

MINUTES OF THE RETIREMENT BOARD
Thursday, May 3, 2018

A meeting of the Retirement Board was held on Thursday, May 3, 2018 at 8:30 a.m., in the Administration Building, 9th Floor Committee Room, located at 1 South Main Street, Mount Clemens, Michigan. The following members were present:

Present:

Mark Deldin, Bryan Santo, Gary Cutler, Carol Grant, Larry Rocca, Bob Smith

Excused:

Matthew Murphy, George Brumbaugh

Also Present:

Stephanie Dobson, John Schapka, Stephen Smigiel, Joe Biondo, Larry Lee, Aaron Castle, Mike Holycross

1. Call to Order

There being a quorum of the Board present, the meeting was called to order at 8:30 a.m. by Chair Deldin.

2. Adoption of Revised Agenda

A motion was made by Trustee Cutler, supported by Trustee Smith to adopt the revised agenda as presented. The motion carried.

3. Approval of Minutes

a. April 19, 2018

A motion was made by Vice-Chair Santo, supported by Trustee Smith to approve the minutes of April 19, 2018 as presented. The motion carried.

4. Approval of Invoices

A motion was made by Trustee Cutler, supported by Trustee Grant to approve the invoices as presented. The motion carried.

5. Public Participation

None

6. Retirement Administrator Report

Ms. Dobson had nothing to report at this time.

7. Policy Clarifications/Discussions/Approvals

a. Reciprocal Retirement Act Policy

Ms. Dobson thought it was necessary to bring this policy back to the Board because her office has been getting quite a few questions about transferring assets. She would like to clarify Section 6 for the retirement system's members. Section 6 of the Reciprocal Retirement Act has not been adopted by either the Retirement Board or the Board of Commissioners. She would like to add language that indicates this section essentially does not apply. Trustee Cutler suggested the language be moved up to the beginning of that section (instead of the end) as he has found that many people do not read to the end of a section before completely understanding what it is about.

A motion was made by Vice-Chair Santo, supported by Trustee Rocca to approve the modifications to Section 6 as suggested by Ms. Dobson.

Trustee Smith asked for clarification on if they were adopting the language that indicates Section 6 was not adopted. Mr. Castle suggested alternatively, that Section 6 could be eliminated from the policy altogether. Ms. Dobson stated that the policy reiterates what is contained in Section 6 in the actual Reciprocal Retirement Act, but because it does not apply (because it was not adopted by the Board) that is what is confusing the members. Mr. Castle said that he would see no issue with removing Section 6 from the policy entirely. Trustee Cutler pointed out, though, that anyone looking at the Reciprocal Retirement Act would see Section 6 there, but not find it in the Board's policy. If the Board says they have adopted the Reciprocal Retirement Act that might lead one to think that the entire Act applies when it does not. Trustee Cutler feels it is important to identify Section 6 and that it was not adopted.

A motion was made by Vice-Chair Santo, supported by Trustee Grant to amend the original motion to specify that the policy shall simply read, "Currently, the Macomb County Employees' Retirement System (MCERS) has not adopted Section 6." The motion to amend the original motion carried. Subsequently, the original motion (with the amendment included) carried.

b. Correction of Errors – Overpayments/Underpayments Policy

Ms. Dobson brought a new draft back to the Board for its review. She has added the 3.5% interest to the Underpayment section as discussed at the last meeting. Also noted is the addition of "greater than or equal to". Trustee Smith indicated that the "greater than or equal to" seems to be missing from the Overpayment section and Ms. Dobson made a note to correct this. She also noticed a typo on page one of the policy that she will correct.

Mr. Smigiel questioned item #1 in the Overpayment section which indicates, "...over a time period not to exceed five (5) years..." He is wondering if limiting re-payment to a five year period will cause there to be individuals who will not end up re-paying the full amount owed over that time. Chair Deldin asked how the Board would like to deal with this. Trustee Cutler stated that it would likely only be an issue for people whose annual pension is less than \$7,000 per year. Ms. Dobson suggested that perhaps in those instances, the default could be #5 in that section which leaves re-payment up to the discretion of the Board. Trustee Smith stated that he thinks that #5 would be utilized more for things that the Board did not think of rather than instances they can already foresee as possibilities. He thinks that this should be addressed as a problem that's already been identified.

