

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
 BOARD MEETING MINUTES
 Lansing Home Office
 May 13-14, 2015**

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**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MEETING MINUTES
Lansing Home Office
May 13, 2015**

BOARD MEMBERS PRESENT

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

MERS STAFF PRESENT

Chris DeRose, Chief Executive Officer
Pam Steffy, Board Secretary
Carrie Lombardo, Chief Marketing & Employer Services Officer
Sally Dreves,
Deb Peake, Chief Employee & Retiree Services Officer
Jeb Burns, Chief Investments Officer
Leon Hank, Chief Financial Officer
Betsy Waldofsky, Finance Director
Luke Huelskamp, Senior Finance Manager
Pat Tarini, General Counsel
Kristin Bellar, Senior Deputy General Counsel
Kim Rhead, Government Affairs Director
Mike Charette, Senior Investment Officer & Portfolio Manager
Erin Boertman, Employer Services Director
Jennifer Mausolf, Marketing & Product Development Director
Scott Thompson, Information Technology Director
Ryan Ruby, Actuarial Analyst
William SaintAmour, Research Services Director
Ron Beaton, Facilities Services Manager
Therese Regner, Internal Auditor
Jim Koss, Actuary, CBIZ
Cathy Nagy, Actuary, CBIZ
Beth Bialy, CPA, Plante Moran
Amanda Cronk, CPA, Plante Moran

Call to Order

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 4:04 p.m. on Wednesday, May 13 2015.

New Business

Experience Study – Funding Policy – Mr. Hank, Chief Finance Officer, and CBIZ Actuary, Mr. Koss presented an overview of the Actuarial Experience Study for 2009-2013.

Mr. Hank discussed the May 4, 2015 Memorandum to Mr. DeRose, CEO, recommending the MERS Funding Policy be amended to adopt the practice of “layered amortization or “multiple base amortization”. Ms. Dreves moved to approve the proposed amendments; supported by Mr. LaJoy. Motion carried.

Meeting adjourned at 5:55 p.m.

May 14, 2015 (board meeting continued)

Call to Order

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 8:33 a.m. on Wednesday, May 14 2015.

Public Audience

Gloria Gatewood of Southfield was in attendance. Ms. Gatewood addressed the Board regarding the recoupment of the overpayment to her ex-spouse, John Gatewood, which resulted from Mr. Gatewood's forgery of Ms. Gatewood's signature. Ms. Gatewood requested that the Board repeal the 2013 decision to recoup \$300.91 a month from her share of Mr. Gatewood's benefit as part of the recovery of the recoupment.

The Board asked Mr. DeRose to review Ms. Gatewood's information and contact her regarding a decision.

Old Business

No old business was brought before the Board.

General Consent Agenda

Mr. LaJoy moved to approve the May 14, 2015 General Consent Agenda; supported by Mr. Girard. Motion carried.

New Business

CEO Report

Mr. DeRose presented the CEO Report on:

- MERS Strategic Direction: 2015 Balanced Score Card and 2015 Business Plan
- Experience Study
- Legislative Activities
- Detroit Pension Systems
- Outreach to Customers and Key Stakeholders
- Outreach to Reporters
- Finance Activities
- Investments
- Employee Communication
- NASRA Executive Committee
- IFEBP Public Employees Board
- University of Chicago Harris School of Public Policy Governor's Form

Mr. SaintAmour, Research Services Director, discussed the March 31, 2015 Memorandum to Mr. DeRose, CEO, recommending changing the MERS Balanced Scorecard metric # 12 to a percentage of contact evaluation types meeting the MERS performance standard instead of a ratio. The target for this metric would be above 90%.

Mr. Ogden moved to approve the proposed recommendation; supported by Ms. Dreves. Motion carried.

Discussion with External Auditor on 2014 CAFR

Ms. Beth Bialy, CPA, and Ms. Amanda Cronk, CPA, 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, 2014. The auditors issued a clean unmodified audit opinion that the financial statements present fairly MERS' net position in accordance with generally accepted accounting principles. The representatives of Plante Moran reviewed items identified on the audit, and recommended process and procedure changes related thereto.

The Board then excused staff and met with the representatives of Plante and Moran to ensure there was direct communication between the Board and auditors

Deferred Status Policy

Ms. Peake, Chief Employee & Retiree Services Officer, discussed the April 1, 2015 Memorandum to Mr. DeRose, CEO sharing changes that are being made to help participants to better understand their benefit eligibility, specifically when they have earned benefits under more than one employer. The following changes were recommended and approved to the Deferred Status Policy:

- 1) send annual notices to vested deferred members
- 2) send notices to deferred members within 60-90 days of eligibility
- 3) retroactive benefits will not be paid for applications filed late, with exceptions reviewed on a case-by-case basis.

Ms. Deford moved to approve the proposed recommendations; supported by Ms. Dreves. Motion carried.

City of Westland Request for Exception to Plan Document Section 48(4)

Ms. Erin Boertman, Employer Services Director, discussed the May 1, 2015 Memorandum to Mr. DeRose, CEO, recommending approval of the City of Westland request for an exception to the funding percentage required for adoption of DC under Plan Section 48. Following discussion, which included consideration of the City's projected future funded level and review by the actuary, Mr. Wiersma moved to approve the proposed exception to Section 48 for the City of Westland as a result of the actuary determination and that there will be no negative impact based on the specific facts and circumstances presented; supported by Mr. LaJoy. Motion carried.

Freedom of Information Act Law and Policy change

Ms. Bellar, Senior Deputy General Counsel, discussed the May 14, 2015 Memorandum to Mr. DeRose, CEO, recommending revisions to MERS Freedom of Information Act (FOIA) Policy, necessitated by amendments to the law effective July 1, 2015. Mr. Girard moved to approve the proposed amendments; supported by Mr. Gilmore. Motion carried.

GASB 67 and 68 Implementation and Outreach

Ms. Erin Boertman, Employer Services Director and Ms. Betsy Waldofsky, Finance Director, presented information on GASB 68 Implementation and Outreach.

MERS Business Continuity/Disaster Recovery

Mr. Thompson, Information Technology Director, and Mr. Beaton, Facilities Services Manager, presented and overview on MERS Business Continuity and Disaster Recovery.

Shona McDaniel v MERS and Smart

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 17, 2014 Proposal for Decision, and Petitioner's request for disability retirement benefits is Denied. Motion supported by Mr. Girard. Motion carried.

City of Northville v MERS and Richard Rogowski

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 April 19, 2015 Proposal for Decision; therefore, Respondent's grant of Intervenor's duty-disability retirement is reversed and Intervenor is instead granted non-duty disability retirement. Motion supported by Mr. La Joy. Motion carried.

Legislative Report

Mr. Kim Rhead, Government Affairs Director updated the Board on recent legislative activity.

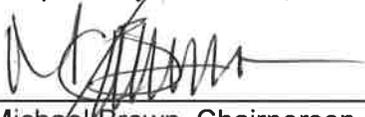
Investment Report

Mr. Burns, Chief Investments Officer, presented the portfolio performance report for the period ending March 31, 2015 and the CIO Monthly Report Summary for the period ending February 28, 2015.

Adjournment

Meeting adjourned at 11:52 a.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer