

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MEETING MINUTES
Lansing Home Office
March 17, 2016**

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**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
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BOARD MEMBERS PRESENT

Michael Brown, Chair
Sally Dreves, Vice-Chair
Michael Gilmore
Randy Girard
Jim Wiersma
Dale Feldpausch
Amy Deford
John Ogden
Jason Sarata – Absent

MERS STAFF PRESENT

Chris DeRose, Chief Executive Officer
Pam Steffy, Board Secretary
Carrie Lombardo, Chief Strategic and External Affairs
Officer
Jeb Burns, Chief Investments Officer
Pat Tarini, General Counsel
Kristin Bellar, Senior Deputy General Counsel
Kim Rhead, Governmental Affairs Director
Deb Peake, Office of Customer Service Officer
Carri Simon, Internal Auditor
Ryan Ruby, Actuarial Analyst
Mike Charette, Senior Investment Officer & Portfolio
Manager
Mike Schrauben, Investment Officer and Portfolio
Manager
Denise Boucke, Human Resources Director
William Saint Amour, Research Services Director
Scott Thompson, Information Technology Director
Bryan Burns, Infrastructure Team Manager
Jed Knopf, IT Security Engineer

Call to Order

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 9:05 a.m. on Thursday, March 17, 2016.

Public Audience

No members of the public were present.

General Consent Agenda

Mr. Wiersma moved to approve the January 21, 2016 General Consent Agenda; supported by Ms. Deford. Motion carried.

New Business

Resolution – Retiring Office of Customer Service Officer – Debra Peake

Ms. Deford moved to present Ms. Peake with a Resolution commending her service to MERS and the Retirement Board; supported by Mr. Ogden. Motion carried.

Committee Appointments

Chairperson, Michael Brown presented the following Committee Assignment's for 2016:

- **Investment Committee:** Jim Wiersma, Michael Gilmore and Michael Brown

- Rotating member: Jason Sarata
- **Personnel Committee:** Sally Dreves, Randy Girard and Amy Deford
- **Budget Committee:** Amy Deford, John Ogden and Dale Feldpausch

CEO Report

Mr. DeRose presented the CEO Report on:

- MERS Strategic Direction:
 - 2016 Balanced Score Card and 2016 Business Plan
- Public Policy Activities
- Outreach to Customers and Key Stakeholders
- Retirement Readiness
- Product Management Process
- Finance Activities
- Investments
- Transition to New Organizational Structure
- New Board Member Orientation
- Employee Communication

Strategic Planning Update

Mr. DeRose, CEO, discussed the March 7, 2016 Memorandum from Ms. Lombardo, Chief Strategy and External Affairs Officer and Mr. SaintAmour, Research Services Director, regarding the approach staff are taking to develop MERS next strategic plan.

Actuarial Assumptions for Optional forms of payment

Ms. Peake, Customer Service Officer, discussed the March 8, 2016 Memorandum to Mr. DeRose, CEO, regarding Optional Forms of Payment Assumption Changes. Ms. Peake recommends the Board adopt the mortality table and assumed rate of investment returns recently adopted for plan funding for purposes of determining actuarial equivalence when changing one form of benefit to another, to be effective for new calculations as soon as administratively possible.

Mr. Girard made a motion to accept the recommended revisions to the Actuarial Assumption Governing Benefit form Conversions, supported by Mr. Wiersma. Motion carried.

Retiree and Independent members of the board

Mr. DeRose, CEO, discussed the March 7, 2016 Memorandum from Mrs. Tarini, General Counsel, regarding Proposed Amendment to Board Governance Policy Regarding Process for Selecting Appointed Board Members. Ms. Bellar, Senior Deputy General Counsel recommended the Board adopted the proposed amendment to the Governance Policy to provide an orderly procedure for the appointment of the retiree members and the two expert members.

Ms. Dreves made a motion to accept the recommended revisions to the Board Governance Policy; supported by Mr. Girard. Motion carried.

Investment Reports

Mr. Burns, Chief Investments Officer, presented the portfolio performance report for the period ending February 29, 2016.

MERS Data Security

Mr. Thompson, Information Technology Director and Mr. Knopf, IT Security Engineer, presented the MERS 2016 Cyber Security Snapshot Report.

MERS Customer Voice: Employer and Participant Evaluation results

Ms. Lombardo, Chief Strategic and External Affairs Officer and Mr. Saint Amour, Director of Research Services, presented the 2015 Fall Voice of the Customer – Employer and Participant Evaluation results.

Closed Session

Chairperson, Michael Brown called for a motion to enter into closed session pursuant to MCL 15.268(h) of the Open Meetings Act to consider material exempt from disclosure under state law. Mr. Girard moved that the Board enter into closed session pursuant to MCL 15.268(h) of the Open Meetings Act to consider material exempt from disclosure under state law. Motion supported by Mr. Gilmore. The Chairman directed that a roll call vote be taken, and the Retirement Board members voted as follows:

Mr. Brown	Yes
Ms. Deford	Yes
Ms. Dreves	Yes
Mr. Gilmore	Yes
Mr. Sarata	[Absent]
Ms. Feldpausch	Yes
Mr. Ogden	Yes
Mr. Wiersma	Yes
Mr. Girard	Yes

The motion being adopted, the Chairman then directed that the Retirement Board enter into closed session pursuant to MCL 15.268(h) of the Open Meetings Act to consider material exempt from disclosure under state law.

Closed Session

In closed session, Mr. DeRose, CEO, provided an update on attempts to resolve differences with Eaton County concerning the Settlement Agreement.

In closed session, General Counsel Tarini discussed the Settlement Agreement and presented to the Board her March 10, 2016 Attorney-Client Privileged Memorandum. The Board consulted with Mr. DeRose and Mrs. Tarini and discussed the bases of the General Counsel's written recommendation.

Chairperson, Michael Brown asked for a motion to exit closed session. Mr. Wiersma moved to exit closed session; supported by Mr. Ogden. The Chairman directed that a roll call vote be taken, and the Retirement Board members voted as follows:

Mr. Brown	Yes
Ms. Deford	Yes
Ms. Dreves	Yes
Mr. Gilmore	Yes
Mr. Sarata	[Absent]
Ms. Feldpausch	Yes

Mr. Ogden Yes
Mr. Wiersma Yes
Mr. Girard Yes

The motion being adopted, the Chairman then directed that the Retirement Board exit closed session.

Open Session

The Board re-entered open session.

Recommendation for Resolution of Eaton County Settlement Agreement

Mr. Girard made a motion to accept the recommendation contained in General Counsel Tarini's Memorandum dated March 10, 2016, as amended in closed session; supported by Mr. Gilmore. Motion carried.

Old Business

Supplemental Benefit Recommendations for Benefits-Limited Employees

Ms. Boucke, Human Resources Director, and Mrs. Tarini, General Counsel, met with the Board to complete a review of benefit options for MERS employees' that may exceed the IRS maximum compensation limit to supplement their retirement benefits.

Mr. Ogden made the motion to approve the recommendation to participate in the already-existing MERS IRC 401 (a) Defined Contribution (DC) plan with eligible employees being those who exceed the compensation limit of the Defined Benefit (DB) Plan. The amount distributed each year will be discretionary based on the annual IRS maximum compensation limit and Board approval. For 2016, this includes Option #2 in the January 21, 2016 and February 29, 2016 memos from Ms. Boucke and Mrs. Tarini with the subject Supplemental Benefit Recommendation for Benefit – Limited Motion supported by Mr. Gilmore. Motion carried.

Adjournment

Meeting adjourned at 1:48 p.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer