

CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM
Board of Trustees Regular Meeting Minutes
Tuesday, May 17, 2011

A regular meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on Tuesday, May 17, 2011, at 1:00 p.m. in the Committee-of-the-Whole Room, 3rd Floor, City Council Chambers, at City Hall, with the following in attendance:

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

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

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

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Acting Chair Douglas Bingaman called the meeting to order at 1:04 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 Michael Townsend, 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 Michael Townsend. The motion carried unanimously.

6. APPROVAL OF MINUTES – April 19, 2011 - Regular Board Mtg & Special Board Mtg

Motion made by Robert Erlenbeck, supported by Sherry Murphy, to approve the minutes of the April 19th, 2011 Regular Board Meeting and the April 19th, 2011 Special Board Meeting, as written. The motion carried unanimously.

7. APPROVAL OF APPLICATIONS FOR VOLUNTARY RETIREMENT – See Attached

Moved/Resolved by Sherry Murphy, supported by Michael Townsend, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for the Applications for Voluntary Retirement for Jimmy Espinoza, Cherryl A. Kagen, Cedric Kendall, Yvette Massenberg, Daniel McPhail, Sifus Thompson and Anthony Tinnin be approved and the Treasurer of the City of Flint Employees' Retirement System be authorized and directed to pay a monthly pension, as indicated, for life or until such chosen option shall require. The motion carried unanimously.

8. APPROVAL OF APPLICATIONS FOR DEFERRED RETIREMENT – See Attached

A motion was made by Sherry Murphy, supported by Robert Erlenbeck, to approve the Application for Deferred Retirement for Mark Williams. The motion carried unanimously.

9. APPROVAL OF DISABILITY PENSIONS – See Attached

A motion was made by Michael Townsend, supported by Robert Erlenbeck, to approve the Disability Pension for Marilyn Rembert. The motion carried unanimously.

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

A motion was made by Sherry Murphy, supported by Debra Bridges, to approve the Changes to Pensions Previously Reported for Dunnell Chaney, Mary F. Nunnery, Ray Rodriguez and Thomas Tucker. The motion carried unanimously.

11. APPROVAL OF OPTIONS PICKED BY DEFERRED RETIREMENTS – None

12. INFORMATIONAL CHANGES TO PENSIONS – See Attached

Changes to the pension of Michael J. Lipp were noted.

13. UPCOMING CONFERENCES

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

- 13.1 National Association of Securities Professionals, 22nd Annual Pension and Financial Services Conference: Evolution & Innovation - The Keys to Recovery, Reinvestment and Renewal, Los Angeles, California, June 13-15, 2011.

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

- 14.1 **Internal Revenue Service**, Letter to City requesting additional information before processing request for a plan determination letter, April 21, 2011.
- 14.2 **MayfieldGentry Realty Advisors**, Letter to Attorney Robbins re: Update on status of MGRA Genesis Value Fund II, April 25, 2011. *
- 14.3 **Ronda Moore**, Letter to Board re: Request for Hearing for review of disputed issues in calculating retirement service credit and purchase of generic time due to job elimination, May 2, 2011. *
- 14.4 **Attorney Gregory T. Gibbs**, Letter to Attorney Robbins re: Request for adjournment of hearing for Mr. Kelly scheduled on May 17, 2011, May 2, 2011. *
- 14.5 **CB Richard Ellis Investors**, Letter to D. Bingaman re: Cash Distribution to FERS of \$361,656.73 per Agreement of Ltd Partnership of CBRE Strategic Partners III, May 3, 2011.
- 14.6 **Sherry Murphy**, Letter to Retirement Board re: Selection of repayment of overpayment option, May 6, 2011.
- 14.7 **Attorney Kathleen M. Main**, Letter to Doug Bingaman re: Pension files forwarded for collection, May 6, 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 Suzi Bye, Letter to **Ronda Moore** re: Errors found in file - retirement service credit and purchase of generic time, April 28, 2011. *
- 15.2 Bingaman/Townsend, Letter to **Northern Trust** re: Pension Payroll Transfer for May 1, 2011, April 19, 2011.
- 15.3 Bingaman/Townsend, Letters to **Northern Trust** re: Rebalancing to replenish Drawdown Account, April 20-22, 2011.
- 15.4 Suzi Bye, Letter to **Sherry Murphy** re: Legal opinion and overpayment options, April 20, 2011.
- 15.5 Suzi Bye, Letters to Maryann Malloy and City Clerk Inez Brown re: Appointment of **Maryann Malloy** to Retirement Board as Hurley Medical Center Alternate Trustee.
- 15.6 Bingaman/Townsend (Ivory Day), Letters requesting **Proxy Voting Information** sent to Equity Managers - Dodge & Cox, Globalt, ICON, Keeley, PNC, Wellington, May 13, 2011.

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

- 16.1 **CB Richard Ellis Strategic Partners III**, Tax Reporting for Year Ended December 31, 2010.
- 16.2 **Dodge & Cox**, Investment Report & Performance Summary, March 31, 2011.
- 16.3 **Fidelity Real Estate Group/Pyramis Global Advisors**, Proposed Sub-Advisory Agreement - Long Wharf Real Estate Partners.
- 16.4 **Fisher Investments**, 2010 Independent Auditors' Report for Institutional Group Foreign Equity Fund.
- 16.5 **Globalt Investments**, Quarterly Performance and Investment Summaries, March 31, 2011.
- 16.6 **Gray & Company**, Disclosure Brochure and Supplements as of March 21, 2011.
- 16.7 **Intercontinental Real Estate Investment Fund III/Braver Accountants & Advisors**, 2010 Partnership Form 1065 Schedule K-1.

- 16.8 **Keeley Asset Management**, Small Cap Value Investment Strategy for FERS - First Quarter Report, March 31, 2011.
- 16.9 **LSV Asset Management**, FERS International Large Cap Value Investment Report for First Quarter 2011.
- 16.10 **Northern Trust**, Form 5500 Indirect Compensation Schedule C Report & Disclosure.
- 16.11 **Piedmont Investment Advisors**, FERS 1st Quarter Portfolio Performance & Appraisal.
- 16.12 **Wentworth, Hauser & Violich**, FERS 1st Quarter Performance Appraisal and Forms ADV Parts 2A & 2B and Privacy Statement.
- 16.13 **Bernstein Litowitz Berger & Grossmann**, FERS First Quarter 2011 Portfolio Watch Report.
- 16.14 **Wellington Management**, FERS First Quarter 2011 Investment Review.

A motion was made by Michael Townsend, supported by Robert Erlenbeck, 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	2881
Payroll	\$64,959,885	\$63,205,866	\$26,793,839

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

Ivory Day presented and reviewed monthly and first quarter reports. Discussion followed.

- ◆ **Schedule of Asset Classes, Manager Allocation & Re-Balancing**
- ◆ **2nd Quarter Performance Report - March 31, 2011**
- ◆ **New Real Estate Managers**
 - **Mayfield Gentry** *(Item #14.2 - Fund Status Update)*
 - **American Realty Advisors** - *Contract pending*
- ◆ **Proxy Voting** - *Information requests sent to Equity Managers (Item #15.6)*

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

A motion was made by Sherry Murphy, and supported by Robert Erlenbeck, to approve a transfer of \$3,687,700 for payment of the June 1, 2011 pension payroll (total estimated payroll - \$5,240,994), 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 for Gabriel Roeder -* Chairman Bingaman noted that the retiree and financial information has now been provided to GRS. Suzi Bye stated that she is still working on the active employee information, which has been complicated by the separation of individuals at Hurley who have transferred to MERS, and expects to have the reports completed and sent to GRS within the next week.

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

- ◆ **Take Two Interactive Lawsuit** – *Securities Fraud Loss \$176,505 – Settlement pending -* Harland Abraham (Northern Trust) is investigating the status of the distribution of funds.
- ◆ **Capital BidCo** – *Pending completion of State of Michigan investigation.* The Lansing Board of Water & Light has been spearheading the investigation.
- ◆ **Pension Calculation Errors Lawsuits** – A hearing has been scheduled before Judge Farah on June 13 for a decision as to which Board Members can vote at certain hearings (Burns and Kelly). The Judge will only decide for hearings that are before him. All hearings requested by retirees who are represented by Attorney Gibbs are on hold until the Judge issues a ruling.
 - **Sheila Burns** (5 “free” years in FAC) – *April 19th hearing adjourned*
 - **William O. Kelly III** (settlement agrmt in FAC) - *hearing adjourned (Agenda #14.4)*
 - **Theron Wiggins** – *Settlement agreement prepared (per Board approval at April Meeting) allowing repayment over ten years. Will be submitted to City Council (May 23) for approval on behalf of the City. Deductions from his pension check should begin July 1.*
 - **Gregory Doerr** (settlement agreement in FAC) – *hearing to be scheduled*
 - **Susan Jarema** (purchase of time) – *hearing to be scheduled*
- ◆ **FAC Calculation Policy** – *Draft submitted to the Retirement Office for review*

22. PROFESSIONAL SERVICES COMMITTEE

Robert Erlenbeck reported that the Committee met on May 10th and discussed the following:

- ◆ **Pension System Budget/Revenues/Expenditures/Administrative Costs** - The Committee will be meeting with Finance to review reports and information.
- ◆ **Cost Saving Measures**
 - **Pension Advice Mailing** – 394 Retirees signed for on-line (408 statements no longer being mailed) - Another mailing will be sent with June 1 checks.
 - **Debit Cards, Direct Deposit, etc.** - Postponed to June Meeting, per Board motion
 - **Pension payroll deductions & costs to administer** – Denise Bingaman has been researching costs to provide these services, including time, materials, postage, etc. Deductions are taken on behalf of: Employees' Club (dues), AFLAC (premiums), Fire Fund (dues), POL Benefit (dues), URGE (dues), Hurley Medical Center (health care), City of Flint (151 deductions for health care). There are 2309 payroll deductions processed monthly, which has been calculated to cost a minimum of \$305.93 (\$.1325/deduction) in processing time for five individuals involved in the process of deductions, issuing checks, etc. (6-1/2 hours labor per month minimum) and supplies. The Committee recommends that a service charge of \$.15 to \$.20 be applied for each deduction to help defray the costs of providing these services. The organizations would be notified in advance and given the option whether to be charged from their net proceeds or change to handling their own collections. Discussion. Mr. Townsend noted that this would be a fiscally responsible decision to more efficiently and effectively cover the costs of providing this service.

A motion was made by Sherry Murphy, supported by Cass Wisniewski, to postpone making a decision on this issue until the June meeting. By a roll call vote, the motion carried 5 to 2:

Sherry Murphy - yes	Michael Townsend - No
Robert Erlenbeck - No	Cass Wisniewski - Yes
Debra Bridges - Yes	Maryann Malloy - Yes
Bryan Bond - Yes	

- ◆ **Website** 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 and options - no response received/no action necessary*

- **Ronda Moore - Purchase of Time/Cost of Purchase/Service Credits - Hearing requested (Items #15.1 & #14.3)** - Discussion - Attorney Robbins recommended/requested that the Board authorize her to contact Ms. Moore to determine what issues she wishes to raise and discuss a hearing date, as well as determine whether she will have legal representation. It was noted that the soonest she could be eligible to draw a pension would be in 2013.

22.1 DISABILITY RETIREMENT APPLICATIONS OUTSTANDING/PENDING

- ◆ **Duty – 1 (City)**
- ◆ **Non-Duty**
 - *Hurley Medical Center - 2*
 - *City of Flint - 2 (1 met with Dr. Roth; waiting for report)*
- ◆ **Responses received from Dr. Roth - None**

22.2 STATUS OF RETIREE SELECTION OF CORRECTION OPTION FOR OVERPAYMENT

- ◆ **Sherry Murphy (Items #14.6 & #15.4) - Repayment option requested - \$10/month (<2 years)** - The Committee recommended that the Board approve a repayment option within the guidelines of the Over and Underpayment Policy, which would be the option of repayment over two years, rather than \$10/month.

A motion was made by Michael Townsend, supported by Debra Bridges, to approve a repayment methodology for Sherry Murphy's overpayment, in accordance with the Over and Underpayment Policy/Procedure, of repayment over two years. The motion carried unanimously.

- ◆ **David Plewes (service credits/FAC)** - Board discussion. Attorney Robbins will contact Mr. Plewes regarding scheduling a hearing or selecting a repayment option, with a deadline for a response before the next Board Meeting.

23. FINANCE/INVESTMENT COMMITTEE – NO REPORT

- ◆ **Financial Updates**
- ◆ **IRS Tax Determination Letter** – *Pending w/IRS - additional info requested (Item #14.1)*
- ◆ **Private Equity Investments** – *Under review*
- ◆ **Independent Audit of FERS** – *RFP in process for FY11*

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

- ◆ **Apply IRS Regulations for Beneficiaries** –*Legal, R. Erlenbeck, GRS*
- ◆ **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*
 - ◆ **Alternate for Hurley** - *Board appointed Maryann Malloy (Item #15.5)*
- ◆ **Pension Overpayments sent to Attorney Kathleen Main for Collection (Item #14.7)**
Discussion. It was noted that the Social Security Death Check System allows staff to find deceased retirees and discontinue payments much sooner than was previously possible.

26. ADJOURNMENT

Upcoming Board Meetings:

Special Board Meeting – Tuesday, June 21, 2011, 9:00 a.m. - David Plewes' Hearing

Regular Board Meeting – Tuesday, June 21, 2011, 1:00 p.m.

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

A motion was made by Robert Erlenbeck, supported by Cass Wisniewski, to adjourn the meeting at 2:35 p.m. The motion carried unanimously.

Michael A. Townsend
Secretary