

**CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM**  
**Board of Trustees Regular Meeting Minutes**  
**Tuesday, March 15, 2011**

A regular meeting of the Board of Trustees of the City of Flint Employees' Retirement System was held on Tuesday, March 15, 2011, at 1:00 p.m. in the Committee-of-the-Whole Room, 3<sup>rd</sup> Floor, City Council Chambers, at City Hall, with the following in attendance:

*TRUSTEES & ALTERNATES* Douglas Bingaman – Chair; Denise Bingaman, Mary Bland, Bryan Bond, Debra Bridges, Robert Erlenbeck, Scott Kincaid, Sherry Murphy, Mark Stratman, Michael Townsend (1:45), Cass Wisniewski

*ABSENT* Gregory Eason, Duane Kelley, Mark Kovach, Sheldon Neeley, Patricia Ramirez

*ALSO PRESENT* Ivory Day, Jr., Gray & Company, Consultant  
Angela Watkins, Assistant City Attorney  
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 1:07 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**

Maryann Malloy introduced herself to the Board and stated that she has submitted an application to be nominated by the Board as an Alternate Trustee representing Hurley Medical Center.

**4. APPROVAL OF AGENDA**

**Motion by Scott Kincaid, supported by Cass Wisniewski, 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 Mary Bland, supported by Robert Erlenbeck. The motion carried unanimously.**

**6. APPROVAL OF MINUTES – *February 15, 2011 Regular Board Meeting***

**Motion made by Robert Erlenbeck, supported by Scott Kincaid, to approve the minutes for the February 15<sup>th</sup>, 2011 Regular Board Meeting, as written. The motion carried unanimously.**

**7. APPROVAL OF APPLICATIONS FOR VOLUNTARY RETIREMENT – *See Attached***

**Moved/Resolved by Robert Erlenbeck, supported by Bryan Bond, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for the Applications for Voluntary Retirement for Wendy DeWitt and Theresa Root 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. Motion carried unanimously.**

**8. APPROVAL OF APPLICATIONS FOR DEFERRED RETIREMENT – *None***

**9. APPROVAL OF DISABILITY PENSIONS – *None***

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

**A motion was made by Robert Erlenbeck, supported by Mark Stratman, to approve the change to the Pension Previously Reported for Terry Harris. Motion carried unanimously.**

**11. APPROVAL OF OPTIONS PICKED BY DEFERRED RETIREMENTS – See Attached**

**A motion was made by Mark Stratman, supported by Bryan Bond, to approve the Options Picked by Deferred Retirees Yolanda Brown, Steven Butler, Randall Clapp, and Linda Gillespie. Motion carried unanimously.**

**12. INFORMATIONAL CHANGES TO PENSIONS – See Attached**

An informational change to the pension of Jeffrey Shurter was noted.

**13. UPCOMING CONFERENCES**

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

- 13.1 MAPERS 2011 Spring Conference, May 1-3, 2011, Grand Traverse Resort, Michigan.
- 13.2 Mid-Sized Retirement & Pension Plan Management Conference, May 15-18, 2011, Boston, MA.
- 13.3 57<sup>th</sup> Annual Employee Benefits Conference, October 30-November 2, 2011, New Orleans, LA.
- 13.4 Institutional Investor, Emerging Markets Forum, April 12,-13, 2011, New York, New York.
- 13.5 Institutional Investor Institute Hedge Fund Institutional Forum, Roundtable for Public and Taft-Hartley Plans, April 6-8, 2011, San Diego, California.

**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 Neal J. Wilensky, Attorney-at-Law, Letter to Michael Townsend re: Harrison Survivor Pension Issue, February 22, 2011.
- 14.2 ICON Advisers, Inc., Letter to Douglas Bingaman re: Retirement of Joseph Solaka, March 1, 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 Bingaman/Townsend, Letter to Northern Trust re: Pension Payroll Transfer for March 1, 2011, February 15, 2011.

- 15.2 Suzi Bye, Letter to Thomas Smith re: Timesheet & Payroll History, February 23, 2011.
- 15.3 Bingaman/Townsend, Letter to All Retirees re: Access pension info online/Authorization to stop providing monthly pension statements, March 1, 2011. \*
- 15.4 P'Lanta Robbins, Attorney, Response Letter to Attorney Neal Wilensky re: Donald Harris Survivor Pension, request for waiver document (not required by FERS), February 25, 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`Gabriel Roeder Smith & Company, News Scan - January/February 2011.
- 16.2 BNY ConvergEx Group, Commission Recapture Services Trading & Activity, January 2011.
- 16.3 Fisher Investments, FERS Foreign Equity Fund Report - Fourth Quarter 2010.
- 16.4 Piedmont Investment Advisors, FERS Portfolio Monthly Performance & Appraisal Reports for January 31, 2011.
- 16.5 PNC Institutional Investments, FERS Asset Allocation & Performance Summary, 12/31/10.
- 16.6 Wentworth, Hauser and Violich, FERS Appraisal Summary & Asset Statement, Feb. 2011.

**A motion was made by Robert Erlenbeck, supported by Scott Kincaid, 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	2,867
Payroll	\$64,959,885	\$63,205,866	\$16,061,270

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

Consultant Ivory Day presented and reviewed the following:

- ◆ **Schedule of Asset Classes, Manager Allocation & Re-Balancing**
- ◆ **Total Investment Performance Vs. Minimum Acceptable Returns (86 Years)**
- ◆ **Russell Research – Investment Governance Update, January 2010**

*Discussion followed.*

- ◆ **New Real Estate Managers – Contracts under legal review by Attorney Robbins, with Gray & Company**
  - **Mayfield Gentry** - Mr. Day stated that Mayfield Gentry has verbally agreed to accept the Board’s terms for a FERS’ investment.
  - **American Realty Advisors**
- ◆ **Proxy Voting & Corporate Governance Information and Sample Policies –**  
Information was distributed and reviewed by Mr. Day and discussed by the Board. Mr. Day noted that equity managers charged with voting by proxy on behalf of investors generally use the company management’s guidance for how to vote. Their rationale is that management is responsible for how well their company is doing and purchasing a company’s stock is, in essence, a “vote of confidence” for how the management is performing; therefore, the management and their Board of Directors should be supported when shareholders vote. Mr. Day suggested that he could draft a letter, on behalf of FERS, to each of the equity managers requesting the following information:  
1) their guidelines for voting proxies; 2) a copy of their latest report on proxy voting;  
3) whether they use a proxy voting service and, if so, what voting instructions they give that service.

**A motion was made by Cass Wisniewski, supported by Scott Kincaid, to authorize Ivory Day to draft a letter to equity managers requesting their proxy voting guidelines, reports, etc. The motion carried unanimously.**

Ivory Day recommended that the Board review the information that will be received from the managers and then decide whether to continue delegating the voting responsibility to them (as a group or on an individual basis) or whether proxy voting guidelines should be written for the Board, which would be communicated to the managers for them to follow.

## 19. APPROVAL OF THE APRIL 1, 2011 PENSION PAYROLL TRANSFER

**A motion was made by Scott Kincaid, and supported by Robert Erlenbeck, to approve a transfer of \$5,006,000 for payment of the April 1, 2011 pension payroll (total estimated payroll - \$5,159,635), 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*

## 21. LEGAL COUNSEL UPDATES – *Attorney Angela Watkins for Attorney I'lanta Robbins*

- ◆ **Take Two Interactive Lawsuit** – *Securities Fraud Loss \$176,505 – Settlement pending*
- ◆ **Capital BidCo** – *Pending completion of State of Michigan investigation*
- ◆ **FAC Calculation Policy** – *Draft submitted to the Retirement Office for review*
- ◆ **Pension Calculation Errors Lawsuits – Kelly** – A hearing has been scheduled for May 17 at 9:00 a.m. to determine whether there was an error made by including a \$100,000 lawsuit settlement in his Final Average Compensation. Per Judge Farah, this hearing must be held without the input of Robert Erlenbeck as a Board Member.
- ◆ **Pension Calculation Errors Lawsuits - Burns/Wiggins/Doerr** – The Burns hearing has been scheduled for April 19, 2011 at 9:00 a.m. to consider whether an error was made by giving her five additional years of service at no cost; other hearings to be scheduled.
- ◆ **Susan Jarema - Purchase of Time** – *Hearing to be scheduled.*

Attorney Robbins will provide a report to Board Members outlining the relevant issues for each of the hearings prior to the hearing date. The retirees/plaintiffs are represented by Attorney Gregory Gibbs. The City will be represented by Attorney Greg Lawson.

## 22. PROFESSIONAL SERVICES COMMITTEE

Robert Erlenbeck reported that the Committee met and discussed the following issues:

- ◆ **Cost Saving Measures**
  - ◆ **Pension Advice Mailing** – A consent form was sent to retirees with the March 1 pension checks and advice statements (Agenda Item #15.3). As of March 15, 258 have signed up to discontinue receiving their monthly statements by mail.

- Implementation will begin with the April 1 pension checks. Mary Bland noted that an article will be in the next URGE newsletter encouraging retirees to agree to discontinue receiving their statements, saving money for the Retirement System.
- ◆ **Pension payroll deductions & costs to administer** – *Denise Bingaman researching – will report back at next meeting*
  - ◆ **Website** [www.cityofflint.com/finance/Retirement/retirement.asp](http://www.cityofflint.com/finance/Retirement/retirement.asp)
    - Forms
    - Retirement Self Service Access
  - ◆ **Flint Housing Comm Deferred Retiree David Gardin – Purchase of Generic Time** – *providing copy of his file, per his request*
  - ◆ **Sherry Murphy - Use of hybrid year in recalculation pursuant to litigation** – *Attorney Robbins issued an opinion, which has not yet been reviewed – will report at next meeting.*
  - ◆ **Pete Perez – Retired Firefighter – Prior purchase of military time** - *Suzi Bye reported that her research has uncovered an additional pay schedule in effect at the time of purchase, although it is different from the schedule in the contract at that time. After recalculating and verifying all the numbers, she found that he owes an additional \$15.39 to fully cover the time purchased. She will send him the standard “correction of errors” letter and, after he pays that amount, his service credit will reflect the purchase of his military time.*

## 22.1 DISABILITY RETIREMENT APPLICATIONS

- ◆ **Duty** – *none pending*
- ◆ **Non-Duty** -
  - *Hurley Medical Center - 2 pending appts w/Dr. Roth*
  - *City of Flint - 2 pending appts w/Dr. Roth*
- ◆ **Responses received from Dr. Roth** -
  - *Jewel Johnson, Hurley Local #1603 – Duty disability*  
Dr. Roth’s report recommended that a duty disability retirement be granted to Jewel Johnson. The Professional Services Committee concurs with his recommendation. **A motion was made by Scott Kincaid, supported by Debra Bridges, to concur with Dr. Roth’s recommendation that Jewel Johnson is totally and permanently disabled and should be granted a duty disability retirement pension. Motion carried unanimously.**

- *Tony Terry, City Fire Local #352 – Non-duty disability*  
Dr. Roth’s report recommended that a non-duty disability retirement be granted to Tony Terry. The Professional Services Committee concurs with his recommendation. **A motion was made by Mary Bland, supported by Mark Stratman, to concur with Dr. Roth’s recommendation that Tony Terry is totally and permanently disabled and should be granted a non-duty disability retirement pension. Motion carried unanimously.**

## 22.2 STATUS OF RETIREE SELECTION OF CORRECTION OPTION FOR OVERPAYMENT

- ◆ **David Plewes** – *Requested hearing - on hold pending outcome of other lawsuits.*
- ◆ **Lisa Keeley** – *Letters have been sent to her requiring repayment equal to one year of the overpaid amount and requesting selection of a repayment option. An additional 30 days for selection of a repayment option was granted by the Board, which expired March 5. The repayment amount equals one year of overpayments to her only; the Board decided not to pursue repayment by their children, who also received payments in error. In lieu of a response from Ms. Keeley, a motion was made by Robert Erlenbeck, supported by Michael Townsend, to authorize the application of the actuarial repayment method of “life of the individual” for repayment to the System of Ms. Keeley’s overpayment amount received in one year. The motion carried unanimously.*

