

CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM
Board of Trustees Regular Meeting - Retirement Board Minutes
Tuesday, May 26, 2009

A regular meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on Tuesday, May 26, 2009 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 – Acting Chairperson, Denise Bingaman, Debra Bridges, Mary Bland, Robert Erlenbeck, Julie Jamick, Janice Kehoe, Charles Menard, Leonard D. Smorch, Mark Stratman, Cass Wisniewski

ABSENT Michael K. Brown, John Erwin, Ehren Gonzales, Michelle Kirkwood, Kerry Nelson, Vanessa Nelson

ALSO PRESENT Suzi Bye, Retirement & Benefits Manager
Ivory Day, Jr., Gray & Company, Consultant
David Kausch, Gabriel, Roeder, Smith & Company
I'Lanta Robbins, City Attorney/Attorney for Retirement Board
Julie Sadler, Assistant to FERS
Harland Abraham, Northern Trust – via conference call
Daniel Hynes, Northern Trust – via conference call

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Acting Chair Douglas Bingaman called the meeting to order at 1:07 p.m.

2. ROLL CALL (*Attendance*)

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

3. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

Sharon Ingram, and Michelle Hundley, were present to address the Board regarding the “ten-year certain” pension of Ms. Ingram’s deceased sister, Cynthia A. Fent, which was left to her spouse/beneficiary, Jack D. Fent, who also passed away prior to the end of the ten-year period. Ms. Ingram believes that the balance of the pension should be paid to Michelle Hundley, who was Mr. Fent’s beneficiary. Ms. Ingram requested copies of documents in Ms. Fent’s pension file. Attorney Robbins informed Ms. Ingram that she needed to file a Freedom of Information Act request for that purpose.

4. APPROVAL OF AGENDA

Motion by Cass Wisniewski, supported by Robert Erlenbeck, to approve the agenda, as presented. Upon being put to a vote, the motion carried unanimously.

5. APPOINTMENT OF BOARD CHAIR & VICE CHAIR

Motion by Robert Erlenbeck, supported by Cass Wisniewski, to table the issue. Upon being put to a vote, the motion carried unanimously.

6. APPROVAL OF MINUTES – April 21, 2009 Regular Board Meeting

Motion by Cass Wisniewski, supported by Mark Stratman, to approve the minutes of the April 21, 2009 Regular Board Meeting, as presented. Upon being put to a vote, the motion carried unanimously.

7. APPLICATIONS FOR VOLUNTARY RETIREMENT – *Detail on Page 9926A*

Motion made by Denise Bingaman, supported by Julie Jamick, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for the Applications for Voluntary Retirement for Miles Gadola, John F. Keahey, Julie C. Ringlein, Herbert L. Smith, Santos Urbina, Jr., Mark Warren, and David E. Winch 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. Upon being put to a vote, the motion carried unanimously.

8. APPLICATIONS FOR DEFERRED RETIREMENT (*Page 9926A*)

There were no applications for deferred retirement submitted to the Board.

9. APPROVAL OF DISABILITY PENSIONS – *Detail on Page 9926B*

Motion made by Denise Bingaman, supported by Leonard Smorch, to table the Duty Disability Retirement for Eddie L. Holmes, due to the fact that Mr. Holmes has not yet chosen his option. Discussion followed. (Ref. Agenda Item #s14.5 & 15.7) Upon being put to a vote, the motion carried unanimously.

10. APPROVAL OF REVISIONS TO PENSIONS PREVIOUSLY REPORTED

- Detail on Page 9926B

Motion made by Leonard Smorch, supported by Mark Stratman, to approve the Revisions to the Pension Previously Reported for Georgia Anderson. Upon being put to a vote, the motion carried unanimously.

11. OPTIONS PICKED BY DEFERRED RETIREMENTS – Detail on Page 9926C

Motion made by Leonard Smorch, supported by Denise Bingaman, to approve the Options Picked by Deferred Retirees Mary Jo Clark, Fred E. James, Frederick Naylor, Carol Southward, and David R. Wilson. Upon being put to a vote, the motion carried unanimously.

12. CHANGES TO PENSIONS - For information only – Page 9926C

Changes to the pensions of Louise Blythe and John Morrison were noted.

