

**MINUTES OF THE  
AUDIT COMMITTEE**

**WEDNESDAY, APRIL 30, 2014**

At a meeting of the **Audit Committee**, held Wednesday, April 30, 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, Mijac,  
Miller, Mocerri, Sauger, Smith, Tocco and Vosburg.

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**

Chair Sabatini requested amending the agenda to include #6b, which would be the related documents listed on the first page of the agenda.

**MOTION**

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

**MINUTES**

**MOTION**

A motion was made by Brown, supported by Klinefelt, to approve the February 27, 2014 minutes of this committee, as written. **The Motion Carried.**

**PUBLIC PARTICIPATION**

Greg Suma, Newly Hired County Pension Administrator

**CHAIRMAN'S COMMENTS**

Chair Sabatini stated that today's meeting will include discussion and updates from Finance Director Pete Provenzano and John Axe, the County's Bond Counsel.

## **RELATED DOCUMENTS**

Andrew Kim, BOC Director of Legislative Affairs, summarized the four documents that were provided:

- a) Public Act 329 of 2012 Summary/Public Act 329 of 2012
- b) Article: MAC Analysis on PA 329 for OPEB and Pensions
- c) Article: Crain's Detroit: Oakland County's Handling of OPEB
- d) Article: Center for Local and State Government Excellence Study: Prefunding OPEB in State and Local Governments: Options and Early Evidence - Oakland County Case Study
- e) Opinion from GCSI on Extending Issuance Deadline for PA 329  
**(this is ongoing and will be provided once received)**

## **MOTION**

A motion was made by Carabelli, supported by Brown, to receive and file the documents provided.

The following commissioners spoke: Brown, Flynn and Carabelli.

Chair Sabatini called for a vote on the motion and **The Motion Carried.**

## **DISCUSSION ON POTENTIAL SOLUTIONS TO RETIREE HEALTH CARE UNFUNDED LIABILITY**

### **Bond Issue/Presentation by Finance Director Peter Provenzano**

Pete Provenzano provided a recap of committee's last meeting, which had included a few potential solutions to address the retiree health care unfunded liability, and he updated the committee on the progress of them. He referenced distributed material and relayed information about the topics of bonding and prefunding annual required contributions. He also provided a retiree health care funding analysis and outlined a proposed timeline.

## **MOTION**

A motion was made by Carabelli, supported by Smith, to receive and file the presentation by Pete Provenzano.

The following commissioners asked questions: Carabelli, Smith, Vosburg, Brown, Tocco, Klinefelt, Sabatini and Miller.

Robert Daddow, Deputy Oakland County Executive, spoke about Oakland County's experience with bonding for unfunded pension and retirees' healthcare (OPEB) liabilities and the budgetary savings that they were able to achieve via this effort.

The following commissioners asked questions: Brown, Flynn and Miller.

Bond Counsel Meredith Shanle provided some facts about bonding and outlined the advantages for taking the bonding proposal into consideration at this time.

Bond Counsel John Axe spoke about the legal process for bonding.

The following commissioners asked questions: Brown, Sabatini and Flynn.

Pete Provenzano commented on the impact of debt on operating funds.

The following commissioners asked questions: Smith and Miller.

Chair Sabatini called for a vote on the motion and **The Motion Carried.**

### **Employee Buyout Options to Minimize Liability**

#### **Resolution to go out for RFP for Professional Services that will Evaluate Employee Buyout Options for Retiree Health Care**

Chair Sabatini stated that bonding is one option and he believed that other optional solutions should also be examined.

### **COMMITTEE RECOMMENDATION – MOTION**

A motion was made by Sauger, supported by Flynn, to recommend that the Board of Commissioners adopt a resolution requesting RFP for professional services to evaluate buyout options in lieu of retiree healthcare benefits.

The following commissioners spoke: Klinefelt, Flynn, Brown, Smith and Carabelli.

Chair Sabatini called for a vote on the motion and **THE MOTION CARRIED WITH BOYLE AND KLINEFELT VOTING “NO.”**

### **Transfer Retiree Health Care Fund (both assets and liability) to Labor Organizations**

#### **Confidential Opinion from Corporation Counsel on Transferring Retiree Health Care Fund (both assets and liabilities) to Labor Organizations**

Frank Krycia, Assistant Corporation Counsel, stated that his confidential memo should not be discussed in open session. There were no questions from members.

### **MOTION**

A motion was made by Carabelli, supported by Smith, to receive and file the attorney/client privileged correspondence from Corporation Counsel dated April 7, 2014. **The Motion Carried.**

**Status Quo**

Chair Sabatini stated the current status will continue to be the same going forward.

**MOTION**

A motion was made by Carabelli, supported by Sauger, to receive and file the option of maintaining status quo. **The Motion Carried.**

**ADJOURNMENT**

**MOTION**

A motion was made by Tocco, supported by Vosburg, to adjourn the meeting at 7:11 p.m. **The Motion Carried.**



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