

**MINUTES OF THE  
AUDIT COMMITTEE**

**THURSDAY, FEBRUARY 27, 2014**

At a meeting of the **Audit Committee**, held Thursday, February 27, 2014, in the Board Room, on the 9<sup>th</sup> Floor of the Administration Building, Mount Clemens, the following members were present:

Sabatini-Chair, Klinefelt-Vice-Chair, Boyle, Brown, Carabelli, Flynn, Miller,  
Moceri, Sauger, Smith, Tocco and Vosburg.

Absent and excused was Mijac.

There being a quorum of the committee present, Chair Sabatini called the meeting to order at 5:10 p.m.

**PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was recited.

**AGENDA**

**MOTION**

A motion was made by Carabelli, supported by Miller, to adopt the agenda, as presented. **The Motion Carried.**

**MINUTES**

**MOTION**

A motion was made by Carabelli, supported by Smith, to approve the December 19, 2013, minutes of this committee, as written. **The Motion Carried.**

**CHAIRMAN'S COMMENTS**

Chair Sabatini stated that information was provided pertaining to the County's retiree health care, which is approximately a \$600 million liability.

- a. Macomb Retiree Health Care Investments Review
- b. Article on Health-Care Costs (Governing Magazine)
- c. Center for Local and State Government Excellence Study: How Local Governments are Addressing Retiree Health Care Funding
- d. Comments about OPEB from Dave Boerger, SEMCOG Lead on Government Efficiency
- e. John Nixon, Michigan Budget Director's Comments on OPEB (Governing Magazine)
- f. Center for Local and State Government Excellence Study: Prefunding OPEB in State and Local Governments: Options and Early Evidence

## **MOTION**

A motion was made by Carabelli, supported by Miller, to receive and file the information provided. **The Motion Carried.**

## **DISCUSSION ON RETIREE HEALTH CARE LIABILITY**

The following individuals were present: Macomb County Treasurer, Ted Wahby; Bond Counsel John Axe and Meredith Shanle; Louise Gates, Gabriel Roeder and Smith Actuary; Finance Director Pete Provenzano and Steve Smigiel, Assistant Finance Director.

Pete Provenzano referred to the distributed material and stated the purpose of the meeting would be to create an awareness of the retiree health care liability so that future discussion could be had regarding potential solutions.

Louise Gates explained her role and expertise as an actuary for pension and retirement health care plans and covered the following topics: post employment benefits, pension benefits and retiree health care benefits. She then discussed actuarial valuations of the pension and retiree health care funds.

The following commissioners asked questions of Ms. Gates and Mr. Provenzano: Carabelli, Flynn, Vosburg, Sabatini and Smith.

Meredith Shanle stated her role as bond counsel and covered historical trends relative to pension and health care funding.

Steve Smigiel provided a presentation which included an explanation and overview of the current issue and reviewed the County's activities throughout the past 20 years.

The following commissioners asked questions of Mr. Smigiel: Smith and Tocco.

Pete Provenzano discussed the cause of the increase in health care liability, available accrued liability and assets, a comparison to like organizations and potential solutions.

Bond Counsel, John Axe, explained the effect of doing nothing and provided an article which was written about how Oakland County has dealt with this issue.

The following commissioners spoke: Smith, Vosburg, Brown, Miller, Klinefelt and Mocerri.

Mr. Wahby discussed the importance of finding a solution prior to taking action on capital projects.

The following commissioner spoke: Klinefelt.

**MOTION**

A motion was made by Miller, supported by Carabelli, to receive and file information provided on retiree health care liability. **The Motion Carried.**

**ADJOURNMENT**

**MOTION**

A motion was made by Carabelli, supported by Klinefelt, to adjourn the meeting at 6:37 p.m. **The Motion Carried.**



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**Corinne Bedard**  
**Committee Reporter**