13. UPCOMING CONFERENCES

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

13.1 MAPERS Summer PAC Golf Outing, Brighton, Michigan, August 3, 2009.

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

14.1 James Maxwell, Letter to Suzi Bye Selecting Repayment Option, April 24, 2009.

14.2 Norbert Leonard, Letter Requesting Adjournment of Hearing for James Maxwell, May 12, 2009.

14.3 Gabriel, Roeder, Smith & Co., Second FERS to MERS Transfer Valuation.*

14.4 Sharon K. Ingram, Pension of Deceased Sister, Cynthia A. Fent, May 17, 2009.*

14.5 Eddie L. Holmes, Letter to Suzi Bye re Review of Retirement Information, May 18, 2009.*

14.6 Jeanmarie Miller, Letter Requesting Adjournment of Hearing for Susan Jarema, May 21, 2009.

14.7 Gabriel, Roeder, Smith & Co., Hurley Medical Center Past-Due Contributions to FERS, May 22, 2009.*

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 in Agenda packets.)*

15.1 Leonard D. Smorch, Letter to James Maxwell Scheduling Hearing, April 27, 2009.

15.2 Leonard D. Smorch, Letter to Susan K. Jarema Scheduling Hearing, April 27, 2009.

15.3 Bingaman/Smorch, Letter to Northern Trust re May 1 Pension Payroll, April 23, 2009.

15.4 Bingaman, Letter to Norbert Leonard re: Adjournment of Hearing for J. Maxwell, May 15, 2009.

15.5 Suzi Bye, Letter to Daniel Coffield re Underpayment by FERS, May 6, 2009.

15.6 Suzi Bye, Letter to Eugene Davis re FAC Pay Periods & Repayment Options, April 24, 2009.

15.7 Suzi Bye, Letter to Eddie Holmes re Response to May 18, 2009 Letter, May 21, 2009.*

15.8 Suzi Bye, Letter to Veronica Simon re Purchase of Prior Employment Service Credit, April 30, 2009.*

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 in Agenda packets.)*

16.1 CB Richard Ellis Investors, Consolidated Statements of Partners' Capital at Dec 31, 2008, Schedule K-1 for 2008, Financial Statements as of Dec 31, 2008.

16.2 Wellington Management Co., FERS' Investment Review, March 31, 2009.

16.3 LJR Recapture Services, 1st Quarter 2009 Commission Recapture Report, April 17, 2009.

16.4 Piedmont Investment Advisors, LLC, FERS' March 31, 2009 Quarterly Report.

16.5 Keeley Asset Mgt. Corp., Small Cap Value Strategy, FERS March 31, 2009 Qtrly Report.

16.6 Fisher Investments Institutional Group, Foreign Equity Fund, FERS, First Quarter 2009.*

16.7 Intercontinental Real Estate Corp., "IREIF III" Report for Quarter Ended March 31, 2009.

- 16.8 Gabriel Roeder Smith & Co., NewsScan, April/May 2009.
- 16.9 Gabriel Roeder Smith & Co., Insight, May 2009.
- 16.10 Dodge & Cox, Investment Report & Equity Comments for FERS, Quarter Ended March 31, 2009.*
- 16.11 Dodge & Cox, FERS Brokerage Commission Report, January 1, 2009 - March 31, 2009.
- 16.12 Magna Securities Corp., FERS Commission Recapture Report for March 1-31, 2009.
- 16.13 Globalt Investments, FERS Performance & Investment Summaries, Quarterly Report, March 31, 2009.*
- 16.14 BNY ConvergeX Group, Audited Statement of Finance Condition as of December 31, 2008.
- 16.15 Dodge & Cox, Form ADV Part II, Expiring February 28, 2011.
- 16.16 LSV Asset Management, LSV Proxy Voting Procedures & Form ADV Part II.
- 16.17 LSV Asset Management, LSV Int'l Value Equity Trust Investment Report, 1st Quarter 2009.
- 16.18 ICON Advisers, Inc., FERS Portfolio Update & Appraisal, 1st Quarter Ended March 31, 2009.

MOTION to receive and place on file all documents listed in Agenda Item #s 13, 14, 15, 16 made by Cass Wisniewski, supported by Robert Erlenbeck. (Some items were discussed where appropriate in the Agenda.) Upon being put to a vote, the motion carried unanimously.

17. STATISTICAL REPORT OF BENEFITS (for information only)

| | <u>2007</u> | <u>2008</u> | <u>2009 YTD</u> |
|--------------------|--|---------------|-----------------|
| Number Retired | 3,037 | 3,065 | 3,061 |
| Annualized Payroll | \$ 68,251,822* | \$ 66,402,468 | \$ 27,920,386 |
| | <i>*includes 13th check</i> | | |

18. GRAY & COMPANY - REPORT/RECOMMENDATIONS

- ◆ **Schedule of Asset Classes, Manager Allocation & Re-Balancing** – Mr. Day presented and reviewed the following reports: 1) FERS to MERS Re-Balancing Schedule as of May 22nd; 2) S&P 500 Stock Market Index Returns 10/28/99 to 5/22/09; 3) Asset Allocation - Total Investment Performance vs. Actuarial Return Assumption; 4) Modern Portfolio Design: Traditional Vs. Non-Traditional Asset Classes. Discussion followed.
- ◆ **1st Quarter 2009 Performance Report** – Mr. Day presented and reviewed the Quarterly Performance Report for the Quarter ended March 31, 2009. Discussion followed.
- ◆ **Capital BidCo** – Mr. Bingaman reported that officials from Capital BidCo recently met with him, Leonard Smorch, Attorney I'Lanta Robbins and Ivory Day. FERS was given a check for about \$800,000. Capital BidCo, a private equity company, is in the process of closing and, once all expenses are paid, FERS will probably receive about \$100,000 additional. FERS held approximately a 60% share. FERS' investment in Capital BidCo began with \$1 million in the early 1990s as a way to invest in the capitalization of Michigan businesses for expansion projects. Capital BidCo was originally sponsored by the State of Michigan. FERS total investment over the years was about \$4.5 million. Capital BidCo previously returned about \$1 million to FERS. Discussion followed regarding the history of Capital BidCo and FERS' involvement. Ivory Day and Attorney Robbins are investigating their financial history and will report back at a subsequent Board Meeting.
- ◆ **Rebalancing/Transition -**
 - ◆ **Drawdown Account @ Northern Trust – Replenish & Reallocate**
 - ◆ **Funding of Second FERS to MERS Transfer**
 - ◆ **Funding of DB/DC Transfer**

Mr. Day reported that the Fund needs to be rebalanced in order to: 1) replenish the drawdown account; 2) fund the second transfer to MERS for Hurley employees and retirees; 3) fund the transfer for the City's employees who have chosen to switch to a Defined Contribution pension plan. As part of this rebalancing, Mr. Day recommends withdrawing any cash that is held by the real estate managers.

Daniel Hynes and Harland Abraham, of Northern Trust, joined the meeting by conference call to discuss the rebalancing and transfers. Northern Trust has been appointed as Transition Manager for the rebalancing. They noted that the drawdown account also needs to be restructured to exclude securities lending in order to allow greater liquidity.

During the discussion, Mr. Bingaman noted that the FERS to MERS transfer must be made by the end of June. A valuation date of June 1st should be used and the percentage for transfer applied to the Fund's value as of that date. Ivory Day will determine the amount to be transferred from each money manager. Then the money managers will be notified of the value of investments that must be transferred to FERS' transition account at Northern Trust. Northern Trust, as Transition Manager, will liquidate the investments and transfer the cash to MERS before July 1st. Mr. Hynes explained the current redemption process from the drawdown account due to its involvement in securities lending. Mr. Day and Northern Trust's Transition Management Team will work together with Mr. Bingaman and staff to effect the necessary agreements and documents throughout the transition process. Mr. Day also reviewed the asset allocation process.

19. APPROVAL OF THE JUNE 1, 2009 PENSION PAYROLL TRANSFER

A motion was made by Leonard Smorch, and supported by Janice Kehoe, to approve a transfer of \$4,571,300 for payment of the June 1st, 2009 pension payroll (total payroll is \$5,402,122), from the Northern Trust Flint - Drawdown Account #26-19617 to Citizens Bank. Upon being put to a vote, the motion carried unanimously.

20. ACTUARIAL ISSUES

- ◆ **GRS Supplemental Valuation Report – Second FERS to MERS Transfer –**
David Kausch presented and reviewed the Supplemental Actuarial Valuation Report for the Second FERS to MERS Transfer. The first group that transferred to MERS comprised the active employees of seven unions and the funds were transferred in January. A second group of individuals are transferring to MERS as a result of a "window" offered by Hurley until May 1, 2009 to the active exempt employees and existing and deferred retirees. Local #1603 voted to stay in FERS. This Supplemental Valuation Report is based on the June 30, 2007 FERS' Actuarial Valuation (most recent). 484 individuals are transferring, which means that approximately 23% of Hurley's assets in the fund must be transferred to MERS by July 1. Hurley's assets currently represent about 42% of the Fund. Therefore, about 9.5% of the Fund's value as of June 1 must be transferred to MERS. It was also noted that all new hires at Hurley after June 30, 2007 do not have the choice of choosing FERS for their defined benefit plans. Discussion followed. Mr. Kausch stated that the full liability for all individuals transferring to MERS goes with them. As the effective date is July 1, 2009, the July pension checks will be the last checks from FERS to the retirees who transfer to MERS; also, the active employees will become part of the MERS system on that date.

- ◆ **GRS Report – Hurley Medical Center Past-Due FERS Required Employer Contributions as of June 30, 2009** – David Kausch presented and reviewed GRS' actuarial calculations regarding the total contributions owed to FERS by HMC for the fiscal years of 2006, 2007, 2008 and 2009, including interest. The report indicated that the total past-due amount, as of June 30, 2009 is \$16,238,585. These numbers are based on only the HMC employees who were in FERS during those years. However, a 10.57% payroll contribution rate was used in the report for fiscal year 2006, but the Board had approved an 8% rate. Mr. Kausch stated that GRS would recalculate the amount owed, which will reduce Hurley's past-due contributions by more than \$1,000,000. Cass Wisniewski stated that HMC can wire the approximately \$15 million owed into the FERS to MERS Transition Account at Northern Trust prior to the transfer to MERS. Discussion followed.

A motion to accept the GRS 2nd FERS to MERS Transfer Valuation Report, as of June 30, 2007, was made by Mark Stratman, supported by Leonard Smorch. Motion carried unanimously.

A motion to accept the Hurley Medical Center Past-Due FERS Required Employer Contribution Report as of June 30, 2009, as amended, was made by Mark Stratman, supported by Robert Erlenbeck. Motion carried unanimously.

A motion to authorize Gray & Company to move the cash available from the real estate investment funds into the FERS to MERS Transition Account at Northern Trust, in order to use the funds as part of the FERS to MERS transfer, was made by Mark Stratman, supported by Robert Erlenbeck. Discussion followed. Motion carried unanimously.

A motion to approve June 1, 2009 as the valuation date for the FERS assets, and requiring Northern Trust, as Transition Manager, within 30 days after June 1 (by June 30, 2009), to coordinate the transfer of the required percentage of assets from the money managers into the transition account, liquidate the assets into cash and transfer the necessary funds to MERS, was made by Cass Wisniewski, supported by Mary Bland. Motion carried unanimously.

- ◆ **Actuarial Services Company – Audits of 1st & 2nd FERS to MERS Transfers**
-Mr. Bingaman reported that Actuarial Services Company (ACS) has indicated that they would perform the audit of the second FERS to MERS transfer for \$4000. They were previously approved by the Board to conduct a full audit of the first transfer for \$14,000. Their proposal will be presented for a vote at the next Board Meeting. It was also noted that Hurley is paying for the original valuation reports by Gabriel Roeder Smith & Company. FERS may be responsible for costs associated with the audits by ACS.

21. LEGAL COUNSEL UPDATES

- ◆ **Cynthia Fent** (*ref. Agenda Item #14.4*) – Attorney I’Lanta Robbins reported that retiree Cynthia Fent was receiving an Option “A” (“10 Year Certain”) pension, per Ordinance 35-26(a)(1), and passed away before she received 120 payments. Her husband, Jack Fent, was the beneficiary, and he also passed away prior to receiving the balance of the payments. The legal issue becomes whether the remaining portion of the pension should be paid to the retiree’s estate or legal representative or the beneficiary’s beneficiary, Michelle Hundley. The Ordinance does not specify. Ms. Robbins has given the opinion that the survivors would have to open a probate estate and someone would be determined by the Court to be the personal representative of the estate. Discussion followed with Ms. Ingram, the sister of Ms. Fent. Mr. Fent’s named beneficiary received his residual payment (remaining portion of the month in which he died). Attorney Robbins will conduct a further review of all documents on file. She recommended that Ms. Ingram file a Freedom of Information Act request for copies of the documents and obtain legal counsel. Discussion followed.

A motion was made by Mary Bland, supported by Janice Kehoe, to table this issue until the next Board Meeting to allow Attorney I’Lanta Robbins to research and bring further information back to the Board. Motion carried unanimously.

- ◆ **Money Owed to System by Hurley Medical Center**
- ◆ **FERS to MERS Transition**

Attorney Robbins reported that she and Attorney Michael VanOverbeke, along with Hurley’s attorneys, are in the process of drafting a second document regarding Hurley’s contributions. This document will acknowledge their responsibilities and detail a time frame for the transfer of cash and interest to bring their contributions up to date. Discussion followed regarding the need for the agreement and funds before the transfer to MERS takes place.

- ◆ **Pension Calculation Errors Lawsuits – Cherwinski/Tereau/Kelly**
- ◆ **Pension Calculation Errors Lawsuits - Burns/Wiggins/Doerr**
- ◆ **Susan Jarema Hearing re Purchase of Time** (*May 26th adjourned*)
(*ref. Agenda #14.6 & 15.2*)

Attorney Robbins requested an Executive Session for the purpose of consulting with the Board regarding pending litigation involving pension calculation errors lawsuits, as an open session would have a detrimental financial effect on litigation strategy. Cases under discussion include Tereau, Cherwinski, Kelly, Burns, Wiggins, Doerr, and Jarema.

A motion was made to go into executive session by Robert Erlenbeck, and supported by Cass Wisniewski. Upon a roll call vote, the motion was approved unanimously.

The Board recessed into closed session.

A motion to come out of executive/closed session was made by Leonard Smorch, and supported by Mary Bland. Motion carried unanimously.

A motion was made by Mary Bland, and supported by Mark Stratman, to approve up to two half days' payment for facilitative mediation (\$1500/half day to be split three ways – City, Board & Plaintiffs) for the cases of Cherwinski/Tereau/Kelly and Burns/Wiggins/Doerr, along with Susan Jarema. Motion carried unanimously.

- ◆ **James Maxwell – Hearing re Duty Disability Pension** (*May 27th adjourned*) (*ref. Agenda Items #14.1, 14.2, 15.1, 15.4, 22.2*) – Attorney Robbins stated that his hearing was cancelled at the request of his legal counsel. She will contact his attorney to discuss further.
- ◆ **David Sullivan – Request for Hearing** – Attorney Robbins will contact his attorney to discuss.

A motion was made by Mary Bland, supported by Mark Stratman, to table discussion of issues relating to James Maxwell and David Sullivan until the next Board Meeting. Motion carried unanimously.

- ◆ **IRS Regulations for Beneficiaries** – Mr. Erlenbeck has requested further clarification as no further information has been received from Keller Thoma regarding the maximum amount of benefit payable to beneficiaries, per the IRS, depending upon their age. Discussion followed.

22. PROFESSIONAL SERVICES COMMITTEE

Mr. Erlenbeck reported that the Committee met and discussed the following issues:

- ◆ **David Plewes / Claude Miller Pension Revisions** – Suzi Bye and Denise Bingaman are reviewing Mr. Plewes' file and will present his information for discussion at the next PSC and Board Meetings.
- ◆ **Votenet Solutions – Online Voting Service** - Suzi Bye is preparing a cost benefit analysis for the Board.

- ◆ **Veronica Simon – No Contributions** (*ref. Agenda Item #15.8*) – Ms. Bye was waiting for a response to her letter to Ms. Simon, who has now indicated that she did not receive the letter. Ms. Bye will send a second copy by certified mail.
- ◆ **Cost Saving Measures – Pension Advice Mailing** – The Board discussed the possibility of offering the option of sending pension payment advice statements only to those retirees who insist upon receiving them by mail, and making them available online for all others. In addition, they could require future retirees to receive them online. This could be done by creating an online system that is password protected. The cost savings of changing to online statements could potentially be \$20,000/year. It was noted that MERS sends only quarterly and annual statements. The retirees would still receive 1099s. Denise Bingaman will work with the Information Services Department to develop an online system and draft a suggested letter to retirees outlining the options. Mr. Erlenbeck also suggested that the toll-free (800) number that retirees use to contact the office could possibly be discontinued. He will explore the usage and costs and bring back a recommendation.
- ◆ **Summer 2009 Board Elections – Hurley (2) / Retiree** – Mr. Erlenbeck and Ms. Bye will bring their recommendations to the next Board Meeting regarding voting options and dates for elections. Discussion of election procedures followed.

22.1 DISABILITY RETIREMENT APPLICATIONS

- ◆ **Michelle Brown – Application Received on April 21**

22.2 STATUS OF RETIREE SELECTION OF CORRECTION OPTION FOR OVERPAYMENT

- ◆ **Eugene Davis** (*ref. Agenda #15.6*) – Selected payback in one lump sum within 90 days.
- ◆ **Tony Golden** – No selection - requesting further information; letter sent from Suzi Bye extending deadline to May 25, 2009. Per Policy, Board can choose an option for him at the next meeting.
- ◆ **James Maxwell** – Selection of Option B – adjustment in monthly retirement benefits over a period of two years. (*ref. Agenda Items #14.1, 14.2, 15.1, 15.4, 21*)

23. FINANCE/INVESTMENT COMMITTEE

- ◆ **IRS Tax Determination Letter** (*Pending w/Attorney Michael VanOverbeke*)
- ◆ **SEI – Manager’s Approach to Investing** – Committee Chair Douglas Bingaman has requested customer and contact information from SEI for clients who have systems that are similar to FERS.

Mr. Bingaman stated that there will be a Finance Committee meeting scheduled, in early June, with Daniel Hynes, Harland Abraham, and the Transition Manager from Northern Trust, along with Consultant Ivory Day, after the valuation numbers are completed for the FERS to MERS transfer.

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

- ◆ **§35-42 Correction of Errors in Records** – Chairman Bingaman reported that the City Council wants to shorten the length of time for correcting pension errors from the Board’s recommendation of three years, but did not necessarily agree on how long it should be – suggestions ranged from 90 days to one year. They want the Board to resubmit the Ordinance change with a one-year limitation. The Ordinance change would still allow for the correction of errors but would further limit the amount of time for recouping overpayments to the retirees. If an underpayment was found, it would be paid to the retiree in full for the entire time the underpayment occurred. Discussion followed. It was suggested that support documentation from other retirement systems with similar ordinances might be beneficial.
- ◆ **§35-16.4 “13th Check”** – During discussion, Attorney Robbins was asked to review language for an amendment to the ordinance that would require a minimum funding percentage before a 13th check could be paid. The current 8% assumed rate of return for the valuation, etc. was also discussed.
- ◆ **§35-17 / §35-19 Hurley Medical Center - Purchase of Time (Non-contributory)** – Suzi Bye reported that additional clarification language needs to be added: “time purchased at the actuarial present value.” Discussion followed. Attorney Robbins will review and prepare an ordinance change for the Board to refer to City Council.

25. DB/DC CONVERSION – CITY OF FLINT

- ◆ **Status Report** – Mr. Erlenbeck reported that eight City employees have signed up to convert their pensions to the defined contribution plan, for a total of \$1,769,621.48 to be transferred from FERS before July 1, 2009. He noted that new General City employees and new employees in AFSCME Locals #1600 & #1799 are automatically in the Defined Contribution plan; however, the Police & Fire Department contracts do not currently offer that option.

