

**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, September 25, 2007 at 9:00 a.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* Daniel Hall – Chairperson, Douglas Bingaman, Mary Bland,  
Peter Dobrzeniecki, Robert Erlenbeck, Janice Kehoe,  
Amy Lindman, Michelle Kirkwood

*ABSENT* John Balsler, Peggy Cook, Ehren Gonzales, Kerry Nelson,  
Robert Rosenberger, Cass Wisniewski

*ALSO PRESENT* Denise Bingaman, Retirement Staff  
Suzi Bye, Retirement Supervisor  
I'Lanta Robbins, Assistant City Attorney/Attorney for the Board  
Julie Sadler, Recording Secretary  
Frederic Champnella, Attorney for the City of Flint  
Gregory Gibbs, Attorney for Plaintiffs  
Jeanmarie Miller, Attorney for Plaintiffs  
Zo Turner, Ripka, Boroski & Associates  
Deborah Cherwinski, Plaintiff  
Sandra Stearns, Plaintiff  
Kay Tereau, Plaintiff

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

Chairman Daniel Hall called the meeting to order at 9:10 a.m., noting that the purpose of the meeting was to hear the closing arguments or closing statements from both parties' attorneys in the special hearings for Kay Tereau, Deborah Cherwinski, Sandra Stearns and William Kelly. Chairman Hall asked Julie Sadler to take roll call attendance. Chairman Hall confirmed with new Trustee, Mary Bland, that she has been sworn in.

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

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

**3. SPECIAL HEARINGS FOR KAY TEREAU, DEBBIE CHERWINSKI, SANDRA STEARNS AND WILLIAM KELLY**

The following arguments were made before the Board of Trustees:

Regarding Sandra Stearns:

Closing Argument by Attorney Jeanmarie Miller, for the Plaintiff  
Closing Argument by Attorney Frederic Champnella, for the City of Flint  
Rebuttal Argument by Attorney Jeanmarie Miller  
Rebuttal Argument by Attorney Frederic Champnella  
Rebuttal Argument by Attorney Jeanmarie Miller

Regarding Deborah Cherwinski:

Closing Argument by Attorney Jeanmarie Miller, for the Plaintiff  
Closing Argument by Attorney Frederic Champnella, for the City of Flint  
Rebuttal Argument by Attorney Jeanmarie Miller

Regarding William Kelly III:

Closing Argument by Attorney Gregory T. Gibbs, for the Plaintiff  
Closing Argument by Attorney Frederic Champnella, for the City of Flint  
Rebuttal Argument by Attorney Gregory T. Gibbs  
Rebuttal Argument by Attorney Frederic Champnella  
Rebuttal Argument by Attorney Gregory T. Gibbs

Regarding Kay Tereau:

Closing Argument by Attorney Gregory T. Gibbs, for the Plaintiff  
Closing Argument by Attorney Frederic Champnella, for the City of Flint  
Rebuttal Argument by Attorney Gregory T. Gibbs  
Rebuttal Argument by Attorney Frederic Champnella  
Rebuttal Argument by Attorney Gregory T. Gibbs

Chairman Hall instructed the Trustees to be sure they had all needed documentation from the presentations at the hearings available to them for review in order to meet on October 23<sup>rd</sup> at 9:00 a.m. to enter into closed session for the purpose of deliberations in these cases.

**4. OTHER BOARD BUSINESS**

No other business was brought before the Board.

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

Chairman Hall adjourned the meeting at 10:44 a.m.