Further review and discussion of this item will be tabled until the next meeting to allow Ms. Dobson more time to consider what type of change needs to be made to item #1. This policy will be placed back under "Unfinished Business".

c. Statement of Administrative Policies and Procedures Regarding Disability Retirement

Ms. Dobson directed the Board's attention to item "V" in this document (Approved Disability Retirement). Some language has been added to make this section consistent with the provisions in the Retirement Ordinance. She felt it would be best to have this information here, so that members do not need to refer to both documents. There is a current situation with a member who has been approved by the Board for disability retirement, but has not come in to elect their retirement pension option. This section has been updated to include the Ordinance language which states, "...failure to make an election of the pension option within the thirty (30) days will result in an automatic payment of Straight Life. This option is irrevocable."

A motion was made by Trustee Cutler, supported by Trustee Grant to approve the revision as suggested by Ms. Dobson. The motion carried.

8. Selection of Delegates for Spring 2018 MAPERS Conference

Chair Deldin inquired which Board members will be attending the MAPERS Spring 2018 Conference. Ms. Schave advised that all are attending except Trustees Rocca and Grant. Chair Deldin asked if anyone would like to volunteer to be a delegate. Trustee Cutler volunteered to be a delegate. Vice-Chair Santo indicated that he could also volunteer.

A motion was made by Chair Deldin, supported by Trustee Rocca to designate Trustee Cutler and Vice-Chair Santo as the delegates for the MAPERS Spring 2018 Conference. The motion carried.

9. Unfinished Business

None

10. New Business

a. Conduent Announces Agreement to Sell Non-Core Consulting and Actuarial Segment of Human Resources Services Business

Chair Deldin advised the Board that they had been notified late last week that Conduent is selling off the actuarial segment of their Human Resources business. Mr. Castle provided some additional information based on what he has learned from some of their other clients who also utilize Conduent for their actuarial services. It is his understanding that Conduent is selling their actuarial and consulting arm of the business, so the individuals who actually come out and present the valuation will be moving to H.I.G. Capital sometime later this year. The software portion of their business is staying with Conduent and none of that is changing. He does not believe that personnel on the actuarial side will change either, but just the name will be changing. Mr. Castle noted that there has been a lot of turnover recently and some of that may have been the result of something like this coming.

Mr. Castle remarked that the Board has invested quite a bit of money in the software component of the benefits management system and now there are really two pieces they will need to review at some

point. Three years ago the Board went through the RFP process for the actuary services and there are some new players on the field, so Mr. Castle suggested they may want to revisit that in terms of who they have do the valuations. He pointed out that uprooting the software piece would not make a lot of sense at this point since so much time, effort, and money has already been spent getting that part up and running. Trustee Grant asked if anyone is opposed to going through the RFP process to see what is out there currently. Chair Deldin said he would like to see where this goes and noted that what is most concerning to him is that the Board needs a relationship with someone who will be able to produce the valuations. The Medical Director is the next service provider scheduled to be reviewed next year (2019) and the Actuary would be the following year (2020). The Board could always opt to move the review up if they chose to. Mr. Smigiel said they are starting to work on the 2017 valuation and he would expect it to be finished by mid-summer. The Board might have a better feel for how the service is going to go once that valuation is done.

On a separate note, Trustee Cutler inquired if there was an update on the data situation with Martha T. Berry (MTB). Ms. Dobson reported that she and Ms. Bathanti met with leadership at MTB and advised them that the deadline to provide their payroll information is Friday (tomorrow). If Ms. Dobson and her team do not have the information by Friday, they will be having County IT get involved and MTB will have to pay them for their services. She said there has been some movement from Paycom (MTB's new payroll system) and they have tried to give her some data. Unfortunately, it was not correct based on her audit process, so they are back to square one. Ms. Dobson said that she was told that Conduent is working on the 2017 Valuation for Roads, Sheriff and County and they will add MTB once they finally have accurate data.

11. Adjournment

There being no further business before the Board, a motion was made by Trustee Grant, supported by Trustee Smith to adjourn the meeting at 8:56 a.m. The motion carried.