26. OTHER BOARD BUSINESS

Mary Bland asked about the status of any interest that was taken from retirees during the “26-27 pays” lawsuits. During discussion, Ms. Bingaman stated that no interest was charged to the retirees; in addition, all monies owed back to them were refunded after the actuarial calculations were made. Ms. Bland will inform the retirees who have contacted her about this matter.

Ms. Bland stated her belief that the Ordinance does not provide for alternates for the Finance Director or the City Administrator. There are also issues regarding the alternates for the Hurley trustees. The Board Chair directed that these issues be placed on the June agenda under “Retirement Ordinance Revision Committee” and asked that clarification language be drafted for Board consideration at that time.

27. ADJOURNMENT

Next Regular Board Meeting – Tuesday, June 16, 2009, 1:00 p.m.

**Motion to adjourn at 4:26 p.m. by Mark Stratman, supported by Mary Bland.
The motion carried unanimously.**

Leonard Smorch
Secretary

CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM - BOARD OF TRUSTEES

Approval of Pension Calculations

May 26, 2009 Board Meeting

7. APPLICATIONS FOR VOLUNTARY RETIREMENT

| Last Name | First Name | Unit | Union | Final Avg. Comp. (FAC) | Accum. Contrib. | DRET (Before Tax Contrib.) | Effective Retirement Date | Service Years/ Months | Option Elected | Monthly Pension Payment | Notes |
|-------------|------------|------|-------|------------------------|-----------------|----------------------------|---------------------------|-----------------------|-------------------|-------------------------|--|
| Gadola | Miles | COF | 1600 | \$45,011.95 | \$88,805.68 | \$9,004.64 | 03/17/09 | 25 yrs, 0 mos | Option B | \$2,061.32 | includes the purchase(s) of 1 yr, 11 mos generic & 5 yrs for job elimination |
| Keahey | John F. | COF | FPOA | \$69,934.02 | \$8,606.90 | \$42,075.47 | 04/18/09 | 23 yrs, 0 mos | Option B w/pop-up | \$3,160.14 | |
| Ringlein | Julie C. | COF | FPOA | \$68,206.64 | \$19,298.94 | \$32,593.61 | 04/22/09 | 23 yrs, 0 mos | Straight Life | \$3,398.97 | |
| Smith | Herbert L. | COF | 1600 | \$38,964.82 | \$9,744.48 | \$7,831.99 | 04/18/09 | 12 yrs, 0 mos | Option B | \$747.18 | |
| Urbina, Jr. | Santos | COF | FPOA | \$60,537.11 | \$11,620.06 | \$39,598.64 | 03/09/09 | 23 yrs, 9 mos | Straight Life | \$3,115.14 | |
| Warren | Mark | COF | FIRE | \$93,621.22 | \$29,864.14 | \$52,864.78 | 03/28/09 | 32 yrs, 0 mos | Option B w/pop-up | \$5,058.73 | includes sick & vacation in FAC, 2/5 FAC |
| Winch | David E. | COF | FPSA | \$86,058.68 | \$60,169.50 | \$13,872.90 | 04/18/09 | 26 yrs, 3 mos | Option B w/pop-up | \$4,166.67 | |

Motion made by Denise Bingaman, supported by Julie Jamick, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for the Applications for Voluntary Retirement for Miles Gadola, John F. Keahey, Julie C. Ringlein, Herbert L. Smith, Santos Urbina, Jr., Mark Warren, and David E. Winch 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. Upon being put to a vote, the motion carried unanimously.