## 23. FINANCE/INVESTMENT COMMITTEE – NO REPORT

- ◆ **Financial Updates**
- ◆ **IRS Tax Determination Letter** – *Pending w/IRS*
- ◆ **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 to Defined Benefit - Change for Exempts – opening the DB Plan to new hires and those hired after DC set up** – *Douglas Bingaman and Michael Townsend have reviewed the draft. Legal will prepare a final version to be submitted to the Board and then 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**
  - ◆ **Public Act 314 (Pension Investment Act), Public Act 345 (Police & Fire Retirement Systems), Public Act 336 (Public Employees Retirement Act) – Pending Revisions**
  - ◆ **“Local Government and School District Fiscal Accountability Act” - passed**  
Chairman Bingaman noted that this legislation allows a State-appointed Emergency Financial Manager to shift a retirement system to MERS if it is not funded to a certain level.
- ◆ **Vacancies (Ord. §35-8 & §35-10)**
  - ◆ **Alternate for Cass Wisniewski – Pending appointment by Hurley President/CEO**
  - ◆ **Alternate for Hurley - Board to Appoint – Soliciting Applications – Deadline Friday, March 18<sup>th</sup>**
- ◆ **MAPERS** - Chairman Bingaman reminded the Board that MAPERS will be held May 1-3. If anyone is interested in attending, please contact Julie Sadler.
- ◆ **Dennis McCann** – Suzi Bye reported that Mr. McCann has chosen a repayment option of two years, in response to the letter he received. His information will be on the April Agenda for the Board’s review and approval.

## 26. ADJOURNMENT

### Upcoming Board Meetings:

Hearing – Sheila Burns - Tuesday, April 19, 2011, 9:00 a.m.

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

Hearing – Oz Kelly - Tuesday, May 17, 2011, 9:00 a.m.

Regular Board Meeting – Tuesday, May 17, 2011, 1:00 p.m.

**A motion was made by Scott Kincaid, supported by Robert Erlenbeck, to adjourn the meeting at 2:20 p.m. The motion carried unanimously.**

**Michael A. Townsend, Secretary**

**CITY OF FLINT EMPLOYEES' RETIREMENT SYSTEM - BOARD OF TRUSTEES**

March 15, 2011 Board Meeting - Approval of Pension Calculations

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**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
DeWitt	Wendy K	COF	352	\$70,078.70	\$13,977.63	\$57,427.09	02/19/11	25 yrs, 6 mos	Straight Life	\$3,871.85	
Root	Theresa J	COF	352	\$96,940.76	\$15,464.02	\$70,591.21	02/19/11	26 yrs, 2 mos	Straight Life	\$5,496.01	

Moved/Resolved by Robert Erlenbeck, supported by Bryan Bond, that the Service, Final Average Compensation, Accumulated Contributions and Effective Date of Retirement for the Applications for Voluntary Retirement for Wendy DeWitt and Theresa Root 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. Motion carried unanimously.

**8. APPLICATIONS FOR DEFERRED RETIREMENT - NONE**

**9. APPROVAL OF DISABILITY PENSIONS - NONE**

**10. APPROVAL OF PENSIONS PREVIOUSLY REPORTED**

Last Name	First Name	Unit	Union	Revised FAC	Revision (if applicable)	Original FAC	Over/Under-Payment	Option Elected	Retirement Date	Notes
Harris	Terry S	HMC	1603	\$36,789.07	n/a	\$36,776.47	\$0.49	Option C w/pop-up	01/18/11	Revised upon receipt of HMC vacation payout information on 03-03-11

A motion was made by Robert Erlenbeck, supported by Mark Stratman, to approve the change to the Pension Previously Reported for Terry Harris. 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
Brown	Yolanda	COF	1600	\$38,450.47	\$38,816.49	\$816.61	Option C	01/25/03	06/01/11	Includes 6 mos severance in FAC; audited prior to receipt of 1st pension payment
Butler	Steven	HMC	RN	\$36,530.50	\$35,882.54	\$561.14	Option A	04/18/94	04/01/11	Revised retirement service credit to 12 yrs, 11 mos from original of 13 yrs, 1 mo; audited prior to receipt
Clapp	Randall	COF	1600	\$68,394.76	\$67,149.48	\$1,757.36	Option B	06/22/02	04/01/11	Revised per Yuille ruling with 27th pay; audited prior to receipt of 1st pension payment
Gillespie	Linda	HMC	RN	\$40,935.72	\$39,002.49	\$584.19	Straight Life	01/08/00	04/01/11	Audited prior to receipt of 1st pension payment

A motion was made by Mark Stratman, supported by Bryan Bond, to approve the Options Picked by Deferred Retirees Yolanda Brown, Steven Butler, Randall Clapp, and Linda Gillespie. Motion carried unanimously.

**12. INFORMATIONAL CHANGES TO PENSIONS**

Last Name	First Name	Unit	Union	Revised Monthly Pension	Original Monthly Pension	Effective Retirement Date	Notes
Shurter	Jeffrey S	COF	1799			09/20/04	Revised for contributions/interest only