

A regular meeting of the State of Michigan Retirement Board was held at 1:30 p.m. on Thursday, February 11, 2016, in the Board Room, First Floor of the Stevens T. Mason Building, 530 W. Allegan Street, Lansing, Michigan.

Members Present: Judge Mark T. Boonstra, representing the General Public  
 Robert Brackenbury, representing the State Treasurer  
 Judge Diane D'Agostini, representing Active Judges  
 John Gnodtke, representing the State Personnel Director  
 Laurie Hill, representing Retiree Members  
 Molly Jason, representing the Attorney General  
 Craig Murray, representing the Deputy Auditor General  
 LTC John Wojcik, representing the Military

Staff Present: Laurie Mitchell, Executive Secretary  
 Marcy Best, Recording Secretary

Others Present: Kerrie Vanden Bosch, Director Office of Retirement Services; Chanda Donnan, Department of Technology, Management and Budget Director's Office; Mita Drazilov of Gabriel Roeder Smith & Company; Louise Gates of Gabriel Roeder Smith & Company; Jon Braeutigam of the Bureau of Investments; Patrick Fitzgerald of the Attorney General's Office; Mike Foerster, Office of Auditor General; Bob Kopasz, SERA; June Morse, SERA; Jim Walkowicz from UAW Local 6000; Robert Teoh, Retiree; & Ryan Martin.

### **Call to Order**

Executive Secretary Laurie Mitchell called the meeting to order at 1:29 p.m. and welcomed the new Board.

### **Report of Nominating Committee and Election of Officers**

Executive Secretary Laurie Mitchell asked the nominating committee for recommendations for the office of chair. On behalf of the committee, Robert Brackenbury nominated Laurie Hill for the office of chair. Ms. Mitchell asked if there were any further nominations from the floor. Being no further nominations, Ms. Mitchell closed the nominations. Robert Brackenbury moved, John Gnodtke supported to appoint Laurie Hill as chair. The motion carried unanimously.

Chair Laurie Hill asked the nominating committee for recommendations for the office of vice-chair. On behalf of the committee, Molly Jason nominated Judge Mark T. Boonstra for the office of vice-chair. Ms. Hill asked if there were further nominations from the floor. Being no further nominations, Ms. Hill closed the nominations. Judge Diane D'Agostini moved, Robert Brackenbury supported to appoint Judge Boonstra as vice chair. The motion carried unanimously.

Chair Laurie Hill recognized previous chairs, Craig Murray, and Judge Mark Boonstra.

### **Excusing of Absent Members**

John Gnodtke moved, Craig Murray supported, to excuse the absence of Matthew Fedorchuk. The motion carried unanimously.

### **Approval of Agenda**

John Gnodtke moved, Robert Brackenbury supported, to approve the Agenda as presented. The motion carried unanimously.

### **Approval of Minutes**

John Gnodtke moved, Robert Brackenbury supported, to approve the regular session of the State Employees Retirement System Board minutes of November 12, 2015. Craig Murray noted that a correction was needed on page 713 under Proposal for Decision – Docket 2015-031502-ORS last line MCL 28.24 be revised to MCL 38.24. The motion carried unanimously.

Molly Jason moved, Robert Brackenbury supported, to approve the regular session of the Judges Retirement System Board minutes of April 23, 2015. The motion carried unanimously.

### **Orientation/Review of Duties as a Board Member**

Laurie Mitchell, Executive Secretary presented the Military Retirement System, Judges Retirement System, and State of Michigan Employees' Retirement System Orientation to the Board.

Kerrie Vanden Bosch, Director Office of Retirement Services, presented the Fiduciary Responsibilities to the Board.

Patrick Fitzgerald, Office of Attorney General, presented the Administrative Hearings Orientation to the Board.

### **Special Reports**

Jon Braeutigam, Chief Investment Officer of the Bureau of Investments in the Department of Treasury, presented the Annual Investment Report to Board members and answered questions.

Mita Drazilov of Gabriel Roeder Smith & Company presented highlights of the JRS Actuarial Pension Valuation for the period ending September 30, 2015 to Board members and answered questions.

Louise Gates of Gabriel Roeder Smith & Company presented highlights of the JRS Actuarial Health Valuation for the period ending September 30, 2015 to Board members and answered questions.

## **New Pension Recipients**

Informational payroll statistics lists were provided to the Board. There was no discussion on these items.

## **Administrative Hearings**

### Proposal for Decision – Docket 2015-039886-ORS

The Board considered the case materials. Craig Murray moved, John Wojcik supported, that the Board adopt as its own the recommendations of the Presiding Officer in the October 21, 2015 Proposal for Decision, including the proposed Findings of Fact and Conclusions of Law, and deny Petitioner's application for duty or non-duty disability retirement benefits under MCL 38.67a. The motion carried unanimously.

### Proposal for Decision – Docket 2015-031501-ORS

The Board considered the case material. John Gnodtke moved, Robert Brackenbury supported, that the Board adopt as its own the recommendations of the Presiding Officer in the October 21, 2015 Proposal for Decision, including the proposed Findings of Fact and Conclusions of Law, and deny Petitioner's application for duty or non-duty retirement benefits under MCL 38.67a. The motion carried unanimously.

### Proposal for Decision – Docket 2015-039900-ORS

The Board considered the case material. John Gnodtke moved, Craig Murray supported, that the Board adopt as its own the recommendations of the Presiding Officer in the December 28, 2015 Proposal for Decision, including the proposed Findings of Fact and Conclusions of Law, and deny Petitioner's application for duty or non-duty retirement benefits under MCL 38.21 and MCL 38.24, respectively. The motion carried unanimously.

### Proposal for Decision – Docket 2015-044361-ORS

The Board considered the case material. John Gnodtke moved, Robert Brackenbury supported, that the Board adopt as its own the recommendations of the Presiding Officer as set forth in the November 2, 2015 Proposal for Decision including the proposed Findings of Fact and Conclusions of Law, except for the following clarifications and corrections: All references to the disability retirement provisions applicable to members of the defined benefit retirement plan (i.e., MCL 38.21 and MCL 28.24) shall be changed to section 67a, MCL 38.67a, which is the applicable provision under which the Petitioner's application for disability retirement benefits has been reviewed and decided that Petitioner's application for duty or non-duty disability retirement is denied under section 67a, MCL 28.67a. The motion carried unanimously.

### Proposal for Decision – Docket 2015-044528-ORS

The Board considered the case material. John Gnodtke moved, Craig Murray supported, and that the Board adopts as its own the Recommendations of the Presiding Officer in the November 16, 2015 Proposal for Decision including the proposed Findings of Fact and Conclusions of Law, except for the following clarifications and corrections:

- a. All references to sections 21 and 24 of the State Employees' Retirement Act, MCL 28.21 and MCL 38.24 shall be changed to section 67a, MCL 38.67a, which is the applicable provision under which Petitioner's application for disability retirement benefits has been reviewed and decided;
- b. The Board hereby recognizes that one of its medical advisors has certified that Petitioner is totally and permanently disabled from a physical standpoint; the other concluded that Petitioner is not totally and permanently disabled from a mental standpoint. Nevertheless, both of the medical advisors have separately concluded that the conditions underlying Petitioner's disability retirement claim are not the proximate result of the performance of her duties as a State employee. Furthermore, the medical evidence, taken as a whole, supports that conclusion. Specifically, the evidence shows that Petitioner's disabling back condition was not caused solely by the performance of her employment duties, but rather was the product of several factors, some of which were not work-related. As a result, Petitioner's application for duty disability retirement is hereby denied on the basis that she has failed to establish beyond a preponderance of the evidence that her disability is duty related, as is required by MCL 38.67a;
- c. In view of the fact that Petitioner has accrued only 9.1 years of retirement credit to date, she does not otherwise meet the requirements for a non-duty disability requirement under MCL 38.67a(5)(c); and

Therefore, Petitioner's application for duty or non-duty disability retirement is denied under section 67a, MCL 38.67a. The motion carried unanimously.

## **Old Business**

Laurie Mitchell provided an update of the proposal for prefunding healthcare for the Judges Retirement System.

## **New Business**

### Resolutions for Board Consideration and Approval

John Gnodtke moved, Craig Murray supported, that the Board adopt the Resolution honoring Randall S. Gregg as presented. The motion carried unanimously.

Robert Brackenbury moved, Craig Murray supported, that the Board adopt the Resolution honoring Vernon L. Johnson as presented. The motion carried unanimously.

Craig Murray moved, Judge Diane D'Agostini supported, that the Board adopt the Resolution honoring Ruth Schwartz as presented. The motion carried unanimously.

Judge Mark T. Boonstra moved, John Wojcik supported, that the Board adopt the Resolution honoring John Axe as presented. The motion carried unanimously.

Craig Murray moved, John Gnodtke supported, that the Board adopt the Resolution honoring Chanda L. Donnan as presented. The motion carried unanimously.

**Legislative Report**

A report was provided for the Board's information.

**Executive Secretary Comments**

Laurie Mitchell thanked the Board for agreeing to serve.

**Board Comments**

No comments were received.

**Public Comments**

Comments were received from Teoh Robert and Bob Kopasz.

**Adjournment**

John Gnodtke moved, Robert Brackenbury supported, that the meeting be adjourned. The motion carried unanimously. The Chair adjourned the meeting at 4:15 p.m.

OFFICIAL MINUTES

Signature on file

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Chair

Signature on file

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Executive Secretary