**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, September 25, 2007 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* Daniel Hall – Chairperson, Douglas Bingaman, Mary Bland,  
Peter Dobrzeniecki, Robert Erlenbeck, Ehren Gonzales, Janice Kehoe,  
Amy Lindman, Michelle Kirkwood, Robert Rosenberger, Cass Wisniewski

*ABSENT* John Balser, Peggy Cook, Kerry Nelson

*ALSO PRESENT* Denise Bingaman, Retirement Staff  
Suzi Bye, Retirement Supervisor  
I'Lanta Robbins, Assistant City Attorney/Attorney for Retirement Board  
Trachelle Young, City Attorney/Attorney for Retirement Board  
Julie Sadler, Recording Secretary  
Ivory Day, Jr., Gray & Company  
Harland Abraham, Northern Trust

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

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

**8. ELECTION – REPLACEMENT OF VICE CHAIRMAN**

Chairman Hall stated that a nomination was needed for the position of Vice Chair to replace Donald Phillips, who has retired from the Board. Discussion followed.

**A motion was made by Peter Dobrzeniecki, and supported by Amy Lindman, to elect Robert Rosenberger as Vice Chair of the Retirement Board.**

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

**9. APPLICATIONS FOR DEFERRED RETIREMENT**

**David Price**

**Transportation/1799**

Final Average Compensation: \$ 70,123.93

Accumulated Contributions: 23,905.67

DRET: 5,624.48

Effective Date of Retirement 12/05/2006

Service: 17 Years, 10 Months

The retiree will elect an Option prior to 4/1/2020.

**A motion was made by Amy Lindman, and supported by Cass Wisniewski, to approve the application for deferred retirement made by David Price.**

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

**10. APPROVAL OF PENSIONS PREVIOUSLY REPORTED**

**Margaret Lang/HMC** Revised FAC \$30,634.84

*Revised FAC due to detailed payroll reports received from Hurley.*

**Charley McClendon/HMC** Revised FAC \$129,273.29

*Revised FAC due to detailed payroll reports received from Hurley.*

**Ruth Szpiech/HMC** Revised FAC \$47,812.31

*Revised FAC due to detailed payroll reports received from Hurley.*

**Lawrence Ashlock/City** Revised Effective Date 8/1/2008

*Revised to age 60 pursuant to Reciprocal Retirement Act.*

**Randy Fierke/City** Revised FAC \$50,564.25

*Revised FAC due to audit process.*

**Harland Verrill/HMC** Revised FAC \$105,034.00

*Revised FAC due to audit process.*

*The following were given to the Board of Trustees as add-ons at the Meeting:*

**James Stickney/City (Retired 01-01-96)**

*Revised FAC pursuant to Judge Yuille's current decision/file audit*

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

Revised: \$42,676.01 -- \$2,078.10 monthly

Total Retro Payment: \$6,660.97 (*originally \$10,000; however, there was an issue of underpayment for purchase of time - \$3,401.02*)

**Jose Medina/City (Retired 01-06-96)**

*Revised FAC pursuant to Judge Yuille's current decision/file audit*

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

Revised: \$45,339.04 -- \$2,507.28 monthly

Total Retro Payment: \$18,483.98

**Elinor Sevick/City (Retired 06-15-96)**

*Revised FAC pursuant to Judge Yuille's current decision/file audit*

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

Revised: \$41,558.77 - \$2,077.94 monthly

Total Retro Payment: \$865.30

*(also received a refund of contributions for overpayment of redeposit - \$20.73)*

**Elaine Scharer/City (Retired 01-03-96)**

*Revised FAC pursuant to Judge Yuille's current decision/file audit*

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

Revised: \$30,916.88 - \$1,551.00 monthly

Total Retro Payment: \$323.73

*(pension ultimately increased because of an additional month of service credit discovered during the audit process)*

**A motion was made by Amy Lindman, and supported by Robert Rosenberger, to approve the ten pension changes to individuals whose pensions were previously reported, as listed on the agenda and the add-on sheet to the agenda.**

Chairman Hall stated that he would like additional information listed under "Pensions Previously Reported," including the original application date, service credits, FAC, retirement date, and contributions. He also referred the issue to the Professional Services Committee for further review. Discussion followed. It was noted that the "Judge Yuille method" of recalculating pensions, per his current decision, means that the pensions are to be revised using two 26-pay years and one 27-pay year for FAC calculations.

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





**11. OPTIONS PICKED BY DUTY-DISABILITY & DEFERRED RETIREMENT**

**David Halstead/City** Option B \$2,249.42  
*Disability retirement approved in August 2007.*

**Mary Spencer/HMC** Option Straight Life \$499.54  
*Deferred retirement in 1991.*

Chairman Daniel Hall asked that additional information be placed on the agenda for this section also, including the original retirement date. Discussion followed. Suzi Bye noted that all backup information/supporting documentation used for each individual's pension calculations is now placed in their file for future reference.

**MINUTE MASTER PRESENTATION** – Chairman Hall asked Gabriel, Roeder, Smith & Company (GRS) representatives Al Bricker & Ken Alberts to present an Internet demonstration of GRS' new MinuteMaster program. As part of the demonstration, the following information was given regarding the program:

The options for the new MinuteMaster program include the ability to incorporate minutes of meetings, labor contracts, written and verbal legal opinions, retirements, investments, and other information into a database. Whole documents or individual sections can be accessed. All information is compiled on the GRS server and can then be accessed electronically from an Internet service. This also becomes a backup system for the client. In addition, GRS maintains a backup server, as well as making periodic backups that are kept in a vault. The program would allow all authorized persons; i.e., Board Members, staff, attorneys, etc. to access any or all of the information in the Retirement System's database in a secure manner.

The motions from the minutes are categorized as appropriate (a motion may be in more than one category) and searches can be made by category or date and the full minutes can be accessed from the motion. Categories are customized according to each client's requests. Categorizing requires the GRS staff to read through each document also. Imaging requires only that the documents be scanned into the database. The imaged documents are converted to TIF / OCR format, which means they are stored twice in the database – as both a picture and converted text. As converted text, searches can be conducted on the documents. Prices are higher for categorizing, as opposed to scanning.

The annual maintenance cost is approximately \$5000. This would include up to 20 categories for sorting information. Additional categories could increase the cost. Startup costs would depend on the number of historical documents to be incorporated and whether they are only

scanned or categorized also. One option is to scan in the existing MinuteMaster records and then categorize future minutes. Another option would be to scan and categorize past minutes, either back to inception in 1945 (which would probably cost about \$75,000) or back to a specific point in time. In addition to the minutes, other documents that could be incorporated into the database include legal opinions (verbal and written), union contracts, ordinances, EDROs, VEBA/Life Insurance documents, GRS valuation documents, GRS correspondence, investment data, policies/procedures, health care benefits/information, employee handbooks, etc.

Discussion followed. Peter Dobrzeniecki stated that, as Secretary of the System, he should have control over what documents are incorporated into the database because documents should not be on the official record reflecting information or procedures that were never actually adopted by the Board.

Different levels of security are available; however, additional programming to customize security would add a one-time cost of \$5000-\$7000. It takes approximately six months to fully set up a database if it involves categorizing a significant amount of historical data. Since the MinuteMaster is a separate service from GRS, it is not necessary to retain GRS as the System's Actuary in order to utilize this service.

Another service GRS now provides is access to the Social Security Administration's "Social Security Death Check Master File" and the ability to compare a Retirement System's database of social security numbers to that master file. This allows staff to determine dates of death of retirees and insure that benefits are not paid out in error. A flat fee is charged by GRS for this service.

GRS will send a letter to Chairman Hall outlining the options and costs for the services discussed.

## **12. APPROVAL OF NON-DUTY DISABILITY RETIREMENT**

**Glynis Rice**  
**HMC/1603**

Age: 45 Years  
Service: 10 years, 0 Months

The medical report and summary of Disability Determination dated August 8, 2007 from Dr. Victor Roth, Medical Director, does certify that Glynis Rice is totally and permanently disabled.

