MINUTES

RETIREMENT ADMINISTRATIVE COMMITTEE
WEDNESDAY, NOVEMBER 17, 2021 – 10:00 A.M.
COMMISSIONERS' COMMITTEE ROOM

Present: Commissioner Tillotson, Commissioner Stimpson, Martin Marshall, Roxann Holloway and Jim Craig

Also Present: Jason Tether, Carolina LaMonica, Jeff Blanchard, Kai Peterson, Suzanne Sheehan, Becky Sielman, Kim Murphy, and Bev Ahlers.

I Approval of Minutes

Motion by Stimpson, supported by Marshall, to approve the minutes of the September 15, 2020 meeting. Motion carried.

II Economic & Market Overview, Defined Benefit Financials & Review of EnvestNet Asset class Portfolios

Jason Tether, Relationship Manager, explained that MassMutual sold its retirement book of business to Empower at the end of 2021. Empower is the 2nd largest retirement company in the industry. Jason explained that it's important to know that Empower has hired most of the MassMutual staff that Lenawee County has a relationship with.

It was explained that with the transition of Plans all history will be retained and funds stay the same in all Lenawee County Plans.

Jason further explained that the transition of the Defined Contribution Plan is scheduled in wave 8. This would be the 3rd quarter of 2022. Scheduling of the Defined Benefit Plan is yet to be determined.

Jeff Blanchard, Institutional Investment Consultant, explained the Market & Economic Overview. Jeff explained that over the 10-year period there has been a 8.87% increase and overall 6.98%. Plan is doing very well compared to other like plans.

It was reviewed that Plan assets are currently invested in Asset Class Portfolio 3 with a 60% equity, 40% Fixed-Income ratio. Discussion regarding the understanding of risk level by changing portfolio mix. The recommendation is to stay consistent and remain in portfolio 3.

It was further reviewed that the Plan is extremely well diversified. Fund balance is at $81,785,986 as of September 30, 2021. Jeff continued to review the Financial Statement of Accounts and reviewed fund performance for the Defined Benefit plan. There are no funds on the watch list at this time.

III EnvestNet Portfolio Review

Jason introduced Kai Peterson, Consulting Actuary and Becky Sielman, Principal Consulting Actuary, . Kai and Becky explained that as of November 1st Empower acquired Milliman which will handle the recordkeeping and actuarial services for the Defined Benefit Plan for Lenawee County.

Becky stated that Milliman is a leading actuarial firm in the US and is delighted to have Kai and Suzanne Sheehan, Actuarial Analyst, on board. She further stated that in the 2022 valuation will be presented in the Milliman format that will be an enhancement over what we have previously received.

IV Defined Benefit Actuarial & Valuation Information

Kai reviewed the participant statistics noting with the plan being closed total participants will decline over time. Kai reported that as of January 1, 2021 the Plan is funded at 80.31%.

Kai explained that as of September 30, 2021 the accrued benefit liability basis is funded at 90.1%, the GASB basis is funded at 86.3%.

Discussion regarding actuarial methods and assumptions, noting the State of Michigan requirements lowering both rate of return and amortization schedules over time.

V Defined Contribution Plan Review

Carolina LaMonica, Relationship Manager with Empower Retirement, reviewed the Defined Contribution Plan. She noted that with a 124% increase of investment income, the margin has been fantastic.

She stated there are no major changes, concerns or recommendations to change funds.

VI Report on Communication Action plan

Carolina LaMonica reported that there has been an increase in participant website visits. This activity shows Empower how participants are actually using the website to help improve their experience.

It was further explained as it gets closer to the migration of the Defined Contribution plan participants will see increased portal messaging so they can see what's coming. Participants will also receive an email about 30 days before and through migration to encourage them to make sure their information is up to date.

Jason and Caroline stated we will continue employee educational webinars.

VII Other Business

Defined Benefit Plan - Discussion regarding changing expected rate of return & amortization schedule. It was requested that we ask Milliman for projections on what reducing the rate of return and amortization schedule would look like.

Defined Contribution Plan – it was requested we look into plan design options with Jason Tether and Empower staff that may allow for flexibility in potential increased employee & employer contributions.

VIII Adjournment

Motion by Stimpson, supported by Craig to adjourn at 12:11 P.M. Motion carried.

MDM/bka