8. APPLICATIONS FOR DEFERRED RETIREMENT

| Last Name | First Name | Unit | Union | Final Avg. Comp. (FAC) | Accum. Contrib. | DRET (Before Tax Contrib.) | Effective Retirement Date | Service Years/ Months | Option to be Elected by (date) | Notes |
|-----------|------------|------|-------|------------------------|-----------------|----------------------------|---------------------------|-----------------------|--------------------------------|-------|
| NONE | | | | | | | | | | |

9. APPROVAL OF DISABILITY PENSIONS

| Last Name | First Name | Unit | Union | Final Avg. Comp. (FAC) | Accum. Contrib. | DRET (Before Tax Contrib.) | Effective Retirement Date | Service Years/ Months | Option Elected | Monthly Pension Payment | Notes |
|-----------|------------|------|-------|------------------------|-----------------|----------------------------|---------------------------|-----------------------|----------------|-------------------------|--|
| Holmes | Eddie L. | HMC | 1603 | \$40,200.02 | \$0.00 | \$0.00 | 04/21/09 | 22 years, 5 months | | | Approved Application for Duty Disability on April 21, 2009 |

Motion made by Denise Bingaman, supported by Leonard Smorch, to table the Duty Disability Retirement for Eddie L. Holmes, due to the fact that Mr. Holmes has not yet chosen his option. Upon being put to a vote, the motion carried unanimously.

10. APPROVAL OF PENSIONS PREVIOUSLY REPORTED

| Last Name | First Name | Unit | Union | Revised FAC | Original FAC | Revised Monthly Pension | Original Monthly Pension | Pension Under-Payment | Option Elected | Retirement Date | Notes |
|---|------------|------|-------|-------------|--------------|-------------------------|--------------------------|-----------------------|----------------|-----------------|--|
| Revised to include additional HMC payroll information: | | | | | | | | | | | |
| Anderson | Georgia | HMC | 1603 | \$18,867.53 | \$18,855.34 | \$294.02 | \$293.83 | \$0.19 | Straight Life | 03/17/09 | Receipt of Terminal Pay Sheet from HMC |

Revised pursuant to Judge Yuille's current decision/file audit:
None

Revised due to Board Direction/Legal Opinion:
None

Motion made by Leonard Smorch, supported by Mark Stratman, to approve the Revisions to the Pension Previously Reported for Georgia Anderson. Upon being put to a vote, the motion carried unanimously.

11. OPTIONS PICKED BY DEFERRED RETIREES

| Last Name | First Name | Unit | Union | Revised FAC | Original FAC | Monthly Pension | Option Elected | Retirement Date | Effective Date | Notes |
|-----------|------------|------|--------|----------------|-----------------|--------------------|----------------------|--------------------|-------------------|---|
| Clark | Mary Jo | COF | 1799 | \$62,905.20 | \$62,857.78 | \$1,750.76 | Option C w/Pop-up | 05/05/01 | 05/01/09 | audited prior to receipt of 1st pension payment |
| James | Fred E. | HMC | 1603 | \$20,690.62 | \$20,506.24 | \$562.53 | Straight Life | 08/01/94 | 05/01/09 | audited prior to receipt of 1st pension payment |
| Naylor | Frederick | HMC | Exempt | \$58,354.36 | \$58,198.72 | \$633.62 | Straight Life | 03/06/93 | 06/01/09 | audited prior to receipt of 1st pension payment |
| Southward | Carol | HMC | LPN | \$26,925.71 | \$26,894.90 | \$510.47 | Straight Life | 07/23/94 | 12/01/08 | audited prior to receipt of 1st pension payment |
| Wilson | David R. | COF | 1799 | \$48,021.18 | \$47,069.80 | \$1,304.57 | Straight Life | 02/20/03 | 05/01/09 | audited prior to receipt of 1st pension payment- includes 6 mos severance in FAC for job elimination |

Motion made by Leonard Smorch, supported by Denise Bingaman, to approve the Options Picked by Deferred Retirees Mary Jo Clark, Fred E. James, Frederick Naylor, Carol Southward, and David R. Wilson. Upon being put to a vote, the motion carried unanimously.

12. INFORMATIONAL CHANGES TO PENSIONS

| Last Name | First Name | Unit | Union | Revised Monthly Pension | Original Monthly Pension | Retirement Date | Notes |
|-----------|------------|------|-------|-------------------------------|--------------------------------|--------------------|------------------------------------|
| Blythe | Louise | HMC | RN | \$2,699.64 | \$2,465.39 | 07/28/00 | Pop-up due to death of beneficiary |
| Morrison | John | COF | FIRE | \$5,640.10 | \$5,368.98 | 03/10/01 | Pop-up due to death of beneficiary |