Daniel Hall reported that the Professional Services Committee reviewed Ms. Rice's application and the Medical Report and Summary of Disability Determination from Dr. Victor Roth. The Committee concurs with Dr. Roth's recommendation that Ms. Rice is totally and permanently disabled and recommends that her application for non-duty disability retirement be approved.

**A motion was made by Amy Lindman, and supported by Mary Bland, to concur with Dr. Roth's report that Glynis Rice is totally and permanently disabled and should be granted a non-duty disability retirement.**

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

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

- 13.1 NASP, 11<sup>th</sup> Annual Trustee Education Conference, Sept. 30-Oct. 2, 2007, Hauppauge, NY.
- 13.2 Strategic Research Institute, 2007 Emerging Manager Summit, Oct. 9, 2007, New York, NY.
- 13.3 NCPERS, Public Safety Employees Pension & Benefits Conference, October 14-17, 2007, Palm Springs, CA.
- 13.4 Oppenheimer & Co., Asset Allocation – Strategy for Real-Life Investing, October 17, 2007, Grand Blanc, MI.
- 13.5 Financial Research Associates, Weather Derivatives Seminar- Catalyze Market Growth and Hedge against Weather Disasters, October 23, 2007, New York, NY.
- 13.6 Financial Research Associates, High-Impact Marketing Communications, October 29-30, 2007, New York, NY.
- 13.7 Lazard Asset Management, 53<sup>rd</sup> Annual International Foundation of Employee Benefit Plans Conference, November 5, 2007, Anaheim, CA.
- 13.8 Institute for International Research, IIR's 2<sup>nd</sup> Annual Private Equity Fund-of-Funds Summit, November 27-28, 2007, Boston, MA.

**A motion was made by Amy Lindman, and supported by Mary Bland, to receive and approve all information/documents listed under Agenda Items #13, #14, #15, and #16, with the exception of #14.8, which was separated for review and discussion, and place all**

**documents on file.**

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

14. **COMMUNICATIONS RECEIVED** *(All items were placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members' agenda packets)*
- 14.1 Wellington Management, Our Business and Practices, September 6, 2007.
- 14.2 Schroders Investment Management, Are LDI Strategies a Cure-All for DB Pensions?, September 5, 2007.
- 14.3 Northern Trust Global Investments, Strategy, September 2007.
- 14.4 Pomerantz Haudek Block Grossman & Gross, The Pomerantz Monitor, July 2007.
- 14.5 Gabriel Roeder Smith & Co., News Scan, June 2007. *(Enclosed)*
- 14.6 Hurley Medical Center, Letter to Daniel Hall re: FERS Contributions, August 9, 2007. *(Enclosed)*
- 14.7 Hurley Medical Center, Letter to Mayor Williamson re: FERS Funding, August 20, 2007. *(Enclosed)*
- 14.8 Letter to Suzi Bye from Daniel Coffield re: Pension Calculation, August 21, 2007. *(Enclosed)*

Chairman Hall stated that Item #14.8 will be discussed at the Professional Services Committee meeting. He also referred it to Legal for further review.

**A motion was made by Peter Dobrzeniecki, and supported by Robert Erlenbeck, to accept Communication #14.8 and place it on file.**

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

- 15 **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.)*
- 15.1 Letter to Northern Trust from Daniel Hall re: September 1, 2007 Pension Transfer, August 21, 2007.
- 15.2 Letter to Northern Trust from Daniel Hall re: Fidelity Real Estate Growth Fund Wire, August

- 24, 2007.
- 15.3 Letter to Northern Trust from Daniel Hall re: Fidelity Real Estate Growth Fund Wire, August 27, 2007.
- 15.4 Letter to Jay Kitson from Suzi Bye re: Sandra Bradshaw-Tidwell, September 12, 2007. *(Enclosed)*
- 15.5 Letter to Jay Kitson from Suzi Bye re: Jeffrey Hall, September 12, 2007. *(Enclosed)*
- 15.6 Letter to Bank of Ireland from Trachelle Young re: 2004 Invoice, September 7, 2007.
- 15.7 Letter to Daniel Coffield from Suzi Bye re: FAC, September 18, 2007. *(Enclosed)*
- 16. REPORTS RECEIVED** *(All items were placed on file in the Retirement Office; if noted, a copy was enclosed in the Board Members' packets.)*
- 16.1 CB Richard Ellis Investors, Monthly Summary Report as of June 30, 2007.
- 16.2 Fidelity Investment, Monthly Investment Update as of August 31, 2007.
- 16.3 Fidelity Investment, Capital Contribution, August 23, 2007.
- 16.4 Fidelity Investment, Capital Contribution, August 27, 2007.
- 16.5 Magna Securities, Commission Recapture Report as of July 31, 2007.
- 16.6 Magna Securities, Commission Recapture Report as of August 31, 2007.
- 16.7 Globalt Investments, Performance Summary, June 30, 2007.
- 16.8 Globalt Investments, Letter to FERS re: Investment Strategies, August 21, 2007.
- 16.9 Hartford Investment Management, Fixed Income Update, 2<sup>nd</sup> Quarter 2007.
- 16.10 Dodge & Cox, Investment Report as of June 30, 2007.
- 16.11 LSV Asset Management, Investment Report, 2<sup>nd</sup> Quarter 2007.

- 16.12 Intercontinental Real Estate Corp., Distribution, August 28, 2007.
- 16.13 Intercontinental Real Estate Corp., Performance Report, 2<sup>nd</sup> Quarter 2007.
- 16.14 Northern Trust Reports – July 2007 (*Enclosed*)
- 16.15 Retirement Fund Employee/Employer Contributions (*Enclosed*)
- 16.16 Hurley Medical Center Retirement Fund Employee/Employer Contributions (*Distributed*)

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

	<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

**18. APPROVAL OF THE OCTOBER 1, 2007 PENSION PAYROLL TRANSFER**

Chairman Daniel Hall reported that a transfer of \$5,113,900 was needed for the payment of the October 1<sup>st</sup>, 2007 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 September 21, 2007 was \$19,549,642.

**A motion to approve the transfer of \$5,113,900 for payment of the October 1<sup>st</sup>, 2007 pension payroll, from the Northern Trust Flint - Drawdown Account #26-19617 to Citizens Bank, was made by Robert Rosenberger, and supported by Cass Wisniewski.**

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

**19. RESOLUTION TO ADOPT CONTRIBUTION RATES FOR FISCAL YEAR BEGINNING JULY 1, 2007.**

**A motion was made by Amy Lindman, and supported by Peter Dobrzeniecki, to adopt the employer contribution rates for fiscal year 2008 (in accordance with Section 35-37 of the Flint City Code) for the City of Flint, for General City (33.16%), Police (4.43%), and Fire (28.46%), as computed by Gabriel, Roeder, Smith & Company, and set forth on pages A-2, A-3 and A-4 of the Report of the Sixty-First Annual Actuarial Valuation**

**as of June 30, 2005.**

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



**A motion was made by Amy Lindman, and supported by Peter Dobrzeniecki, to adopt the employer contribution rates for fiscal year 2008 (in accordance with Section 35-37 of the Flint City Code) for Hurley Medical Center (9.70%), as computed by Gabriel, Roeder, Smith & Company, and set forth on page A-5 of the Report of the Sixty-First Annual Actuarial Valuation as of June 30, 2005.**

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

**20. 13<sup>th</sup> CHECK**

Chairman Hall tabled the discussion of the 13<sup>th</sup> check and methodology until the October Board Meeting and stated that he will ask a representative from Gabriel, Roeder, Smith & Company to be present for the discussion also.

**21. FINANCE COMMITTEE REPORT**

Chairman Hall noted that the members of the Finance Committee include himself, Robert Rosenberger, Peter Dobrzeniecki, and Cass Wisniewski. Committee Chair Rosenberger is scheduling a meeting before the next Board Meeting. One item on the agenda will be the need for an audit. The last audit was conducted by Plante & Moran in 2003.

