

**MINUTES OF
JACKSON COUNTY EMPLOYEES' RETIREMENT SYTEM**

Tuesday, June 17, 2014
5th Floor Commissioner's Chambers

The June 17, 2014 Regular Meeting of the Jackson County Employee's Retirement System Board of Trustees was called to order at 5:01 p.m. by Vice Chairperson Wandell. The following Trustees were present: Best, Burton, Elwell, Huttenlocker, Maurer, Shotwell and Wandell. Absent none. Also in attendance: Matt Augustine – Morgan Stanley; Adam Brown – Deputy Administrator; Crystal Gallagher – Pension Coordinator Assistant; Debby Gorz - Pension Coordinator, James Latham – Finance Officer; and Jack Timmony - VanOverbeke Michaud and Timmony.

Also in Attendance: – Vickie Bradley; Sandra Crowley, Jane Darrow; Patricia Reilly; Catherine Smith

Trustee Burton arrived at the meeting at 5:05 pm; Chairperson Shotwell arrived at the meeting at 5:20 pm.

Approval of Agenda:

MOTION: Moved by Best, supported by Maurer to approve the Agenda with changes to agenda item #3 changing to read *Annual Actuarial Valuation*. Motion carried.

PUBLIC COMMENT: None

Jim Anderson and Francois Pieterse of Gabriel Roeder Smith and Company presented the 2013 Actuarial Valuation.

Trustee Sharon Best asked about Item D) Fiduciary liability for \$155,000 under Assets and Reserves on page C-5 of the valuation.



Fiduciary Liability.pdf

MOTION: Moved by Elwell, supported by Best to receive the 2013 Annual Actuarial Valuation as presented by Gabriel Roeder Smith & Company and to certify to the three employer units the employer contribution rates due effective 1/1/2015 per the Valuation. Motion carried.

MOTION: Moved by Elwell, supported by Best that the Board of Trustees of the Jackson County Employees' Retirement System confirms that the System provides for payment of the required contribution on page A-2 as described in Section 20m of Michigan Public Act No. 314 of 1965, as amended by Public Act No. 728 of 2002 and adopts the contribution rates in the actuarial report for the year December 31, 2013.

Roll call vote. Motion carried unanimously, 7 – yes.

MOTION: Moved by Elwell, supported by Best to approve the transfers from the Reserve for Employer Contributions to the Reserve for Retirement Benefit Payments in the amounts of \$12,644,155 for General County. \$1,826,401 for Medical Care Facility, and \$2,666,853 for Jackson County Department of Transportation as recommended by the Actuary on page A-5 of the December 31, 2013 Annual Actuarial Valuation.

Roll call vote. Motion carried unanimously, 7 – yes.

MOTION: Moved by Huttenlocker, supported by Maurer to adjust the annual Deferred Retirement Option Plan interest rate beginning July 1, 2014 on rates for General and for non-union Jackson County Department of Transportation participants to 7.82% based on the 2013 Annual Actuarial Valuation. Motion carried.

MOTION: Moved by Burton, supported by Maurer, to continue the interest rates for Medical Care Facility, for both union and non-union participants and Jackson County Department of Transportation union participants to remain at 7% per the Jackson County Employees Retirement Policy Resolution regarding Deferred Retirement Option Plan (DROP) Procedure. Motion carried.

Approval of Minutes:

MOTION: Moved by Elwell, supported by Burton, to receive the minutes of May 22, 2014 meeting as presented. Motion carried.

Monthly Financial Statement:

MOTION: Moved by Best, supported by Maurer to receive the Monthly Financial Statements for May 2014 as presented by James Latham. Motion carried.

Consent Agenda:

MOTION: Moved by Burton, supported by Elwell to concur with the Consent Agenda:

- A. Receive Comerica Bank Custodial Statements of Account for
May 2014
- B. Purchase of Service
- None
- C. Approve Refunds of Contributions –
8783 - \$14.10
8784 - \$248.26
8785 - \$849.39
8786 - \$3,037.43
8787 - \$1,891.51
- D. Approve Distribution of DROP –
189 - \$23,614.40
190 - \$118,600.17
191 - \$68,040.63
- E. Approve Application for Retirement
- Christine Palmer – Union – General, Effective 7/1/14
- F. Approve Application(s) for entrance into the Deferred Retirement Option Plan (DROP):
- None
- G. Approve Statements Paid for **5/22/2014 – 06/16/2014**
 1. Attached credit card statement
- H. Receive Correspondence:
 1. SSGA Annual Update
 2. SSGA Performance and Analysis (5/31/2014)
- I. Pension Coordinator Monthly Report

Roll call vote. Motion carried unanimously, 7 – yes.

MOTION: Moved by Wandell, supported by Elwell to approve the updates made to Policy #9, *Education Seminar and Conference Policy* as presented.

**JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM
POLICY RESOLUTION**

Re: Educational Seminar and Conference Policy

**Revised: June 17, 2014
Adopted: February 15, 2007**

WHEREAS, the Board of Trustees (“Board”) is vested with the general administration, management and operation of the Retirement System, and

WHEREAS, the Board has a fiduciary responsibility to act in the best interest of the members and beneficiaries of the Retirement System; including the duty to prudently manage the assets of the Retirement System, and

WHEREAS, Michigan Public Act 314 of 1965, as amended (“Act 314”), requires that the Board meet the higher fiduciary standard commonly referred to as the “prudent trustee” or the “prudent expert” with respect to decisions and the administration of the Retirement System, and

WHEREAS, the Board recognizes that, consistent with its fiduciary duty, it is necessary and appropriate for Trustees and the Pension Coordinator to attend educational seminars and conferences so that the Board may be made aware of developments regarding Retirement System administration, and so that the Board may further become aware of how persons acting in a like capacity administer their respective retirement systems, and

WHEREAS, Section 13(6) of Act 314 [MCL 38.1133(6)] recognizes that the Board may use a portion of the income of the Retirement System to defray the costs of professional training and education, including travel, directly related to the administration, operation and management of the Retirement System, and

WHEREAS, the Board is required to adopt an annual budget for professional training and education expenses, including travel, not to exceed \$150,000.00 or an amount that is equal to the total number of Board members multiplied by \$12,000.00, whichever is less, and

WHEREAS, the Board desires to restate its educational seminar and conference policy in light of recent amendments to Act 314, now therefore be it

RESOLVED, that every year in the month of July, the Board shall adopt an annual education and travel budget in accordance with the requirements and limitations set forth in Act 314, and further

RESOLVED, that the Board hereby adopts the following as its educational seminar and conference policy:

- 1 Application. Trustees and the Pension Coordinator are authorized to attend conferences of the Michigan Association of Public Employee Retirement Systems (“MAPERS”) and of the National Conference of Public Employee Retirement Systems (“NCPERS”). Any requests of Trustees and/or the Pension Coordinator to attend an educational seminar and/or conference

which is not a MAPERS or NCPERS sponsored seminar/conference shall be submitted to the Board in writing with an explanation of the purpose of the seminar or conference and the estimated costs associated with attending such seminar or conference.

2. Approval. All travel in connection with said MAPERS and NCPERS educational seminars and conferences is approved. All other travel must have prior approval of the Board.
3. Attendance at Sessions. All Trustees and the Pension Coordinator who attend a seminar or conference must earn an attendance or participatory certificate if the seminar or conference sponsor offers such a certificate. Reimbursement of an attendee's expenses will be made contingent upon the attendee's receipt of such a certificate, and presentation of the same to the Board at the next regular meeting of the Board following the seminar or conference. Furthermore, the failure to earn such a certificate will result in the particular attendee becoming ineligible to attend any further educational seminars and/or conferences for the remainder of that Trustee's term on the Board (and in the case of the Pension Coordinator, for 12 months following the date of said seminar or conference).
4. Expense Report. Upon return from the educational seminar or conference, the Trustee shall prepare a detailed travel expense report with appropriate receipts. Expense reports and cost documentation shall be submitted to the Pension Coordinator within 30 days from the return date.
5. Educational Seminar or Conference Report to the Board. Any Board representative(s) who attends an educational seminar or conference other than MAPERS shall be required to provide a verbal report to the Board, at the next regular Board meeting following the educational seminar or conference. The attendee(s) shall also provide the Board with the handout materials from the seminar or conference. Satisfaction of this requirement is a condition precedent to reimbursement of any expenses to the attendee. Failure to satisfy this requirement, and failure to earn an attendance or participatory certificate where the sponsor offers one, will obligate the attendee(s) to reimburse the Retirement System in full for any expenses advanced to the attendee(s).
6. Reimbursement. In the event the authorized expenses are exceeded, the reason for exceeding the pre-approved expenses will be presented to the Pension Coordinator for Board approval for reimbursement.
7. Transportation. Trustees and the Pension Coordinator traveling on Retirement System business will utilize the most economical and efficient means of transportation. Use of a more expensive method of transportation other than the most economical and efficient, will be allowed only upon the approval of the Board. When personal cars are involved, the authorized mileage reimbursement amount per mile will be the then-current Internal Revenue Service mileage rate.
8. Lodging. Allowance for lodging shall be at the lowest rate charged at the hotel/facility where the conference is being held.
9. Meals. Allowance for meal reimbursement including gratuities shall be \$75 per day. Meals which are included in the seminar or conference registration fee will not be reimbursed to the attendee.
10. Other Expenses. Trustees and the Pension Coordinator will be reimbursed for any

miscellaneous expenses that are incurred for the express purpose of Board business and shall include: local transportation (e.g., taxi, bus, subway), telephone calls, postage, tolls, parking, and gratuities. Expenses not allowed include: parking/moving violations, alcohol, entertainment, travel insurance, laundry, valet, or other personal services, repair and maintenance of personal vehicle.

11. Expenses. It is preferred that the Board pre-pay any anticipated costs directly to the charging entity.
12. Adopt annual budget for full compliance.

and further

RESOLVED, that in accordance with Act 314, the Board may utilize a portion of the Plan's investment earnings to pay for such expenses, and further

RESOLVED, that abuse of the foregoing policy, including falsifying expense reports to reflect costs not incurred, can be grounds for disciplinary action, including, but not limited to, removal from the Board, and further

RESOLVED, that the Board shall forward this policy resolution to the appropriate County, Union, and Departmental Representatives.

Motion carried.

MOTION: Moved by Wandell, supported by Huttenlocker to approve updates made to Policy #15, *Appointment of Public Member to Board of Trustees Policy* as presented.

JACKSON COUNTY EMPLOYEES' RETIREMENT SYSTEM POLICY RESOLUTION

Revised: June 17, 2014

Re: Appointment of Public Member to Board of Trustees **Adopted: February 28, 2008**

WHEREAS, the Retirement Board of Trustees ("Board") is vested with the general administration, management and operation of the Retirement System and for making effective the provisions thereof, and

WHEREAS, Section 27 of the Retirement System Bylaws provides for the composition of the Board of Trustees, and

WHEREAS, Bylaws Section 27 specifically provides for the appointment of an individual to the Board of Trustees (herein sometimes referred to as the "Public Member Trustee"), as follows:

An elector of Jackson County who is neither a Member, Retirant nor Beneficiary of the Retirement System, shall be appointed for a one-year term by mutual agreement of the three representatives elected by Member employees and the three representatives appointed by the Chairperson of the Board of [County] Commissioners. Such appointment shall be made annually with the term commencing July 1st or within sixty days of any vacancy in such position

and

WHEREAS, Section 27 of the Bylaws is otherwise silent concerning the procedure for the appointment of the Public Member Trustee to the Board of Trustees, and

WHEREAS, the Board desires to formalize its appointment procedure for the appointment of said individual to the Board of Trustees, now therefore be it

RESOLVED, that the Board of Trustees hereby establishes and formalizes its procedure for the appointment of the Public Member Trustee to the Board as follows:

- a. The vacancy for the Public Member Trustee on the Board shall be advertised in a local newspaper of general circulation for one day.
- b. Individuals seeking appointment to the Board as the Public Member Trustee shall complete a *Request for Appointment* form, which shall be made available in the office of the Pension Coordinator.
- c. The Public Member Trustee shall be appointed by majority vote of the Board of Trustees at the regular meeting of the Board in June of each year.
- d. The Public Member Trustee shall be paid the *per diem* rate of \$35 per half day for attending regular and special, committee and sub-committee meetings of the Board of Trustees. The term “half day” is defined to mean 4 hours. If a meeting is less than 4 hours in duration, the Public Member Trustee still will be paid the \$35 *per diem* amount. If a meeting is longer than 4 hours in duration, then the Public Member Trustee will be paid a *per diem* amount of \$70.

and it is further

RESOLVED, that a copy of this resolution be forwarded to the Retirement System’s attorney and Pension Coordinator.

Motion carried.

MOTION: Moved by Wandell, supported by Maurer to approve new policy resolution, #35, *Reciprocal Retirement Act Policy* as presented.

**JACKSON COUNTY EMPLOYEES’ RETIREMENT SYSTEM
POLICY RESOLUTION**

Re: Reciprocal Retirement Act

Adopted: June 17, 2014

Public Act 88 of 1961, as amended (MCL 38.1101 et seq.)

PURPOSE

On October 20, 1965, the Jackson County Board of Supervisors adopted provisions of the Reciprocal Retirement Act, Public Act 88 of 1961, as amended. The Reciprocal Retirement Act was enacted to provide for the preservation and continuity of retirement system service credit for public employees who transfer their employment between units of government. An eligible person may choose to combine credited service acquired with a preceding reciprocal retirement system with credited service acquired with a succeeding governmental unit for purposes of qualifying for an age and service retirement from either retirement system, provided the conditions of Act 88 are satisfied.

RECIPROCITY

I. SECTION 4 - SERVICE CREDIT

Section 4 of the Reciprocal Retirement Act provides that if a member **leaves the employ of Jackson County** and enters the employ of another governmental unit(s), he/she may receive a retirement allowance payable by the Jackson County Employees' Retirement System subject to meeting the following conditions:

1. The former Member must have had at least thirty (30) months of service credit in the Jackson County Employees' Retirement System;
2. The former Member has not withdrawn his/her employee contributions from the Jackson County Employees' Retirement System or has re-deposited any withdrawn amounts with interest within twenty (20) years after employment with the succeeding governmental unit;
3. The former Member must have been employed by a succeeding unit within twenty (20) years after leaving the employment of Jackson County;
4. The former Member's credited service in force with Jackson County plus the Member's credited service acquired in the employ of the succeeding governmental units equals or exceeds the minimum credited service required for age and service retirement in the Jackson County Employees' Retirement System;
5. The former Member has attained age 60 years;
6. Written documentation from the succeeding governmental unit is submitted to the Jackson County Retirement Board verifying dates of full and/or part-time employment and service credit acquired.
 - a. If a preceding government unit cannot verify previous employment, then the member must provide acceptable verification such as pay stubs, Social Security report, or tax returns. The Jackson County Retirement Board shall determine whether documentation is sufficient.
7. The former Member submits a Release authorizing the Jackson County Retirement Board to request and receive appropriate verifying documentation from a succeeding government unit.

II. SECTION 5 - SERVICE CREDIT

Section 5 of the Reciprocal Retirement Act provides that if a member of the Jackson County Employees' Retirement System has **previously acquired credited service as a member of another governmental retirement system**, he/she may be entitled to a retirement allowance payable by the Jackson County Employees' Retirement System subject to meeting the following conditions:

1. The Member has 30 months or more of credited service acquired as a member of the Jackson County Employees' Retirement System;
2. The Member has attained the age but not the service requirement for age and service retirement;

3. The Member became a member of the Jackson County Employees' Retirement System within 20 years of leaving the prior governmental unit. The prior governmental unit is not required to be a reciprocal retirement system. The Member is not required to draw a retirement benefit or have contributions on deposit with the prior governmental unit;
4. The Member submits a Release authorizing the Pension Coordinator to request and receive appropriate documentation from the preceding governmental unit verifying qualified credited service, including dates of full and/or part-time employment.
5. A member's retirement benefit shall be based upon the service credit rendered to Jackson County.

III. SECTION 6 - SERVICE CREDIT

The Jackson County Board of Commissioners has not implemented Section 6 of the Reciprocal Retirement Act; therefore it is not required for the preceding governmental unit to be designated as a reciprocal unit.

IV. GENERAL CONDITIONS

The recognition of service credit will be approved by the Retirement Board contingent upon the Retirement System's receipt of all appropriate documentation. Only service to a State Unit or a Municipal Unit in the State of Michigan, as specifically provided for in the Reciprocal Retirement Act, will be recognized by the Retirement Board as service to a governmental unit under the provisions of the Act.

Motion carried.

Legal Counsel Update: Board Attorney Timmony recommends an Actuarial Funding Policy be included in the Board Policy Resolutions.

MOTION: Moved by Elwell, supported by Best to send the Draft Actuarial Funding Policy to the Policy Committee for review. Motion carried.

Morgan Stanley Wealth Management Update: Matt Augustine of Morgan Stanley reported that this quarter has improved, gaining an additional \$750,000. Augustine stated that his firm is keeping a close watch on Wentworth, Hauser and Violich, he went on to say WHV will be presenting at the July meeting and he will have some prepared questions to ask.

MOTION: Moved by Elwell, supported by Maurer to accept the Disability Retirement of Colleen A. Smith, with changes.
Roll call vote. Motion carried unanimously, 7 – yes.

Chairperson Shotwell asked for nominations from the floor for Appointment of a Public Member to the Board of Trustees, no nominations were made. One applicant completed the application, Sharon Best. It is approved that Sharon Best will hold the Public Member Trustee position for a term of one year, 7/1/14 – 6/30/14. All in favor.

PUBLIC COMMENT: None

Chairperson Shotwell adjourned the meeting at 6:12 p.m.

Chairperson

Pension Coordinator