

MINUTES OF THE RETIREMENT COMMISSION
Thursday, April 30, 2015

A meeting of the Retirement Commission was held on Thursday, April 30, 2015 at 8:30 a.m., at the Macomb County Administration Building, 9th Floor Conference Room, located at 1 South Main Street, Mount Clemens, Michigan. The following members were present:

Present:

Jerry Moffitt - Chair, Darra Slanec – Vice Chair, Gary Cutler, David Flynn, Matthew Murphy, Mark Deldin, Bob Hoepfner

Excused:

Leonard Reinowski

Also Present:

Steve Smigiel, John Kravitz, Stephanie Dobson, John Schapka, Brian Green, Tom Michaud

1. Call to Order

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

2. Adoption of Agenda

A motion was made by Trustee Deldin to move agenda item #6 (Update on Retirement Administrator Search) up to #3a and adopt the agenda as revised. The motion was supported by Trustee Hoepfner. The motion carried.

3. Public Participation

None

3a. Update on Retirement Administrator Search

Trustee Murphy advised that the search yielded several promising candidates. After a lengthy discussion with the HR Director, he is recommending Ms. Stephanie Dobson continue on an interim basis and be given a 90-day trial period to prove she is the right fit for the position. She will be required to detail improvements (website, etc.) that can be made to the position that will increase the level of satisfaction employees experience when dealing with retirement concerns. There is desire to continue to provided added value through this position and Mr. Smigiel validated an assertion reported by Trustee Murphy that there have been less issues and better synergy within the department under Ms. Dobson's guidance.

Trustee Deldin made a motion to follow Trustee Murphy's recommendation to provide Ms. Dobson a 90-day trial period to demonstrate what she can bring to the position. The motion was supported by Trustee Hoepfner. The motion carried.

4. Approval of Revised Minutes – April 16, 2015

A motion was made by Trustee Cutler, supported by Trustee Hoepfner to approve the revised minutes of April 16, 2015 as presented at the meeting. The motion carried.

5. Approval of Invoices

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

6. Disability Retirements

The Board was in receipt of the medical reports and opinion from the Medical Director pertaining to Ms. Lori Kellie's independent medical evaluation. The Medical Director has certified she is mentally or physically total incapacitated for duty in the employ of the County, that such incapacity will probably be permanent and that she should be retired. Based on the Medical Director's opinion, the Board concurred to approve Ms. Kellie's disability retirement.

A motion was made by Trustee Cutler, supported by Trustee Murphy to adopt the following resolution: WHEREAS, the Retirement Commission is vested with the general administration, management and operation of the Macomb County Employees Retirement System ("Retirement System") and has fiduciary responsibilities relative to the proper administration of the pension trust fund, and **WHEREAS**, the Retirement Commission is in receipt of an application for disability retirement from Lori Kellie dated January 15, 2015 and **WHEREAS**, Section 28 of the Retirement Ordinance provides that upon the application of a member, or his/her department head, a member who (1) is in the employ of the County, (2) has 10 or more years of credited service, and (3) has become or becomes totally and permanently incapacitated for duty in the employ of the County, may be retired by the Retirement Commission: provided, that after a medical examination of the member made by or under the direction of the Medical Director, the Medical Director certifies to the Commission (1) that the member is totally incapacitated for duty in the employ of the County, (2) that such incapacity will probably be permanent, and (3) that the member should be retired, and **WHEREAS**, the Retirement Commission has previously acknowledged receipt of said application and directed the processing of said application in accordance with the Retirement System provisions, and **WHEREAS**, the Retirement Commission is in receipt of a report from its Medical Director, Dr. Alan M. Millman, who conducted an independent exam of Lori Kellie on April 1, 2015 and **WHEREAS**, Dr. Alan M. Millman, in conducting the review, has reviewed all the records provided and has considered such factors as Patient History, Past Medical History, Current Medications, Allergies, Social History, Outside

Medical Records, Physical Examination, and **WHEREAS**, Dr. Alan Millman's report and certification reflects that Lori Kellie is totally incapacitated for duty in the employ of the County, that such incapacity will probably be permanent, and further indicates that Lori Kellie should be retired, and **WHEREAS**, the Retirement Commission has discussed this matter and has determined that Lori Kellie has met the eligibility requirements for disability retirement from the Retirement System, therefore be it **RESOLVED**, that the Retirement Commission hereby approves the disability retirement of Lori Kellie and directs that benefits be paid consistent with the Retirement System's provisions, and further **RESOLVED**, that a copy of this resolution shall be provided to Lori Kellie and all other appropriate parties. **Motion carried.**

Chair Moffitt inquired about the experience with the new medical report provider. Ms. Dobson provided a brief update on the use of Managed Medical Review Organization (MMRO) for this case. She indicated that the process was very smooth and that MMRO has a secure, online portal that was used exclusively for communication. There is another case also moving through MMRO at this time and it is also proceeding quickly and smoothly. The Board noted that Ms. Kellie's report was very thorough. Trustee Cutler concurred with Ms. Dobson and indicated he was very pleased with the format of the report.

7. Actuarial Interviews

Four actuarial companies were interviewed individually to narrow the list down to two finalists. Chair Moffitt advised each company of the time restrictions and indicated the Board was looking for a broad overview of their services at this point and that those who are asked to return will have an opportunity to provide a more thorough presentation. Each company gave a 20 minute presentation and was allowed 10 minutes for questions from the Board and follow-up. A specific set of questions had been provided to each company ahead of time and each presentation was to address those questions.

9:00 am to 9:30 am

Gabriel Roeder Smith & Company (GRS):
Louise Gates, Judith Kermans, Kevin Beardsley

GRS stressed their longstanding relationship with the County and that they are a local presence. There is no learning curve because GRS is the current Actuary Service provider for the County system and there would be no transition period for their services. They consider themselves to be "public sector experts" and briefly demonstrated their website (GRS Advantage) which features a client services portal and the ability to search to the Social Security death index. GRS also provides educational materials online and would be happy to provide educational sessions as needed. A proprietary client database is available to make comparisons among peers (statewide). They also indicated they are willing to waive the installation fee for the addition of a simple benefit calculator to the GRS Advantage website.

9:30 am to 10:00 am

Buck Consultants:

Larry Langer, Phil Parker, John Lapinski

Buck Consultants is based in the Midwest and has lots of experience in many disciplines. They have many experts in many fields within the company. They are a broad based consulting firm with a strong focus on education that would be tailored to meet the Board's specifications. They will send samples of communications (employee, member, and client) that their Knowledge Resources Center produces and a schedule of upcoming webinar opportunities. Their relationship with Xerox allows them to offer a complete system with a state-of-the-art framework and would be able to reduce paperwork (retirements could be done entirely online). They will build a custom interface to meet their client's needs. Buck also has experience working with near fully funded retirement systems.

10:00 am to 10:30 am

Nyhart:

Heath Merlak, Nick Meggos

Nyhart is an employee-owned company that was founded as an actuarial company and that remains their core business. Their fees are very competitive and they are focused on customer service. They would look to develop a partnership with the Board to offer a web-based solution that provides the needed accessibility (stored on their server, updates done at their office, provides all paperwork, 24/7 availability). They are committed to education (both plan education and broader education) and they would be willing to provide a yearly "what's new" update at no charge. Nyhart is familiar with the systems Macomb is already using (particularly IFAS) and stressed that the transition would be relatively painless. They have the expertise and experience to do the work and want to share their knowledge to help operate Macomb County's plan the best way possible.

10:30 am to 11:00 am

Milliman:

Tim Herman, Dan Bostedt

Milliman would provide personalized delivery of services and has a reputation for technical excellence. They produce a quarterly newsletter and Board education would be available (for an extra fee). They make critical assessments of assumptions and focus on risk. Milliman works on the theory that Benefits, Funding and Investments are all related and no one area should be the sole focus of a plan. They have a Public Pension Funding Study that could be used as a benchmark to compare Macomb's plan to 100 of the U.S.'s largest public pension plans. They would provide timely presentations in layman's terms and allow adequate time to answer questions. Presentations will be tailored to meet the Board's needs and Milliman will be proactive in bringing alternatives to the Board's attention. They would be willing to schedule a time to demonstrate their online pension administration system (MARC) which features two pieces – a participant website and a Plan Administrator website.

After the interviews were concluded, the Trustees discussed each company and considered what each presented to the Board. It was generally agreed that GRS was the weakest of the four presentations and they have not been putting forth much effort in maintaining the current relationship. There have been many long delays and overall service has not been outstanding. Buck Consultants described a robust commitment to education and has a deep, experienced team due to their link to Xerox. From a HR perspective, Ms. Dobson indicated that Nyhart's experience with the County's systems could be an asset. She also confirmed that her experience thus far with GRS has not been as productive as it should have been. Milliman provided a solid presentation and their answers to the provided questions were very thorough. Trustee Flynn asked that Mr. Smigiel and Ms. Dobson prepare a set of questions that can be posed to the two finalists to satisfy any concerns with file feeds from the County's existing systems.

Trustee Murphy made a motion to recommend Buck Consultants and Milliman as the two finalists to be brought back for an additional interview. Trustee Deldin supported the motion. The motion carried.

8. Wells Fargo

The Board is in receipt of a request to authorize a new company (SS&C) to perform the data transfer between Wells Fargo and the performance reporting system. Mr. Green confirmed that no employee data is being transferred, only investment data and that the audience who receives the data is not changing. Vice-Chair Slanec made a motion to authorize utilization and signature of the appropriate documentation to allow SS&C to electronically transfer data between Wells Fargo and the performance reporting system. The motion was supported by Trustee Flynn. The motion carried.

9. Other Business

None

10. Adjournment

There being no further business before the Board, the meeting was adjourned at 11:10 a.m.