**22. PROFESSIONAL SERVICES COMMITTEE REPORT**

Chairman Daniel Hall reported that the Professional Services Committee met on September 11 and discussed the following issues:

**Glynnis Rice's Disability Retirement** - Approved at today's meeting.

**Jeffrey Hall** – A letter is being sent to Hurley Medical Center regarding his status.

**Gary Bitterman, Local #2056 Member** – Pending further information.

**Theron Wiggins** – Lawsuit filed against FERS and the Board.

**John Balsler** – Currently housebound and must be sworn in as new Trustee - referred to Legal.

**Ballot Retention** – The Committee is recommending that ballots be retained for 30 days after new Trustees are sworn in.

**13<sup>th</sup> Check** – This will be discussed at the October Board Meeting.

**Education Policy** – A policy will be written and presented to the Board for adoption.

**Disability Policy** – Attorney I'Lanta Robbins is working on this policy.

**Daniel Coffield Letter (#14.8)** – Discussed and referred to Legal. An acknowledgement of

receipt of his letter (#15.7) was sent. Suzi Bye will send a letter indicating that his letter is under review by the Committee and the Attorney.

Chairman Hall reported that the Committee has set a standing meeting schedule of 1:30 p.m. every 2<sup>nd</sup> Tuesday of the month, at City Hall in the Retirement/Risk Management conference room. He asked Committee member Michelle Kirkwood to be the sub-committee chair; however, she has declined at this time. Therefore, Chairman Hall is currently chairing the Committee.

Chairman Hall also noted that, at the next Committee meeting, topics to be discussed will include election rules (the next election is Police/Fire) and the letter from Bambi Rose.

**23. RETIREMENT ORDINANCE REVISION COMMITTEE REPORT**

Chairman Hall will work with Robert Rosenberger and Ehren Gonzales regarding issues for this Committee.

**24. INVESTMENT COMMITTEE REPORT**

Chairman Hall asked for discussion regarding the outstanding bill of \$42,666.81 from the Bank of Ireland.

**A motion was made by Amy Lindman, and supported by Cass Wisniewski, to pay the outstanding 4<sup>th</sup> Quarter 2004 Bank of Ireland invoice in the amount of \$42,666.81.**

Discussion followed. Ivory Day reported that he reviewed the transactions that took place when the Bank of Ireland was terminated. He could not determine, based on the data he reviewed, whether there was any malfeasance by the Bank of Ireland.

**Upon being put to a roll call vote, the Motion passed, with 6 yes votes, 1 no, and 1 abstention:**

<b>Roll Call:</b>	<b>Janice Kehoe – yes</b>	<b>Cass Wisniewski – yes</b>
	<b>Robert Erlenbeck - yes</b>	<b>Robert Rosenberger – yes</b>
	<b>Mary Bland – abstained*</b>	<b>Amy Lindman - yes</b>
	<b>Peter Dobrzeniecki - no</b>	<b>Daniel Hall - yes</b>

*Ms. Bland stated that she abstained because she is new on the Board and is unfamiliar with the issues involved.*

**26. LEGAL COUNSEL UPDATES**

**John Balser** – Attorney Robbins reported that Mr. Balser, as the new Trustee who is representing retirees, is temporarily disabled and unable to personally come in and be sworn in. City Clerk Inez Brown stated that she would be willing to go to his home to perform the oath of office, with at least one day’s notice. Discussion followed.

**A motion was made by Amy Lindman, and supported by Robert Rosenberger, to authorize the Attorney to arrange for John Balser to be sworn in by whatever means necessary.**

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

**Status of Hearings for Pension Calculation Errors** – The closing arguments were made by the attorneys today at the 9:00 a.m. Special Board Meeting. The Board will be meeting again on October 23<sup>rd</sup> at 9:00 a.m. to begin deliberations.

Attorney Trachelle Young stated that it was important that each Board Member have and review the transcripts and exhibits for each hearing because Board Members should be fully aware of all the testimony before voting on whether there were errors made and whether they should have been corrected. These matters will ultimately be in court, and the Board must make informed decisions on each case. Discussion followed.

**FERS to MERS Transition Pending Litigation** – Attorney Trachelle Young stated that, as a result of the meeting of attorneys in August, Hurley has indicated that they would cover all costs and fees associated with the transition. Hurley also acknowledged that they were behind on their contributions to the Retirement System and that the amount they owe will be netted out of the funds to be transferred to MERS. It was also agreed at the meeting that more current actuarial numbers are needed. The group at the meeting “agreed to disagree” regarding exempts and retirees; i.e., the unions and Hurley believe those two groups should also be transferred and the Board disagrees. At this point, it was agreed that updated actuarial numbers were needed for the active union members that voted to transfer, along with an accurate figure for how much Hurley owes the pension system before any transfer to MERS could take place.

Chairman Hall distributed a copy of a letter that was sent to the Retirement Board on June 1, 2004 from AFSCME Locals 1799 & 1600, during their contract negotiations with the City. In the first paragraph, the letter references Michigan Public Act 728 of 2002, noting “In particular the Act requires that a supplementary actuarial analysis be performed by the System’s actuary,

including long-term costs associated with any proposed pension benefit change, and provided to the Retirement Board and the decision-making body that will approve the proposed pension benefit change. It is required, at least seven days before a proposed change is adopted.” Chairman Hall agreed that a current actuarial valuation, and a current balance due from Hurley, is needed in order to determine the amount of any potential transfer to MERS. However, he would like the Finance Committee, at their next meeting on October 11<sup>th</sup>, to discuss hiring a different actuary than Gabriel Roeder because GRS also represents MERS. Discussion followed.

Peter Dobrzeniecki stated his belief that the pension portion of the Hurley/union contracts involving the MERS transition are not valid for two reasons: 1) Non-compliance with Public Act 728; 2) Non-compliance with the City Ordinance. Discussion followed regarding getting an outside legal opinion from Attorney Michael VanOverBeke, who specializes in pension issues and works with MAPERS, and was formerly on the Retirement Commission for the State of Michigan, regarding the legal ramifications of a move to MERS.

**A motion was made by Peter Dobrzeniecki, and supported by Amy Lindman, to seek an opinion from outside counsel Michael VanOverBeke regarding Public Act 728 and its impact on the possible FERS to MERS transition.**

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

*The Board recessed for a break at 3:10 p.m.*

*The Chairman called the meeting back to order at 3:20 p.m.*

*Douglas Bingaman left the meeting during the break.*

*Peter Dobrzeniecki and Robert Erlenbeck left the meeting at 3:30 p.m.*

**27. DB/DC CONVERSION**

No report.

**25. GRAY & COMPANY REPORT**

Chairman Hall introduced Charles Curey from Piedmont Investments, the Fixed Income

Manager who replaced Donald Mullins and now services FERS' contract with Piedmont.

Ivory Day reviewed the Quarterly Performance Report for June 30, 2007. On that date, the Fund was valued at \$832 million. Due to market downturns, the Fund value is now valued at approximately \$800 million.

Mr. Day reviewed a report from Allegiant and noted that he recently met with representatives from Allegiant regarding their performance. Mr. Day also gave an overview of Globalt and their performance and the volatile market in large cap growth investments. Discussion followed regarding concerns with Globalt's underperformance.

**28. OTHER BOARD BUSINESS**

There was no other business brought before the Board.

**29. ADJOURNED**

**There being no further business to discuss, it was moved by Amy Lindman, and supported by Mary Bland, to adjourn the meeting at 3:59 p.m. Upon being put to a vote, the motion carried unanimously.**

Respectfully submitted,

Peter Dobrzeniecki, Secretary