

Monroe County Employees Retirement System

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Monroe County Employees Retirement System Board of Trustees SPECIAL MEETING MINUTES

A special meeting of the Monroe County Employees Retirement System Board of Trustees was held on Wednesday, February 11, 2015 at 4:00 P.M. at the Mary K. Daume Library Service Center at 840 South Roessler Street, Monroe, Michigan.

Roll call as follows:

PRESENT

Nancy Bellaire
James Davies
Michael Grodi
Joseph Hudson

George Jondro
Anne McCarthy
James Morgan

ABSENT

Al Potratz (excused)
Jason Turner (excused)

ALSO PRESENT: Sandy Calkins, Retirement Specialist and Michael Bosanac, Retirement Secretary

A quorum being present, the Board proceeded to transact business.

Chairman Grodi led the Pledge of Allegiance.

Motion by Trustee Morgan to approve the agenda as submitted. Supported by Vice Chairman Jondro. All in favor. Motion carried.

Citizens Time - None

Actuary Presentations

Mark Buis, Gabriel Roeder Smith & Company

Mr. Buis introduced the actuary team, himself as team leader, James Anderson, Kevin Beardsley and Paul Zorn. He stated GRS is the largest national firm whose primary focus is the public sector. GRS has over 75 years working with the public sector, serves 800 clients in 42 states, serves 35 statewide retirement systems and provides more than 40 credentialed actuaries who work with public sector clients.

Mr. Buis stated GRS are industry leaders in public sector issues, active in actuarial organizations and offer expertise in plan design. He stated GRS is the premier public sector actuarial services provider in Michigan. Over 250 Michigan Retirement Systems trust GRS including, 17 Michigan County Pension Plans. They have been active with MAPERS since inception.

Mr. Buis stated GRS has worked for the Retirement System for over 50 years. The Retirement Systems current pension administration system was developed by GRS in 2005. Looking ahead GRS is planning GASB 67 & 68 reporting. GRS' goals for the Monroe County Employees Retirement System include unbiased presentation of the facts, clear and consistent communication to the Board and Staff, sound funding policies, and a sustainable retirement program.

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Chairman Grodi asked Mr. Buis how strongly he feels that the Retirement Board should close the amortization period.

Mr. Buis stated the Retirement Board needs to close the amortization period. By leaving it open the Retirement Board is just kicking the can down the road. The Retirement Board needs to start making process on the unfunded liability. By closing the amortization period it will start making progress.

Heath Merlak, The Nyhart Company

Mr. Merlak stated Nyhart was founded in 1943 and headquartered in Indianapolis, Indiana. They serve over 1,000 clients in 48 states, employ over 100 consultants, actuaries and employees, and are 100% employee owned. They offer extensive pension expertise, providing valuation services, GASB 67/68 consulting, multi-year cost projections of pension risk and sustainability, design modeling and retirement plan administration. Mr. Merlak discussed the team for the Monroe County Employees Retirement System. Himself, as the Consulting Actuary, Nick Meggos as the Valuation Actuary, Ryan Bedel as the Administrative Specialist and Elizabeth Wiley as the Actuarial Analyst.

Next, Mr. Merlak discussed the benefits of transition stating Nyhart will provide an audit of the plan, offer high-level review of assumptions and a fresh perspective, there will be limited effort needed from Retirement staff, there will be no delays in deliverables, and there will be no fee to move the work to Nyhart.

Mr. Merlak discussed Nyhart's web-based plan administration service platform that is customized to their client's needs. He stated Nyhart offers government, corporate and not-for-profit experience, best practices and latest retirement designs and trends and project management.

Trustee Davies asked Mr. Merlak what percentage of their clients' are private versus public.

Mr. Merlak stated 75% are private and 25% are public.

Chairman Grodi asked about travel expenses because Nyhart is out of state.

Mr. Merlak stated that would be included in fees.

Timothy Herman, Milliman

Mr. Herman stated Milliman is one of the largest consulting and actuarial firms in the world. They have offered public pension plan services since 1947, they are independent, and unbiased and have 250 public pension plans. Mr. Herman discussed the team for the Monroe County Employees Retirement System. Himself, as the Lead Consultant, Kevin Hicks as the MARC Account Manager, Nicolas Lahaye as the Actuary and Bill Hogan as the Consulting Actuary.

Mr. Herman outlined the transition process. He stated Milliman will review all documents, leverage valuation system setup from work on Retiree Health Care Trust, replicate prior actuarial valuation and meet with Retirement Staff. Mr. Herman discussed the administration software known as the MARC system. He stated the benefits of the MARC system are it streamlines the pension process, gives peace of mind and it is fully customizable and offers a participant website.

Mr. Herman discussed the benefits of combining Actuarial Services and MARC, replication valuation of December 31, 2013 results, in-depth review of current plan, getting both actuarial and administration audit for installation fees, after audit, MARC is available for plan administrators and participant website.

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Chairman Grodi asked Mr. Herman how strongly he feels that the Retirement Board should close the amortization period.

Mr. Herman stated it depends on the position. What is happening with tax revenues, are they increasing or declining. Sometimes it doesn't make sense to close an amortization period.

Trustee Morgan asked Mr. Herman where his office was located.

Mr. Herman stated Milwaukee, Wisconsin.

Trustee Morgan asked Mr. Herman how many Retirement Plans Milliman has in Michigan.

Mr. Herman stated none.

Larry Langer, Buck Consultants

Mr. Langer stated rather than present our clients with one size fits all solutions at pre-determined prices, Buck's team of consultants approach their client's in a holistic manner, bringing a multi-disciplined strategy to ensure all elements of an issue are considered, resulting in the delivery of solutions that fully reflect the Retirement System's needs and budget requirements.

Mr. Langer stated Buck has a world-class independent peer review process that ensures overall quality. Their numbers are independently verified by a central team of qualified actuaries. He stated Buck offers an experienced team that specializes in municipal and statewide pension systems.

Buck Consulting offers knowledge in compliance, research, data analytics, surveys, publications, and training. The Buck Team has a broad range of experts in many different disciplines. Mr. Langer reviewed the transition timeline, stating it is approximately a 12 week transition.

Chairman Grodi asked Mr. Langer how strongly he feels that the Retirement Board should close the amortization period.

Mr. Langer stated the amortization period needs to be closed. He compared it to refinancing a home mortgage every year. He stated if you refinance your home mortgage every year very little goes on principal and you will always owe on the mortgage.

Trustee McCarthy asked Mr. Langer to send examples of reports Buck produces.

Mr. Langer stated he will send them tomorrow.

Trustee Davies asked Mr. Langer where his office was located.

Mr. Langer stated his office is located in Chicago, but Buck Consulting has an office in Southfield, Michigan.

Mr. Davies asked Mr. Langer about administration software.

Mr. Langer stated he wasn't aware the Retirement System was requesting administration software but he will put a proposal together and send it as soon as possible.

Trustee Comments - None

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Motion by Trustee McCarthy to adjourn. Supported by Trustee Davies. All in favor. Motion carried. Meeting adjourned at 4:50 P.M.

Respectfully Submitted,

Michael Grodi, Chairman
Monroe County Employees Retirement System
Board of Trustees