheet.” Dan Hall noted that the Investment Committee will review this account and report back to the Board.

Dan Hall requested that the Investment Committee be informed whether or not Callan was paid the \$25,000 fee for the fixed income search, since they completed all work satisfactorily.

Ed Taylor gave the Investment Committee some information regarding Pension Obligation Bonds for unfunded actuarial accrued liability, covering various approaches for unrealized losses, for their review.

20. TRAVEL POLICY

Chairman Daniel Hall stated that he and Don Phillips will be attending NCPERS. If there is anyone who wishes to attend NCPERS or MAPERS, please let him know. Also, he is asking the Professional Services Committee to review the “travel policy,” which should cover travel for educational purposes, due diligence, etc.

Ed Taylor noted that the recent travel reimbursements to board members covered all travel except the Guns & Hoses trips that he and Amy Lindman attended. He stated his belief that they were not reimbursed because they didn't vote the way the Administration wanted them to on the Pension Reform Task Force issues. He will be filing a lawsuit in District Court against Ed Kurtz and the Board of Trustees for reimbursement of his travel expenses of \$1200 for Guns & Hoses Spring 2003 in New Orleans. He was able to get the registration fee waived and used his own airline ticket for this trip. Also, he wants the Minutes to reflect that he did not ask the Pension Board to pay for his Guns & Hoses Fall 2003 trip to San Diego last fall. He will be filing a request for reimbursement for his trip to New Orleans for Guns & Hoses Spring 2004. If that travel reimbursement request is denied by Ed Kurtz, he will be filing another lawsuit. The cost of that trip is more than \$1200 and the minutes show that the Board approved his request to attend this conference.

21. LEGAL COUNSEL UPDATES

- Wallace Jones
- Board vs. Kurtz

Habeeb Ghattas reported on the Wallace Jones' case, giving the background of the case and noting that, since the last Board Meeting, he received a copy of the recommendations of the receiver, recommending to the court that an order be entered directing that the full pension benefit of Mr. Jones be paid to Mrs. Jones. He filed a response disagreeing with the receiver's recommendation. The matter was scheduled to be heard on March 16, but has been rescheduled to April 13.

Habeeb Ghattas reported on the status of the lawsuit Board vs. Ed Kurtz, noting that there has been no decision made yet by Judge Yuille. He and Special Counsel Steven Spender had considered the possibility of filing a motion before Judge Yuille requesting a decision on the Board's motion for preliminary injunction. The original motion was filed a year ago, no decision has been made, and a letter sent by Steven Spender in December 2003, reminding the Judge that the parties were still awaiting a decision, has received no response. On February 20, a motion was filed on behalf of the Board of Trustees asking Judge Yuille to make a decision on the Board's motion. The matter was scheduled to be heard on March 1; however, he received a telephone call indicating that the Court had directed that the hearing be adjourned to the week of March 9. On March 8, the Court further adjourned the hearing to March 25 at 4:00 p.m. Hopefully, a decision will be made on March 25. If no decision is reached on March 25, and the Board wishes to continue seeking Judge Yuille's review and decision, the Board does not need to take further action. However, if the Board wants him to seek further review in the Court of Appeals, he recommends an authorization for Special Counsel and Board Legal Counsel to seek review in the Court of Appeals if the Judge doesn't make a ruling on March 25.

A motion was made by Amy Lindman, and seconded by Georgia Steinhoff, to authorize Special Counsel (Steven Spender) and Board Legal Counsel (Habeeb Ghattas) to seek review in the Court of Appeals if Judge Yuille does not issue a ruling on March 25.

Upon being put to a vote, the motion carried by a vote of 7 to 2 (nays - Peter Dobrzeniecki and Robert Erlenbeck).

22. RESOLUTION TO ADOPT THE ACTION RECOMMENDED BY THE PENSION REFORM TASK FORCE

Chairman Daniel Hall reported that the language for the official written resolution for the Board's adoption of actions recommended by the Pension Reform Task Force at the February Meeting has been given to Habeeb Ghattas for review. Once the resolution is approved by legal counsel, he and Peter Dobrzeniecki will sign it and make it a part of the official record.

23. HURLEY MEDICAL CENTER CONTRIBUTION UPDATE

This item was discussed earlier in the agenda.

24. OTHER BOARD BUSINESS

Chairman Daniel Hall asked that Peter Dobrzeniecki and Robert Erlenbeck address the topics of the current retirement process and the process of conducting affairs in the retirement office, as well as answer questions from the Trustees about these issues.

Robert Erlenbeck reported to the Board on the current procedures for processing retirements since Lisa DeDolph has been gone. He noted that his staff (Debbie Stephens, Colleen McAuliffe, and Tammy Williams) meets with the potential retiree and calculates their pension benefits, then forwards the calculations to the Finance office (Katrina Slabchuck, Denise Bingaman, and Marlene Ragland) for review, recalculation and verification. The pension requests are then presented to the Board for approval. The Gabriel, Roeder, Smith & Company (GRS) pension program is used by staff for the calculations. The main issues for review are the Final Average Compensation and the Years of Service. Once those two items are known, they are loaded into the GRS pension program (which has been used for many years), which then gives the various options and the potential retiree sees the monthly amount for the various options and makes his/her selections. Then the paperwork is finalized and presented to the Board. At this point, no additional employee charges are being made to the System beyond the original budget, nor is Lisa DeDolph receiving compensation. Weekly status/progress meetings are being

held with the six staff members mentioned, himself, Sekar Bawa (Deputy Finance Director-Auditing), David Cramer (Deputy Finance Director-Accounting), and Peter Dobrzeniecki. These weekly meetings include covering all questions/issues regarding interpretation of the different contracts (with assistance from Labor Relations, if needed), ordinance language, etc. No retirements are allowed to go through until all questions are resolved.

Peter Dobrzeniecki noted that there is now five years of historical data on the computer system for all City employees. Hurley Medical Center provides all of the information for their employees. The City is working to develop a software program that will calculate the best Final Average Compensation (FAC) based on each individual's union contract. It will print out all pay periods for the previous five years and the computer will calculate the best FAC for the employee. The employee will be given a copy of all of the data, and then he/she can review it and decide what years they want to use. This would include any naturally occurring 27th pay year.

Georgia Steinhoff noted that the Retirement Office has always been responsible for keeping the Actuary informed of all contract changes related to the pension system and asked if this was still being done.

Bob Erlenbeck noted that the other major issue they are working on is the recalculation for purchase of time, which is still in process. The error was that the employer's portion was not included in the calculations.

Peter Dobrzeniecki was asked to check on the status of a payment owed to Plante & Moran.

Don Phillips stated that Mrs. Harold Baisch contacted him regarding her survivor's pension from her deceased husband's estate. Since this pension was probated, how can the check be reduced because of the 26-27 pay issue? Is this in violation of probate laws?

Habeeb Ghattas stated that, as a general rule, the pension benefit is a contractual benefit outside the probated estate.

Georgia Steinhoff asked if a response has been received from Sandra Rodwan regarding the escalator clause on the 26/27 pay reduction? Bob Erlenbeck responded that he has received no information from Ms. Rodwan to date.

25. ADJOURNED

A motion was made by Amy Lindman, and supported by Peter Dobrzeniecki, to adjourn the meeting at 4:34 p.m.

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

Respectfully submitted,

Peter Dobrzeniecki
Secretary