

A regular meeting of the State of Michigan Retirement Board was held at 1:30 p.m. on Thursday, August 24, 2017, in the Board Room, First Floor of the Stevens T. Mason Building, 530 W. Allegan Street, Lansing, Michigan.

Members Present: Mark T. Boonstra, representing the General Public
Matthew Fedorchuk, representing State Employee & Retiree members
John Gnodtke, representing State Personnel Director
Laurie Hill, representing State Employee and Retiree members
Molly Jason, representing the Attorney General
Craig Murray, representing the Auditor General
Ann Marie Storberg, representing the State Treasurer
LTC John Wojcik, representing the Military

Staff Present: Laurie Mitchell, Executive Secretary
Lisa Reibold, Recording Secretary

Others Present: Olivia Gunther of CSI/CSR; Mary Pollock of SERA; John Karagoulis and Michelle Cancino of ORS; and Kathleen Markman of the Attorney General's Office

Call to Order

Chair Laurie Hill called the meeting to order at 1:30 p.m.

Excusing of Absent Members

Mark Boonstra moved, John Gnodtke supported, to excuse the absence of David H. Sawyer. The motion carried unanimously.

Approval of Agenda

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

Approval of Minutes

John Gnodtke moved, John Wojcik supported, to approve the minutes as presented. The motion carried unanimously.

New Pension Recipients

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

New Business

John Karagoulis of Office of Retirement Services presented ORS's proposal for a Dedicated Gains Policy for lowering the assumed rate of investment return.

Craig Murray moved, John Gnodtke supported the following motion:

Regarding the determination of the actuarial assumed rate of return (AROR), to be used in the valuation of SERS, Military Retirement Provisions, and the Judge's Retirement System assets and liabilities for pension and retirement health plans for the fiscal year 2017 and following, I move we adopt, based on the information supplied by ORS and actuary that where the investment returns exceed the current assumed rate of investment return (AROR), the investment returns in excess of the current AROR will be used to permanently reduce the AROR in future years for pension and OPEB in accordance with the schedule provided by the actuary except that reduction below a 7% AROR requires specific Board approval.

The motion was denied, 7-1.

Mark Boonstra moved, John Wojcik supported the following motion:

Move to adopt, based upon the information supplied by ORS and the actuary, that in any fiscal year where the investment returns exceed the current assumed rate of investment return (AROR), the investment returns in excess of the current AROR will be used to permanently reduce the AROR in future years for pension and OPEB in accordance with the schedule provided by the actuary.

The motion carried, 7-1.

Administrative Hearings

Proposal for Decision – Docket 2016-014489-ORS

The Board considered the case materials. John Gnodtke moved, Matthew Fedorchuk supported, that the Board adopt a resolution (attached) in support of the Presiding Officer's recommendation to deny Petitioner's request to be given the option to elect membership in the Tier 1 Plan under the State Employee's Retirement Act and to correct the record.

I would move to adopt the resolution for docket number 16-014489-ORS. That motion reflects some changes that were identified. There were several corrections identified in the Respondent's exceptions. It also incorporates a few others that have been identified. Just because of the number of them, I am committing them to a single resolution that would be a more efficient way of addressing them and that was included in Box.

Matthew Fedorchuk supported the motion. The motion carried unanimously.

Petition to the Board – Docket 2016-015646-ORS

The Board considered the case materials. John Gnodtke moved, Ann Marie Storberg supported, that the Board adopt as its own the recommendations of the Presiding Officer as set forth in April 4, 2017, Proposal for Decision, including the proposed Findings of Fact and Conclusions of Law, and deny Petitioner's request for non-duty disability retirement under MCL 38.67(1) and MCL 38.67a(5). The motion carried unanimously.

Legislative Report

A report was provided for the Board's information.

Executive Secretary Comments

No secretary comments.

Board Comments

John Wojcik thanked Kathleen Markman of the Attorney General's office for her work on the Hermanson memo. It was informative and concise.

Laurie Hill stated there was discussion at the last meeting where GRS gave us the valuation on the health and pension side and there was a question where the \$1 Million came from for the judges' healthcare fund. Laurie Mitchell explained that when the 115 Trust was created, GRS was not aware. When they became aware, they began including the Trust balance in the valuation. The balance is the result of actual claims being less than projected claims.

Public Comments

Mary Pollock of the Michigan Employees Retirement Association (SERA) commented on the Dedicated Gains Proposal and noted that the MPERS system has an interest rate below 7%. She thanked the Board for their work on this matter.

Adjournment

John Gnodtke moved, Matthew Fedorchuk supported, that the meeting be adjourned. The motion carried unanimously. The Chair adjourned the meeting at 2:36 p.m.

OFFICIAL MINUTES

Signature on file
Chair

Signature on file
Executive Secretary