

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MEETING MINUTES
Lansing Home Office
May 19, 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
Amy Deford
John Ogden
Jason Sarata
Dale Feldpausch - Absent
Jim Wiersma - Absent

MERS STAFF PRESENT

Chris DeRose, Chief Executive Officer
Pam Steffy, Board Secretary
Jeb Burns, Chief Investments Officer
Leon Hank, Chief Financial Officer
Denise Boucke, Chief Customer Service Officer
Pat Tarini, General Counsel
Kristin Bellar, Senior Deputy General Counsel
Brian LaVictoire, Deputy General Counsel for
Investments & Compliance
Kim Rhead, Governmental Affairs Director
Carri Simon, Internal Auditor
William Saint Amour, Research Services Director
Mike Charette, Senior Investment Officer & Portfolio
Manager
Betsy Waldofsky, Finance Director

Call to Order

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 9:03 a.m. on Thursday, May 19, 2016.

Public Audience

David Hall of Meridian Charter Township was in attendance.

Old Business

No old business was brought before the Board.

General Consent Agenda

Ms. Deford moved to approve the March 17, 2016 General Consent Agenda; supported by Mr. Girard. Motion carried.

New Business

CEO Report

Mr. DeRose presented the CEO Report on:

- MERS Strategic Direction:
 - 2016 Balanced Score Card and 2016 Business Plan

- Outreach to Customers and Key Stakeholders
- 70th Annual Conference
- Retirement Readiness
- Product Management Process
- Investments
- Finance Activities
- Hearing Officer
- Employee Communication
- Public Policy Activities
- Industry Involvement
- Professional Development

Strategic Planning Update

Mr. SaintAmour, Research Services Director, discussed the May 19, 2016 Memorandum to Mr. DeRose, CEO, from Ms. Lombardo, Chief Strategy and External Affairs Officer, regarding the progress staff have made to develop MERS next strategic plan.

Disability Process

Ms. Bouckè, Chief Customer Service Officer, presented the Disability Retirement Process report.

Glumb v MERS and Meridian Charter Township

In the matter of Charles Glumb v MERS and Meridian Township, Mrs. Tarini, General Counsel, reviewed with the Board the background of this matter, the administrative hearing, the Administrative Law Judge's Proposal for Decision, the Exceptions and Response to Exceptions filed, the Board's remand, the ALJ's second Proposal for Decision, and the Exceptions and Response to Exceptions filed in respond to the second PFD. After review and discussion, Mr. Girard made a motion to deny petitioner's application for disability retirement benefits contingent upon Intervenor Meridian Township verifying in a signed writing to MERS and Petitioner that Petitioner's favored work duties will remain substantially unchanged and that the favored work assignment is indefinite. Motion supported by Ms. Dreves. 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. Girard	Yes
Mr. Feldpausch	[Absent]
Mr. Sarata	Yes
Mr. Ogden	Yes
Mr. Wiersma	[Absent]

The motion was adopted.

2015 External Financial Audit

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, 2015. 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 Board then excused staff and met with the representatives of Plante Moran to ensure there was direct communication between the Board and auditors.

Investment Reports

Mr. Burns, Chief Investments Officer, presented the portfolio performance report for the period ending April 30, 2016.

Internal Audit Report

Ms. Simon, Internal Auditor, presented the Internal Audit report on:

- Investments Audit
- Internal Control Evaluation
- Balanced Scorecard Review
- Audit Finding Status Report
- Ethics Hotline

The Board excused staff and met with the internal auditor to ensure there was direct communication between the Board and the internal auditor.

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. Ogden 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 Ms. Dreves. 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	Yes
Ms. Feldpausch	[Absent]
Mr. Ogden	Yes
Mr. Wiersma	[Absent]
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 at 12:10 p.m.

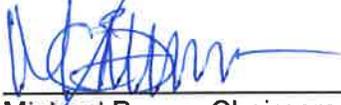
Open Session

The Board re-entered open session at 12:19 p.m.

Adjournment

Meeting adjourned at 12:21 p.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer