

CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM
BOARD OF TRUSTEES REGULAR MEETING

A regular meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on Tuesday, November 21, 2006 at 1:00 p.m. in the "Old" Committee-of-the-Whole Room, 3rd Floor, City Council Chambers, at City Hall, with the following in attendance:

TRUSTEES & ALTERNATES Daniel Hall – Chairperson, Peter Dobrzeniecki, Robert Erlenbeck, Ehren Gonzales, Sandra Kidd, Michelle Kirkwood, Donald Phillips, Georgia Steinhoff, Scott Sutter (left at 2:30), Cass Wisniewski

ABSENT Douglas Bingaman, Peggy Cook, Janice Kehoe, Amy Lindman, Kerry Nelson, Robert Rosenberger

ALSO PRESENT Ivory Day, Jr., Consultant, Gray & Company
I'Lanta Robbins, Assistant City Attorney
Trachelle Young, City Attorney/Attorney for the Board

1. CHAIRPERSON CALLS THE MEETING TO ORDER

Chairman Daniel Hall called the meeting to order at 1:05 p.m.

2. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD

Charlotte Novak, representing the Registered Nurses & Pharmacists at Hurley Medical Center and the POP Committee that negotiated leaving the City of Flint and going to MERS, stated that the unions have a collective bargaining agreement from 2004 and they want their money out of the Flint Retirement System. She asked if there was anything the unions could do to facilitate the transfer.

Kathleen Robinson, an injured Police Officer for the City of Flint, stated that she has been off work on injury for almost five years. She asked to talk to the Board regarding a disability retirement. Chairman Daniel Hall recommended that Ms. Robinson's concerns be discussed under Professional Services later in the Agenda.

Norb Leonard introduced himself as the attorney for the FPOA and the legal representative for Officer Robinson for her request for a disability retirement. He is available to respond to questions and concerns when her case is discussed further in the agenda.

3. APPROVAL OF THE OCTOBER 17, 2006 REGULAR BOARD MEETING MINUTES

It was moved by Georgia Steinhoff, and supported by Ehren Gonzales, to approve the minutes of the October 17, 2006, Regular Board Meeting, as written.

Discussion followed. Cass Wisniewski stated that, on page 9481, 5th paragraph, the language should be stricken, “Hurley had agreed to take the other groups out of the equation at this point.” He does not recall that such an agreement was made. Peter Dobrzeniecki stated that the tape would be checked.

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

4. APPLICATIONS FOR VOLUNTARY RETIREMENT

**Sadie Hickman – Reciprocal Retirement Act
68th Dist Court/Exempt**

Final Average Compensation:	\$ 40,172.96
Accumulated Contributions:	2,840.51
DRET:	.00
Effective Date of Retirement	09/06/2006
Service: 3 Years, 6 Months	

The retiree elected the Option B w/pop-up in the amount of \$ 219.42.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Sadie Hickman 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 B w/pop-up in the amount of \$219.42, for as long as she lives.

**Henry Younger
Police/Sergeants**

Final Average Compensation:	\$ 69,157.24
Accumulated Contributions:	58,889.60
DRET:	.00
Effective Date of Retirement	08/30/2006
Service: 23 Years, 7 Months	

The retiree elected the Option Straight Life in the amount of \$ 3,533.74.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Henry Younger 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 \$3,533.74, for as long as he lives.

It was moved by Georgia Steinhoff, and supported by Ehren Gonzales, to approve the Applications for Voluntary Retirement for the following persons (with monthly pensions as noted):

**Sadie Hickman – Option B w/pop-up – \$219.42
Henry Younger – Option Straight Life - \$3,533.74**

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

5. APPLICATIONS FOR DEFERRED RETIREMENT

Rebecca McLogan

Parks & Recreation/1799

Final Average Compensation:	\$ 49,981.97
Accumulated Contributions:	15,254.35
DRET:	1,589.70
Effective Date of Retirement	09/28/2006
Service: 10 Years, 0 Months	
The retiree will elect an Option prior to 03/01/2011.	

It was moved by Georgia Steinhoff, and supported by Ehren Gonzales, to approve the Application for Deferred Retirement for Rebecca McLogan.

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

6. APPLICATION FOR NON-DUTY DISABILITY RETIREMENT

Shirley Hart

HMC/1603

Age: 52 Years
Service: 25 Years, 2 Months

Georgia Steinhoff reported that the Professional Services Committee reviewed the medical report and summary of Disability Determination dated September 27, 2006 from Dr. Victor Roth, Medical Director. Dr. Roth does certify that Shirley Hart is not totally and permanently disabled and the Committee concurs with his recommendation.

A motion was made by Georgia Steinhoff, and supported by Ehren Gonzales, to concur with Dr. Roth's report that Shirley Hart is not totally and permanently disabled.

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

7. OPTIONS PICKED BY DEFERRED RETIREMENTS *(for information only)*

Rose Marie Sitko/Hurley Option Straight Life \$396.46

8. UPCOMING CONFERENCES *(Placed on file in the Retirement Office)*

- 8.1 Institute for International Research, The 15th Annual Public Fund Boards Forum, December 9-12, 2006, San Francisco, CA.
- 8.2 International Quality & Productivity Center, Credit Derivatives 2007, January 17-19, 2007, New York, NY.
- 8.3 National Association of Police Organizations, 19th Annual Public Safety Pension & Benefits Seminar, January 21-24, 2007, Las Vegas, NV.
- 8.4 UNC Kenan-Flagler Business School, 7th Annual Mid-Sized Pension Management Conference – The New Road Ahead, January 28-31, 2007, Orlando, FL.

A motion was made by Sandra Kidd, and supported by Georgia Steinhoff, to add the stated Conferences to the list of authorized conferences.

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

9. COMMUNICATIONS RECEIVED *(All documents have been placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members' agenda packets also)*

- 9.1 Hartford Investment Management, Letter to Retirement Board re: Staff Changes, October 10, 2006.
- 9.2 CB Richard Ellis Investors, New Address, November 2006.
- 9.3 Asset Services Co., Capital Perspectives, 3rd Quarter 2006.
- 9.4 Payden & Rygel, Point of View, October 2006.
- 9.5 Northern Trust, Point of View, October 2006.
- 9.6 Lerach, Coughlin, Stoia, Geller, Rudman & Robbins, Corporate Governance, 4th Quarter 2006.

- 9.7 Northern Trust, Letter to Daniel Hall re: Notifications of securities transactions, September 25, 2006.
- 9.8 Philip Seymour, Letter to FERS re: Sherrie Jackson’s hearing date set for December 5, 2006 at 1 p.m., October 30, 2006.
- 9.9 Bank of New York, Institutional Demand for Hedge Funds, October 2006.

A motion was made by Georgia Steinhoff, and supported by Sandra Kidd, to receive the Communications and place them on file.

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

10. COMMUNICATIONS SENT *(All documents have been placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members’ agenda packets also.)*

- 10.1 Letter to Northern Trust from Daniel Hall re: November 1, 2006 Pension transfer, August 22, 2006.
- 10.2 Trachelle Young, Letter to Greg Gibbs re: Scheduling of hearing dates set for Kay Tereau, Sandra Stearns, Deborah Cherwinski & William Kelly on December 19, 2006 at 9 a.m., October 20, 2006.
- 10.3 FERS, Letter to Philip Seymour re: Sherrie Jackson - Request for hearing, October 17, 2006.
- 10.4 Letter to Jay Kitson from Suzi Bye re: Kimberly Davis Disability Retirement, November 7, 2006.

A motion was made by Peter Dobrzeniecki, and supported by Robert Erlenbeck, to approve the Communications Sent and place them on file.

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

11. REPORTS RECEIVED *(All documents have been placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members’ agenda packets also)*

- 11.1 Fisher Investments, Investment Portfolio as of September 30, 2006.
- 11.2 Fidelity Investments, Monthly Investment Update as of October 31, 2006.

- 11.3 Fidelity Investments, Capital Contribution, October 26, 2006.
- 11.4 Dodge & Cox, Brokerage Commission Report for the 3rd Quarter 2006.
- 11.5 Globalt Investments, Quarterly Report as of September 30, 2006.
- 11.6 Globalt Investments, Large Cap High Growth Equity Strategy, 3rd Quarter 2006.
- 11.7 Wellington Management, Performance Summary as of September 30, 2006.
- 11.8 ICON Advisors, Performance Update as of October 2006.
- 11.9 State Street Global Advisors, Investment Quarterly, 4th Quarter 2006.
- 11.10 Lynch, Jones & Ryan, Trading Summary as of August 31, 2006.
- 11.11 Magna Securities, Commission Recapture Report as of September 30, 2006.
- 11.12 Northern Trust Reports – August 2006 (*Enclosed*)
- 11.13 Retirement Fund Employee/Employer Contributions (*Enclosed*)

A motion was made by Robert Erlenbeck, and supported by Ehren Gonzales, to receive the Reports and place them on file.

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

12. STATISTICAL REPORT OF BENEFITS (*for information only*)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Number Retired	3,002	3,032	3,026
Annualized Payroll	\$ 62,627,143	\$ 64,198,389	\$ 64,876,145

13. APPROVAL OF THE DECEMBER 1, 2006 PENSION PAYROLL TRANSFER

Chairman Daniel Hall reported that a transfer of \$4,685,800 is needed for the payment of the December 1st, 2006 pension payroll, with funds to be taken from the Northern Trust Flint-Drawdown Account #26-19617. The balance in the Northern Trust drawdown account, as of November 15, is \$23,362,703.42.

A motion to approve the transfer of \$4,685,800 for payment of the December 1st, 2006 pension payroll, from the Northern Trust Flint - Drawdown Account #26-19617 to Citizens Bank, was made by Georgia Steinhoff, and supported by Sandra Kidd.

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

14. FERS TO MERS TRANSITION

Chairman Daniel Hall opened a discussion of issues related to the FERS to MERS transition. Peter Dobrzeniecki reported that he received the MERS valuation data from Hurley on November 20th and he plans to include the report in next month's meeting packet. Chairman Hall stated his intention to meet with Peter Dobrzeniecki and Robert Erlenbeck to review and compare the two reports, and discuss them with the actuaries for further clarification. They will then report their findings to the Board.

Chairman Hall noted that, at last month's meeting, a draft of proposed Ordinance language, written by Hurley's attorneys for the FERS to MERS transition, was reviewed. Item #20 in the current agenda packet is a revised version from the Board's attorney. However, clarification is still needed on several points, and liability issues must be thoroughly addressed. Discussion followed. Attorney Young stated that, although the Hurley attorneys can make suggestions regarding ordinance language, the Board must approve the final ordinance language before it is sent to the City Council.

Cass Wisniewski noted that there was a meeting scheduled for October 31st with attorneys from MERS, the City and from Hurley, but it was cancelled that day. Attorney Trachelle Young stated that it was cancelled by her request because she was not notified of the purpose of the meeting and she needed to come prepared to address the relevant issues to be discussed. Chairman Hall noted that the Board has indicated that meetings must be scheduled in writing, with an agenda, but no written communications have been received. Cass Wisniewski stated that Attorney Kendall Williams would be sending a letter to Attorney Trachelle Young regarding re-scheduling that meeting. Chairman Hall also stated that communications should be between FERS and Hurley Administration, who should communicate with the labor union leadership. The Board should not be communicating directly with the labor unions, as this could be construed as negotiations.

15. INVESTMENT COMMITTEE REPORT

Chairman Daniel Hall stated that the Committee has not met. He asked the Consultant, Ivory Day, to review the reports for each real estate company and report to the Board what residual amounts remain that have not yet been drawn down and invested.

16. GRAY & COMPANY

Chairman Daniel Hall deferred Ivory Day's report until later in the meeting.

17. FINANCE COMMITTEE

Chairman Hall stated that the Finance Committee has not met.

18. PROFESSIONAL SERVICES COMMITTEE REPORT

Committee Chair Georgia Steinhoff reported that the Professional Services Committee met on November 13th and discussed the following:

M-Works: The Committee met with Dr. Roth and Denise Harper, his associate who makes the appointments. It has been three years since M-Works was hired. The purpose of the meeting was to discuss the disability examinations and reports. Dr. Roth is now working fewer hours. FERS appointments are only scheduled on Wednesdays. The Committee discussed scheduling issues and the length of time it takes to receive the disability reports from Dr. Roth. A major reason for the delays is the time it takes for all of the applicant's medical records to be sent to M-Works and for Dr. Roth to review them. The Committee believes the meeting was very productive and all issues were resolved.

Shirley Hart: The Committee discussed the disability exam for Shirley Hart.

Kathleen Robinson: The Committee is waiting for the medical report from Dr. Roth. Ms. Steinhoff asked Attorney Norb Leonard (present at the Board Meeting) whether the information he referenced for Kathleen Robinson was new or had already been submitted. Attorney Leonard stated that some information was dated November 9, 2006. Chairman Hall asked Attorney Leonard to review the medical information with Mr. Erlenbeck to ensure all records have been sent to Dr. Roth. He stated that the Board's procedure is that all medical records be given to Mr. Erlenbeck to be forwarded directly to the doctor. Board members do not review them, due to privacy concerns.

Kim Davis: Ms. Steinhoff reported that the Committee discussed Kim Davis and the letter to be sent to Hurley Medical Center regarding her restrictions.

Liability Insurance: Robert Erlenbeck reported that this is not a good time to investigate a new liability insurance policy because of pending issues, such as MERS.

Disability Retirement Re-Applications: Chairman Daniel Hall reported that the Committee is reviewing the disability retirement re-application policy, based on their discussion with Dr. Roth. The current policy allows for re-application, after an 18-month period of time has elapsed, with no change in condition. This might be a waste of everyone's time.

Sherrie Jackson: Sherrie Jackson's hearing regarding the denial of her disability retirement has been scheduled for December 5th at 1:00 p.m. Attorney I'Lanta Robbins reported that she met with Ms. Jackson's attorney and depositions were taken with Ms. Jackson (at her attorney's office in Royal Oak) and with her primary care physician. The deposition transcripts will be submitted to the Board, along with her medical records and Dr. Roth's report, for review prior to the hearing. The Board's hearing procedures allow for the applicant to choose not to be present, as long as a representative is present and can supply the deposition/testimony, address questions and concerns, etc. Ms. Jackson will not be present at the hearing. Attorney Robbins will be present for the Board. The Board may also wish to ask Dr. Roth to be present, in person or by conference call, if they have questions regarding his report. Chairman Hall asked Robert Erlenbeck to schedule a conference call with Dr. Roth. Chairman Hall cautioned the Board to ensure the confidentiality of the medical records supplied for these hearings and noted that they would be liable for any improper disclosures of that information.

19. LEGAL COUNSEL UPDATES

Claude Miller/Rutherford Class Action 26/27 Pays Litigation: Attorney Robbins reported that an appeal was filed by the City and is currently under review by the Court of Appeals. Yesterday, a Motion was filed by the plaintiffs against the City (not against the Board of Trustees or individual Trustees). The motion was generated in an attempt to hold the City in contempt of court based upon prior rulings of court orders. Based on Judge Yuille's last order, several class members requested information regarding their last five pay years from the City of Flint. The City sent a letter to each retiree, which included the worksheet used to determine their Final Average Compensation, informing them that any additional information that the City would generate for them would be processed through a FOIA request process, with associated fees for the additional information. It also informed the members that they were limited to using what the City traditionally used to determine their final FAC; i.e., the hybrid method in tabulating which years would be used. After the Plaintiffs filed their motion against the City of Flint, the Court did not specifically hold the City in contempt of court. However, the Court ordered the City to allow the employees to express their concerns and not to charge any fees for requesting their retirement information. The Court also ruled that one of the retirees' picks for their three years of FAC should include a 27th pay and ordered costs to be assessed against the City to pay for the cost of the motion. Attorney Ric Champnella represents the City in this case. Attorney Robbins reported that the decision would likely be appealed. Discussion followed.

Take Two Interactive: Attorney George Peck informed Attorney Robbins that an amendment complaint was filed and the defendants in the lawsuit reported their intention to file a Motion for Summary Disposition to try and dismiss the case summarily without it going to trial. That motion must be filed by December 22, 2006 and the Court has indicated that a motion would be heard sometime in April. Because of the intention of the defendants to file the Motion to Dismiss, discovery has been put on hold.

Pension Calculation Hearings: Attorney Robinson reported that the pension calculation hearings, for correcting pensions found to be in error, will begin on December 19, 2006 at 9:00 a.m. Chairman Hall noted that no time limit has been placed on the hearings.

20. RETIREMENT ORDINANCE REVISION COMMITTEE

Chairman Hall noted that the proposed ordinance language for the MERS transition was discussed under Item #14, FERS to MERS Transition. He also noted that Councilman Ehren Gonzales was the City Council Finance Committee Chair and he is now the City Council Legislative Committee Chair. Councilman Gonzales stated that his new position will be helpful as he works with the Board to make necessary changes to the Retirement Ordinance. He also stated that he has asked the Clerk's office for a copy of Ordinance #3662, as requested at the last board meeting; however, he has not yet received any further information.

21. DB/DC CONVERSION

Chairman Daniel Hall noted there was no information to report.

22. APPROVAL OF THE 2007 RETIREMENT BOARD CALENDAR

The proposed schedule of Board Meetings for 2007 was discussed.

A motion was made by Ehren Gonzales, and supported by Georgia Steinhoff, to approve and accept the proposed 2007 Retirement Board Meeting Schedule.

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

16. GRAY & COMPANY

Ivory Day, Jr. presented the Quarterly Performance Report for the Quarter Ending September 30, 2006. He also distributed additional supporting documents for review: a Rebalancing Schedule, a Total Fund Composite/Total Return Performance Comparison, and a Quantitative Investment Performance Analysis Ten Year Study. Discussion followed.

23. OTHER BOARD BUSINESS

Robert Erlenbeck reported that he is working with Attorneys Bill Smith and I'Lanta Robbins on an ordinance change to increase the multiplier for Hurley exempt non-contributory employees by .2% to 1.7%. This change should have been made in 2002, when Hurley made contract changes and submitted an ordinance change that should have increased the multiplier to 1.7% for both contributory and non-contributory employees. Through error or omission, that ordinance language did not include non-contributory employees, although they were referenced in the summary section. Hurley's Human Resources Department put into effect the increase from 1.5% to 1.7% for both contributory and non-contributory employee groups in 2002. The pension calculation program from Gabriel Roeder was also updated to reflect the changes for both groups. The current ordinance change resolution should make this change retroactively; otherwise, affected pensions calculated subsequent to 2002 with a 1.7% multiplier must be corrected downward to 1.5%. Operationally, non-contributory retirement applicants have been retired at 1.5% since the error was identified. Mr. Erlenbeck noted that the Retirement Office is required to administer the actual Ordinance language, not what they believe the intent to be.

24. ADJOURNED

There being no further business to discuss, it was moved by Ehren Gonzales, and supported by Georgia Steinhoff, to adjourn the meeting at 2:49 p.m.

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

Respectfully submitted,

Peter Dobrzeniecki, Secretary