

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MEETING MINUTES
Lansing Home Office
March 12-13, 2014**

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BOARD MEMBERS PRESENT

Michael Brown, Chair
Sally Dreves, Chair, Pro Tem
Phil LaJoy
Amy Deford
John Ogden
Jim Wiersma
Michael Gilmore
Lori Newberg

Randy Girard - Absent

MERS STAFF

Chris DeRose, Chief Executive Officer
Pam Steffy, Board Secretary
Deb Peake, Chief Employee & Retiree Services
Officer
Jeb Burns, Chief Investments Officer
Leon Hank, Chief Financial Officer
Carrie Lombardo, Chief Marketing & Employer
Services Officer
Diane Boucke', Human Resource Director
Tom Petroni, General Counsel

Call to Order

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 4.07 p.m. on Wednesday, March 12, 2014.

Committee Assignments

Chairperson Brown, presented the Committee Assignment's for 2014

Investment Committee: Mr. Brown, Mr. Gilmore and Mr. Wiersma
Rotating member: Ms. Dreves

Personnel Committee: Ms. Dreves, Mr. Girard and Ms. Newberg

Budget Committee: Ms. Deford, Mr. LaJoy and Mr. Ogden

Ms. Deford moved to approve the 2014 Committee Assignments; supported by Ms. Dreves. Motion carried.

PUBLIC AUDIENCE

No members of the public were present

Old Business

Chief Executive Officer (CEO) Evaluation and Goals

Chairperson Brown presented the CEO's 2013 Evaluation and Goals for 2014. Mr. Wiersma moved to approve the CEO's 2013 Evaluation and 2014 Goals; supported by Mr. LaJoy. Motion carried.

General Consent Agenda

Mr. Gilmore moved to approve the March 12, 2014 consent agenda excluding the Finance Reports. Motion supported by Ms. Deford. Motion carried.

New Business

CEO Report

Mr. DeRose presented the CEO Report on:

- MERS Strategic Direction
- Business Plan Projects affecting the Board
- 2013 Budget Results
- Internal Audit
- International Foundation for Employee Benefit Program - Public Employees Board
- Investment Managers Meetings
- Outreach to Customers and Policy Makers
- Employee Communication

Employee Performance Management approach

Ms. Boucke' updated the board on Employee Performance Management.

Defined Benefit Plan Adoption Agreement

Ms. Boucke', Human Resource Director, discussed the March 3, 2014 Memorandum to the Chief Executive Officer, recommending that the Board approve the revised Adoption Agreement (Defined Benefit, Division 01) pursuant to Section 3 of the MERS Restated Plan Document, defining membership as 120 hours per month unless excluded as a temporary employee who is employed no more than 3 months, effective April 1, 2014. Ms. Dreves made a motion to approve the revised Adoption Agreement; supported by Ms. Newberg. Motion carried.

Briefing on Open Meetings Act

Mr. Petroni, General Counsel, reviewed the Open Meetings Act with the Board and provided instruction regarding notice requirements, decision making and deliberating, a quorum voting requirements, closed session rules, and penalties for violations.

Meeting adjourned at 5:35 p.m.

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Jeb Burns, Chief Investments Officer
Leon Hank, Chief Financial Officer
Carrie Lombardo, Chief Marketing & Employer
Services Officer
Kim Rhead, Legislative Affairs & Public Policy
Director
Tom Petroni, General Counsel
Kristin Bellar, Senior Deputy General Counsel
Jennifer Mausolf, Marketing & Product Development
Director

Call to Order

Chairperson Michael Brown called the meeting of the MERS Retirement Board to order at 8: 33 a.m. on Thursday, March 13, 2014.

Public Audience

Jason Sarata of Delta Charter Township was in attendance.

New Business

Board Governance Policy

Mr. DeRose and Ms. Bellar, Senior Deputy General Counsel, updated the board on the Governance Policy revisions.

MERS Messages

Ms. Lombardo, Chief Mktg & Emp. Ser. Officer and Ms. Mausolf Marketing and Product Development Director, presented MERS Key Messages.

Legislative Report

Mr. Kim Rhead, Legislative Affairs and Public Policy Director, updated the Board on pending legislative action.

Charter Township of Plymouth v MERS

In the matter of the Charter Township of Plymouth, Mr. Gilmore moved that the Board accept and adopt as its own, the Findings of Fact and Conclusions of Law stated by the Hearing Officer in her November 14, 2013 Proposal for Decision, granting in part and denying in part the parties' request for declaratory rulings regarding MERS' obligation to administer the Township's Act 312 arbitration award. Motion supported by Mr. LaJoy. Motion carried.

Larsen v MERS

In the matter of Joan Larsen, Ms. Dreves moved that the Board accept and adopt as its own, the Findings of Fact and Conclusions of Law stated by the Hearing Officer in her December 20, 2013 Proposal for Decision, and deny Petitioner's request for duty disability retirement benefits. Motion supported by Mr. LaJoy. Motion carried.

Horton v MERS – Appeal of FOIA Denial

In the matter of Donna Horton, Mr. LaJoy moved that the Board deny Ms. Horton's FOIA appeal dated January 30, 2014, for the reasons stated in the General Counsel's memorandum to the Board dated February 26, 2014. Motion supported by Ms. Dreves. Motion carried.

Investment Report

Mr. Burns, Chief Investments Officer, presented the portfolio performance reports for the periods ending December 31, 2013 and January 31, 2014.

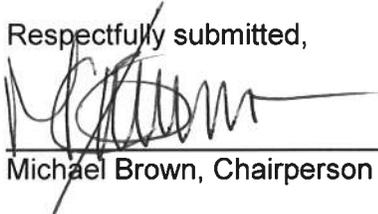
Structure of Institutional Portfolio Management and Asset Allocation

Mr. Burns, Chief Investments Officer, presented Board education on the Structure of Institutional Portfolio Management and Asset Allocation. The presentation focused on how institutional structure their investment management operations and portfolios. Topics discussed included: asset allocation, governance, vendor relationships and talent management. Additionally, Mr. Burns provided examples of industry best practices with respect and how MERS current policies and structure was in alignment.

Adjournment

Meeting adjourned at 11:53 a.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer