

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MEETING MINUTES
Lansing Home Office
May 8, 2014**

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**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
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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
Randy Girard

Lori Newberg – Absent due to illness

MERS STAFF

Chris DeRose, Chief Executive Officer
Pam Steffy, Board Secretary
Deb Peake, Chief Employee & Retiree Services
Officer
Jeb Burns, Chief Investments Officer
Carrie Lombardo, Chief Marketing & Employer
Services Officer
Tom Petroni, General Counsel
Kristin Bellar, Senior Deputy General Counsel
David Knox, Deputy General Counsel
Therese Regner, Internal Auditor
Kim Rhead, Legislative Affairs & Public Policy
Director
Betsy Waldofsky, Finance Director
William SaintAmour, Research Services Director
Mike Charette, Senior Investment Officer and
Portfolio Manager

Call to Order

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 8:30 a.m. on Thursday, May 8, 2014.

PUBLIC AUDIENCE

Jason Sarata of Delta Charter Township was in attendance.

Old Business

No old business was brought before the Board.

General Consent Agenda

Ms. Dreves moved to approve the May 8, 2014 consent agenda; supported by Mr. LaJoy. Motion carried.

New Business

CEO Report

Mr. DeRose presented the CEO Report on:

- MERS Strategic Direction
- Business Plan Projects affecting the Board
- Internal and External Audit
- Outreach to Customers and Policy Makers
- Business Continuity\Disaster Recovery Exercise

- Defined Contribution Plan Exits
- Employee Communication

Board Governance Policy

Mr. DeRose and Ms. Bellar, Senior Deputy General Counsel updated the Board on proposed revisions to the Board's Governance Policy. Following discussion, Mr. Wiersma moved to approve the Governance Policy revisions; supported by Ms. Deford. Motion carried.

Resolution Delegating Authority to Investment Committee

Mr. DeRose and Ms. Bellar discussed the April 15, 2014 Memorandum from the Senior Deputy General Counsel to the MERS Retirement Board, recommending the Board approve the Resolution Delegating Authority to the Investment Committee. Mr. Ogden moved to approve the resolution; supported by Ms. Dreves. Motion carried.

Revisions to MERS Procurement Policy

Mr. DeRose and Ms. Waldofsky, Finance Director, presented the Board with staff's recommended changes to the Procurement Policy. Following discussion, Mr. Gilmore moved to approve the Procurement Policy revisions; supported by Ms. Dreves. Motion carried.

Process Reengineering

Ms. Peake, Chief Employee & Retiree Services Officer and Mr. Setnicky, Participant Operations Director, presented information on Process Reengineering and what it means to MERS.

Legislative Report

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

Revision to Investment Services Program (ISP) Resolution

Ms. Lombardo, Chief Marketing & Employer Services Officer, discussed the May 8, 2014 Memorandum to Mr. DeRose, CEO, recommending the Board formally adopt the updated ISP Uniform Resolution. Mr. LaJoy moved to approve the resolution; supported by Ms. Dreves. Motion carried.

Indianfields Township Withdrawal Agreement

In the matter of Indianfields Township, Mr. Ogden moved that the Board accept the recommendation of David Knox, Deputy General Counsel, in his April 24, 2014 Memorandum to the CEO, and approve the Joint Withdrawal Agreement with Indianfields Township, subject to the Township paying the identified funding shortfall not later than June 11, 2014; supported by Ms. Dreves. Motion carried.

Bell v MERS and SMART

In the matter of Harold Bell, Mr. Girard 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 March 6, 2014 Proposal for Decision, and grant Petitioner's request for duty disability retirement benefits. Motion supported by Ms. Deford. Motion carried.

Investment Report

Mr. Burns, Chief Investments Officer, presented the portfolio performance reports for the periods ending February 28, 2014 and March 31, 2014.

Independent Auditor's Report

Ms. Beth Bialy and Ms. Michelle Watterworth of the accounting firm Plante Moran, PLLC, presented the Independent Auditor's Report on MERS' financial statements as of and for the year ended December 31, 2013. The auditors issued a clean unmodified opinion that the financial statements present fairly MERS' net position in accordance with generally accepted accounting principles.

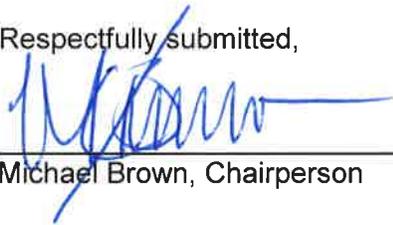
Internal Portfolio management and Benchmarking

Mr. Burns, Chief Investments Officer, provided Board education on the Internal Portfolio Management and Benchmarking.

Adjournment

Meeting adjourned at 1:00 p.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer