

**CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM**

**BOARD OF TRUSTEES SPECIAL MEETING**

A special meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on Tuesday, October 23, 2007 at 9:00 a.m. in the New Committee-of-the-Whole Room, 3<sup>rd</sup> Floor, City Council Chambers, at City Hall, with the following in attendance:

*TRUSTEES &  
ALTERNATES* Daniel Hall – Chairperson, Douglas Bingaman, Mary Bland,  
Peter Dobrzeniecki, Robert Erlenbeck, Ehren Gonzales, Janice Kehoe,  
Michelle Kirkwood, Amy Lindman, Cass Wisniewski

*ABSENT* John Balsler, Peggy Cook, Kerry Nelson, Robert Rosenberger

*ALSO PRESENT* Suzi Bye, Retirement Supervisor  
I'Lanta Robbins, Assistant City Attorney/Attorney for the Board  
Julie Sadler, Recording Secretary

**1. CHAIRPERSON CALLS THE SPECIAL MEETING TO ORDER**

Chairman Daniel Hall called the meeting to order at 9:05 a.m., noting that the purpose of the meeting was to discuss issues relevant to the special hearings for Kay Tereau, Debbie Cherwinski, Sandra Stearns and William Kelly.

**2. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD**

There were no members of the public who wished to address the Board.

**3. SPECIAL MEETING TO DISCUSS THE HEARINGS FOR KAY TERAU, DEBBIE CHERWINSKI, SANDRA STEARNS AND WILLIAM KELLY.**

Chairman Hall stated that, on the last hearing date, attorneys for both sides presented closing arguments and summaries on behalf of each of the individuals for whom hearings have been held – Kay Tereau, Debbie Cherwinski, Sandra Stearns and William Kelly. The purpose of this meeting is for the Board to review, discuss and deliberate regarding the information presented at the hearings. Therefore, Chairman Hall asked for a motion to go into closed session.

**A motion was made by Peter Dobrzeński, and supported by Robert Erlenbeck, to go into closed session for the purpose of discussing the hearings and pending litigation for Kay Tereau, Debbie Cherwinski, Sandra Stearns and William Kelly.**

Attorney I'Lanta Robbins stated that the purpose of the closed session was to allow open discussion by the Board of Trustees relative to making a decision on the issues involved in the hearings. Since litigation is pending regarding the individuals involved, open discussion by the Board could have a detrimental effect. Discussion followed.

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

Chairman Hall excused everyone present who were not Trustees, with the exception of the Board's attorney, I'Lanta Robbins, and the recording secretary, Julie Sadler. Chairman Hall stated that all discussion during the closed session would be confidential and could not be discussed by anyone present once the meeting was concluded.

Attorney Gregory Gibbs (representing the four individuals) registered his objection that it was inappropriate for the Board's Attorney to be allowed to remain in the closed session because she was an advocate for a point of view.

Attorney Robbins responded that she was present only for the purpose of responding to procedural questions from the Board and, as their attorney, she does have the right to be present.

Attorney Gibbs further objected that it was their position that her presence was inappropriate because this was an adversarial proceeding and Attorney Robbins could advocate for her point of view, although the attorney for the other side was being excluded from the deliberations.

Attorney Robbins stated that, as a matter of record, she was not an advocate for a point of view, but she was the attorney representing the Board of Trustees.

Attorney Gibbs stated that the Board of Trustees is named a party in the pending litigation.

Attorney Robbins stated that the Board of Trustees had not made any decisions and she had the right to be present at their deliberations. She also stated, for the record, that she would not be advocating on anyone's behalf.

The Board entered into closed session at 9:15 a.m.

The Board reviewed and discussed the issues involved in the cases of Sandra Stearns, Deborah Cherwinski and Kay Tereau. Chairman Hall reminded the Trustees that, under the Retirement Ordinance, the Board had the obligation to make corrections, if errors were found. Chairman Hall tabled the review and deliberation of William Kelly's case until Tuesday, November 20, at 11:00 a.m.

**A motion was made by Amy Lindman, and supported by Peter Dobrzeniecki, to exit the Executive Session.**

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

**4. OTHER BOARD BUSINESS**

There was no other business brought before the Board of Trustees.

**5. ADJOURNMENT** (*Break for lunch – Regular Board Meeting at 1:00 p.m.*)

**A motion was made by Peter Dobrzeniecki, and supported by Amy Lindman, to recess the meeting at 12:02 p.m.**

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

**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, October 23, 2007 at 1:00 p.m. in the New Committee-of-the-Whole Room, 3<sup>rd</sup> Floor, City Council Chambers, at City Hall, with the following in attendance:

*TRUSTEES & ALTERNATES* Daniel Hall – Chairperson, Douglas Bingaman, Mary Bland (1:20),  
Peter Dobrzeniecki, Robert Erlenbeck, Ehren Gonzales, Janice Kehoe,  
Michelle Kirkwood, Amy Lindman (1:20), Robert Rosenberger,  
Cass Wisniewski

*ABSENT* John Balsler, Peggy Cook, Kerry Nelson

*ALSO PRESENT* Suzi Bye, Retirement Supervisor  
I'Lanta Robbins, Assistant City Attorney/Attorney for Retirement Board  
Julie Sadler, Recording Secretary  
Ivory Day, Jr., Gray & Company  
Chris Kuhn, Gray & Company  
Harland Abraham, Northern Trust  
Larry Langer, Gabriel, Roeder, Smith & Co.

**6. CHAIRPERSON CALLS THE MEETING TO ORDER**

Chairman Daniel Hall called the meeting to order at 1:10 p.m.

**7. MEMBERS OF THE PUBLIC WISHING TO ADDRESS THE BOARD**

There were no members of the public present who wished to address the Board. Consultant Ivory Day introduced Chris Kuhn, Gray & Company's new representative in Michigan, and stated that he will also attend Board Meetings, as his schedule permits.

**8. APPLICATIONS FOR VOLUNTARY RETIREMENT**

**Carole Carpenter**

**HMC/Exempt**

Final Average Compensation: \$ 106,462.53

Accumulated Contributions: 28,532.53  
DRET: 56,109.08  
Effective Date of Retirement 08/12/2007  
Service: 26 Years, 11 Months  
The retiree elected the Option B in the amount of \$4,948.52.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Carole Carpenter 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 in the amount of \$4,948.52, for as long as she lives.

**Marilyn Mechura**

**Police/1600**

Final Average Compensation: \$ 32,769.30  
Accumulated Contributions: 7,449.92  
DRET: 4,529.50  
Effective Date of Retirement 08/31/2007  
Service: 10 Years, 0 Months  
The retiree elected the Option Straight Life in the amount of \$657.89.

RESOLVED, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for Marilyn Mechura 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 \$657.89, for as long as she lives.

**It was moved by Robert Rosenberger, and supported by Cass Wisniewski, to approve the Applications for Voluntary Retirement for the following persons (with monthly pensions as noted):**

**Carole Carpenter – Option B – \$4,948.52**  
**Marilyn Mechura – Option Straight Life – \$657.89**

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

**9. APPROVAL OF NON-DUTY DEATH BENEFIT**

**Dianne Tesnar (Beneficiary: James Tesnar – Spouse)**

**HMC/Exempt**

Final Average Compensation: \$ 61,746.15  
Accumulated Contributions: Non-cont.

DRET: .00  
Effective Date of Retirement 08/18/2007  
Service: 13 Years, 6 Months  
The beneficiary will receive a monthly benefit in the amount of \$966.62.

**A motion made by Peter Dobrzeniecki, and supported by Ehren Gonzales, to approve the non-duty death benefit for Dianne Tesnar, payable to James Tesnar, her beneficiary.**

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

**10. APPROVAL OF PENSIONS PREVIOUSLY REPORTED**

**James Stickney/City (Retired 1-1-96)** – Revised FAC pursuant to Judge Yuille’s current decision/file audit -

Was \$42,013.13 - \$2,005.72 monthly

Rev \$42,676.01 - \$2,078.10 monthly

Total Retro Payment: \$10,061.99 – actual payment to retiree was \$6,660.97 for recoupment of purchase of military time calculation error of \$3,401.02

Years of Service: 25 years, 1 month

**Jose Medina/City (Retired 1-6-96)** – Revised FAC pursuant to Judge Yuille’s current decision/file audit -

Was \$42,933.18 - \$2,374.24 monthly

Rev \$45,339.04 - \$2,507.28 monthly

Total Retro Payment: \$18,483.98

Years of Service: 27 years, 11 months

**Elinor Sevick/City (Retired 6-15-96)** – Revised FAC pursuant to Judge Yuille’s current decision/file audit -

Was \$41,429.20 - \$2,071.46 monthly

Rev \$41,558.77 - \$2,077.94 monthly

Total Retro Payment: \$865.30

Years of Service: 25 years, 0 months

Received refund of contrib. for overpayment of redeposit \$20.73

**Elaine Scharer/City (Retired 1-3-96)** – Revised FAC pursuant to Judge Yuille’s current decision/file audit -

Was \$30,973.45 - \$1,548.67 monthly

Rev \$30,916.88 - \$1,551.00 monthly

Total Retro Payment: \$323.73 – pension increased due to additional month of service

Revised: Years of Service: 25 years, 1 month

**David Forsse/City (Retired 9-10-94)** – Revised FAC pursuant to Judge Yuille’s current decision/file audit -  
Was \$37,040.67 - \$1,834.36 monthly  
Rev \$37,916.88 - \$1,906.25 monthly  
Total Retro Payment: \$8,839.37  
Years of Service: 25 years, 0 months  
Received refund of \$22.00 for overpayment of generic time

**Allen Reynier/City (Retired 7-8-92)** – Revised FAC pursuant to Judge Yuille’s current decision/file audit -  
Was \$76,822.10 - \$4,026.73 monthly (option C w/pop-up)  
Rev \$76,719.53 - \$4,360.23 monthly (Straight Life)  
Option popped up due to death of beneficiary  
Years of Service: 28 years, 5 months

Chairman Hall noted that the pension changes for James Stickney, Jose Medina, Elinor Sevvick, and Elaine Scharer were approved at the September 25<sup>th</sup> Regular Board Meeting as add-ons and were included on this agenda for informational purposes. He noted that, as can be seen from the information pertaining to these changes, their FAC was revised pursuant to Judge Yuille’s current decision and a file audit by staff. Discussion followed.

**A motion was made by Ehren Gonzales, and supported by Robert Erlenbeck, to approve the pension changes for David Forsse and Allen Reynier.**

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

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

- 11.1 Northern Trust, 2007 Public Fund Forum, October 24, 2007, Chicago, IL.
- 11.2 Strategic Research Institute, 16<sup>th</sup> Annual Public Fund Boards Forum, December 8-11, 2007, San Francisco, CA.
- 11.3 Finance Research Associates, Microfinance for the Institutional Investor, January 14-15, 2008, New York, NY.
- 11.4 Finance Research Associates, 3<sup>rd</sup> Annual Mastering RFPs & Consultant Databases, January 14-15, 2008, Cambridge, MA.
- 11.5 Institutional Real Estate, Visions, Insights & Perspectives, January 15-17, 2008,

Scottsdale, AZ.

- 11.6 Strategic Research Institute, 10<sup>th</sup> Anniversary Alternative Investment Roundup, January 27-30, 2008, Scottsdale, AZ.
- 11.7 UNC Business School, 8<sup>th</sup> Annual Mid-Sized Retirement & Pension Plan Management Conference, January 27-30, 2008, Orlando, FL.

**A motion was made by Robert Rosenberger, and supported by Ehren Gonzales, to receive and approve all information/documents listed under Agenda Items #11, #12, #13, and #14, and place all documents on file.**

During discussion, Chairman Hall stated that #12.11 was under legal review.

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

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

- 12.1 NCPERS, 2007 & 2008 Conferences & Educational Programs, September 2007.
- 12.2 NCPERS, The Monitor, September/October 2007.
- 12.3 INVESCO, Invitation to Dinner during IFEBP Conference, November 5, 2007.
- 12.4 Bank of Ireland Asset Management, Invitation to Dinner while attending Public Fund Conference, December 10, 2007.
- 12.5 Coughlin Stoia Gelleer Rudman & Robbins, Corporate Governance, 4<sup>th</sup> Quarter 2007.
- 12.6 Pomerantz Haudek Block Grossman & Gross, The Pomerantz Monitor, October 2007.
- 12.7 Alliance Bernstein, Research & Strategies, August 2007.
- 12.8 Elwood Hardenburg, Letter to Retirement Board re: 13<sup>th</sup> Check, September 19, 2007. *(Enclosed)*
- 12.9 Hurley Medical Center, Letter to Suzi Bye re: Sandra Bradshaw-Tidwell, September 25, 2007. *(Enclosed)*
- 12.10 Hurley Medical Center, Letter to Suzi Bye re: Jeffery Hall, September 25, 2007. *(Enclosed)*

- 12.11 Hurley Medical Center, Letter to Retirement Board re: Daniel Coffield, October 5, 2007. (Enclosed)
- 13. 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.)
- 13.1 Letter to Northern Trust from Daniel Hall re: October 1, 2007 Pension Transfer, September 25, 2007.
- 13.2 Letter to Northern Trust from Daniel Hall re: CB Richard Ellis Wire, September 25, 2007.
- 13.3 Letter to Northern Trust from Daniel Hall re: Fidelity Real Estate Growth Fund Wire, October 10, 2007.
- 13.4 Letter to Keller Thoma from Trachelle Young re: Daniel Coffield, October 2, 2007. (Enclosed)
- 13.5 Resolution Adopting the Computed Contribution Rates for Fiscal Year 2008 for the City of Flint General, Police & Fire – Submitted to City Council for approval. (Enclosed)
- 13.6 Resolution Adopting the Computed Contribution Rates for Fiscal Year 2008 for Hurley Medical Center – Submitted to City Council for approval. (Enclosed)
- 13.7 Resolution Authorizing an Additional Annual Payment “13<sup>th</sup> Check” to Eligible Retirees and Beneficiaries – Submitted to City Council for approval. (Enclosed)
- 14. REPORTS RECEIVED** (All items were placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members' agenda packets also.)
- 14.1 CB Richard Ellis Investors, Monthly Summary Report as of August 31, 2007.
- 14.2 Fidelity Investment, Monthly Investment Update as of September 30, 2007.
- 14.3 Fidelity Investment, Capital Contribution, October 4, 2007.
- 14.4 LJR Recapture Services, Trading Summary as of July 31, 2007.
- 14.5 LJR Recapture Services, Trading Summary as of August 31, 2007.
- 14.6 Magna Securities, Commission Recapture Report as of September 30, 2007.
- 14.7 Northern Trust Global Investments, Strategy, October 2007.

- 14.8 Brandywine Global, Quarterly Market Insight, August 2007.
- 14.9 Fisher Investments, Performance Summary as of September 30, 2007.
- 14.10 Wentworth, Hauser and Violich, Appraisal Summary, July 2007.
- 14.11 Wentworth, Hauser and Violich, Appraisal Summary, August 2007.
- 14.12 ICON Advisors, Quarterly Statement as of September 30, 2007.
- 14.13 Northern Trust Reports – August 2007 (*Enclosed*)
- 14.14 Retirement Fund Employee/Employer Contributions (*Enclosed*)
- 14.15 Hurley Employer/Employee Contributions FY 2008 (*Enclosed*)

**15. STATISTICAL REPORT OF BENEFITS**

	<u>2005</u>	<u>2006</u>	<u>2007</u>
Number Retired	3,032	3,027	3,004
Annualized Payroll	\$ 64,198,389	\$ 64,850,497	\$ 65,192,316

**16. APPROVAL OF THE NOVEMBER 1, 2007 PENSION PAYROLL TRANSFER**

**17. APPROVAL OF THE 13<sup>TH</sup> CHECK TRANSFER**

Chairman Daniel Hall reported that a transfer of \$5,117,300 was needed for the payment of the November 1<sup>st</sup>, 2007 pension payroll, and an additional \$3,000,000 was needed for the payment of the “13<sup>th</sup> Check,” with funds to be taken from the Northern Trust Flint-Drawdown Account #26-19617. The balance in the Northern Trust drawdown account, as of October 19, 2007 was \$14,391,390.

**A motion to approve a transfer of \$8,117,300 for payment of the October 1<sup>st</sup>, 2007 pension payroll and the “13<sup>th</sup> Check” from the Northern Trust Flint - Drawdown Account #26-19617 to Citizens Bank, was made by Ehren Gonzales, and supported by Cass Wisniewski.**

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

**18. RESOLUTIONS TO ADOPT CONTRIBUTION RATES FOR FISCAL YEAR BEGINNING JULY 1, 2007.**

Chairman Hall reported that the City Council, at their October 22<sup>nd</sup> Meeting, approved resolutions supporting the contribution rates to the Pension System by the City and Hurley Medical Center for Fiscal Year 2008, as adopted by the Board on September 25<sup>th</sup>.

**19. 13<sup>th</sup> CHECK**

Chairman Hall stated that he is forming a committee to review issues regarding the methodology and structure of the 13<sup>th</sup> check. The committee will include Mary Bland or John Balser as Chair, with Peter Dobrzeniecki and/or Robert Erlenbeck involved also.

**20. FINANCE COMMITTEE**

Committee Chair Robert Rosenberger stated that the Committee met and discussed the potential FERS to MERS transfer costs. The Committee is recommending that a second actuary, other than Gabriel Roeder Smith (GRS), should perform the actuarial calculations for the transfer on behalf of the System, since GRS is also the actuary for MERS and a potential conflict of interest situation exists.

**A motion was made by Robert Rosenberger, and supported by Mary Bland, to seek a second, neutral actuary, to be determined later, to work on the FERS to MERS calculations on behalf of the Board of Trustees.**

Discussion followed. Chairman Hall stated that a conference call is being scheduled with Attorney Michael VanOverBeke regarding FERS to MERS issues. It was noted that Actuarial Services Company previously reviewed GRS' calculations and is familiar with FERS. It was also noted that only active employees should be calculated at this time.

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

Further discussion followed regarding Hurley's failure to make contributions to the System and the need to determine the amount owed, including interest at a rate to be determined.

Mr. Rosenberger stated that the Committee discussed hiring an auditor for a complete audit of the Retirement System, possibly for Fiscal Year 2008-09. The last System audit was for Fiscal Year 2003.

**21. PROFESSIONAL SERVICES COMMITTEE REPORT**

Chairman Hall stated that the Professional Services Committee met and discussed the following issues:

**Disability Retirements:** No new applications have been received. Applications for Jeffrey Hall and Sandra Bradshaw Tidwell are pending. After review of their applications, the Committee is recommending to the Board that they be granted disability retirements, as Hurley has indicated there are no jobs available for them with their restrictions. Discussion followed regarding the need to work with Hurley to develop a program to put employees back to work when their disability is not total and permanent and they can still perform some functions. Attorney Robbins stated that the Board has an obligation to approve disability retirements if there is no job available at Hurley with the restrictions given by the medical examiner. The issue was tabled by Chairman Hall, pending further review.

**Disability Policy:** Issues are under review by the Committee and the Attorney.

**IRS Regulations:** Pending further review.

**MinuteMaster Options:** The Committee received a quote from GRS and they are reviewing various options prior to making a recommendation to the Board.

**Actuary RFP:** On hold pending a review of current practices. It is probably unwise to conduct a search for an actuary before the MERS issues are settled.

**Education Policy:** The Committee will submit a written policy to the Board for consideration.

**Election Rules:** The Committee is reviewing rules and options. Suggestions may be given to Committee Member Amy Lindman. Ms. Lindman stated that she would prefer that the upcoming Fire/Police election be conducted by mail due to scheduling issues in those two departments.

**Bambi Rose's Letter:** Pending further review.

**Joyce Lanckton's Letter:** The Committee is recommending that a response be sent regarding her concerns about the election for retiree representatives on the Board.

**A motion was made by Amy Lindman, and supported by Peter Dobrzeniecki, to authorize Robert Erlenbeck to draft a letter to Joyce Lanckton indicating that her letter was received and responding further that no action is being taken by the Board, since a review of the rules does not show that any rules were violated or that the outcome of the election would have been affected, and also that the election results**

**have been certified.**

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

**22. RETIREMENT ORDINANCE REVISION COMMITTEE**

No meeting has been held, per Chairman Hall.

**23. INVESTMENT COMMITTEE REPORT**

Chairman Hall noted that the Bank of Ireland invoice was paid on September 27<sup>th</sup>.

**24. GRAY & COMPANY**

Consultant Ivory Day distributed a rebalancing schedule, dated October 18<sup>th</sup>, showing the current investment allocations among the money managers. Mr. Day recommended a rebalancing to reduce certain asset classes, since some managers are overweighted, and to replenish the drawdown account. This rebalancing is needed before the next benefit payments are made. Mr. Day asked for the Board's authorization to work with Julie Sadler to effect the rebalancing and notify the appropriate money managers to raise funds for transfer into the drawdown account. Discussion followed.

**A motion was made by Amy Lindman, and supported by Robert Rosenberger, to authorize the Consultant to work with Staff to rebalance the Fund and replenish the drawdown account.**

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

The Board recessed for a break at 2:30 p.m.

Chairman Hall called the meeting back to order at 2:44 p.m.

Harland Abraham, Relationship Manager at Northern Trust, made a presentation entitled "A Custodial Relationship Review." This review explained the functions of Northern Trust, as the System's custodian, and outlined the services they provide to FERS. Mr. Abraham noted that the System's assets are approximately \$833 million as of this date. Also discussed were the Passport System, Securities Lending, and Custody Fees.

Chairman Hall noted that Larry Langer, of Gabriel Roeder Smith & Company (GRS), the System's actuaries, has been reassigned to FERS. Chairman Hall asked Mr. Langer to remain

in the meeting in order to participate in a discussion of MERS issues with the Board. Mr. Langer stated that GRS, through its President, Brian Murphy, had established guidelines to avoid any conflict of interest issues since both FERS and MERS are clients of GRS. As part of those guidelines, employees may not discuss FERS/MERS without permission. Mr. Langer noted that the original request for actuarial calculations was made in mid-2004 by the FERS Board, and was to include only the seven active employee groups that had voted to transfer to MERS, with no retirees, exempts or Local #1603 members to be included. Actuarial Services reviewed the results of that original study done by GRS for FERS. Mr. Langer went on to review the history of GRS involvement in the calculations for the FERS to MERS transfer. He also commented that MERS has a policy of requiring retirees to be transferred to them when accepting another retirement system's assets. He noted that a separate group of GRS employees performed an actuarial study for MERS/HMC in July 2003 and a subsequent study for MERS. An additional study was done for FERS in February 2006 that included allowing retirees to make a choice. A Board discussion of FERS to MERS issues followed.

Cass Wisniewski stated that Hurley plans to allow the active exempts to vote whether to transfer to MERS. They previously asked the Retirees' Association for a referendum vote. Edward Kurtz signed papers for Hurley approving the transfer to MERS. Subsequently, three actuarial reports included the following information: Transferring the seven active union groups would require about \$65 million; transferring all retirees would cost another \$300 million; taking retirees and deferred retirees from only the seven unions that voted to transfer would cost about \$200 million.

Attorney I'Lanta Robbins noted that the case is currently in active litigation. One issue in contention is that the Memo of Understanding, signed by Emergency Financial Manager (EFM) Edward Kurtz, was invalidated by Judge Neithercut's ruling that the EFM did not have any authority to tell the Board how to run the pension system. That ruling was the result of a lawsuit filed by the Board of Trustees and, because of that ruling, the Board has continued to maintain their opinion that the EFM had no authority over them. There is a Motion for Summary Disposition on file with the court; however, the Judge has adjourned that hearing pending his request for more detail on the legal issues involved.

During the discussion, additional questions were raised. Does MERS require that retirees must be included in transfers? Since the union contracts involve active employees, does Hurley have the right to negotiate for retirees? Attorney Robbins noted that, in the attorneys' meetings, discussions have centered on making an initial transfer of the active employees from the seven union groups. She stated that Attorney Kendall Williams, on behalf of Hurley, has confirmed that Hurley would pay for an updated actuarial valuation. She also noted that MERS appears to be taking a neutral position at this time, since they do not have any standing. MERS can only make recommendations with respect to the active groups that voted to go. Chairman Hall noted that Attorney O'Connor is no longer representing the

unions for MERS issues.

Chairman Hall asked Larry Langer the status of the Fiscal Year 2006 Actuarial Valuation. Peter Dobrzeniecki stated his belief that all City information had been provided to GRS; however, there have been problems getting information from Hurley. Mr. Langer stated that he would check with GRS staff and then provide a status report.

Ehren Gonzales left the meeting at 3:00 p.m.

**25. LEGAL COUNSEL UPDATES**

Attorney I'Lanta Robbins reported that Daniel Coffield's letter to the Board, along with the letter from Attorney Smith referencing Mr. Coffield's issues and concerns regarding his retirement, has been given to an "outside" attorney for further review.

Attorney Robbins reported that retired Fire Chief Theron Wiggins recently filed a lawsuit against the City and the Board of Trustees. When he retired in 2003, the Board held a hearing at his request and made a determination, based upon their evidence, that he would be retired with firefighter benefits. His retirement file was recently audited and changes were made. Mr. Wiggins is now suing because he believes a special agreement he had made with the City Administrator is being violated. The Board will need to grant him a hearing in the near future. The lawsuit is currently in the discovery process.

**26. DB/DC CONVERSION**

No Report.

**27. OTHER BOARD BUSINESS**

Chairman Hall stated that the next Regular Board Meeting is scheduled for November 20<sup>th</sup>, with a Special Meeting at 11:00 a.m. to finish a discussion of the hearings.

**28. ADJOURNED**

**There being no further business to discuss, it was moved by Amy Lindman, and supported by Mary Bland, to adjourn the meeting at 3:20 p.m.**

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

Respectfully submitted,

Peter Dobrzeniecki, Secretary