

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD RETREAT MEETING MINUTES
The Henry Center of MSU
July 16-17, 2014**

TABLE OF CONTENTS

WEDNESDAY, JULY 16, 2014

Call to Order 2

Retreat Overview 2

- Helping our customers manage GASB changes
- The November Election
- MERS and the Detroit Retirement Systems
- What if a MERS municipality goes bankrupt

Public Audience 3

Old Business 3

General Consent Agenda 3

- May 8, 2014 Board Meeting Minutes
- Legal Report
- Finance Report
- Audit Report

New Business 3-4

- Board Education Project
- Certification of MERS Officer and Employee delegates
- Special Expense and Fee Recommendation
- Recommendation for Termination of Highland Park Housing Commission
- Sharon Pointer vs. MERS and SMART
- Investments Report
- Legislative Report

Adjournment 4

THURSDAY, JULY 17, 2014

Internal Auditor 6

Call to Order 6

Retreat Overview..... 6

- Voice of the Customer
- Culture and Governance
- Performance Management and Compensation
- The last year and the year ahead
- Retirement Readiness
- 2014 Annual Meeting
- Where might we go when the current strategic plan in completed

Chief Executive Officer (CEO) evaluation and compensation 6

Adjournment 7

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MEETING MINUTES
The Henry Center of MSU
July 16-17, 2014**

BOARD MEMBERS PRESENT

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

MERS STAFF PRESENT

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
Tom Petroni, General Counsel
Kristin Bellar, Senior Deputy General Counsel
Betsy Waldofsky, Finance Director
Erin Boertman, Employer Services Director
Kim Rhead, Legislative Affairs & Public. Policy
Director
Rod Markowski, Internal Auditor
William SaintAmour, Director of Research Services
Jennifer Mausolf, Marketing & Product Development
Director

CALL TO ORDER

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 10:14 a.m. on Wednesday, July 16, 2014.

Retreat Meeting Overview

Chairperson, Michael Brown and Mr. DeRose, CEO, presented the Retreat Overview for Wednesday, July 16, 2014 on:

- Helping our customers manage GASB changes
- The November Election
- MERS and the Detroit Retirement Systems
- What if a MERS municipality goes bankrupt

PUBLIC AUDIENCE

No members of the public were present.

OLD BUSINESS

No old business was brought before the Board.

GENERAL CONSENT AGENDA

Mr. LaJoy moved to approve the July 16, 2014 consent agenda, excluding the Finance Report; supported by Ms. Dreves. Motion carried.

NEW BUSINESS

Board Education Project

Mr. SaintAmour, Director of Research Services, presented the Board Education Curriculum two-year calendar. Mr. Ogden moved to approve the Board Education Curriculum two-year calendar; supported by Mr. Wiersma. Motion carried.

Certification of MERS Officer and Employee Delegates

Ms. Deford moved to approve Jeb Burns and Sonia Tauqi as the officer and employee delegates to the 2014 MERS Annual Meeting; supported by Ms. Newberg. Motion carried.

Special Expense and Fee Recommendation

Ms. Lombardo, Chief Marketing & Employer Services Officer, discussed the June 26, 2014 Memorandum to Mr. DeRose, CEO, recommending the Board approve the Recommendations on Fees and other Special Expenses. Mr. Girard moved to approve with immediate effect the following:

1. The Board repeals the Board's "Special Annual Expense Charges Procedure" (Form No. F08) and the "Restated Fee Schedule for Initial Actuarial Valuations and for Supplemental Actuarial Valuations" (Form No. F07)
2. The Board authorizes the Retirement System to determine valuation menus and fees; and
3. The Board authorized the Retirement System to make necessary companion amendments to other existing forms.

Motion supported by Mr. Ogden. Motion carried.

Recommendation for Termination of Highland Park Housing Commission (HPHC)

Mr. Petroni, General Counsel, discussed the Notification to Highland Park Housing Commission: Termination of Participation in MERS. Ms. Dreves moved to approve:

1. The Notification of Termination of HPHC's MERS participation in the MERS DC Plan will be effective July 16, 2014, and shall be delivered or mailed on that date to the Board of Directors of HPHC. As of the Effective Date, HPHC will no longer be a participating municipality within the MERS DC Plan.

2. Simultaneous with Notification as set forth above, MERS shall by letter provide notification to all plan participants of the plan termination.
3. MERS staff is directed to take any reasonable and necessary action in furtherance of this Notification in compliance with the terms of the MERS Plan Document and applicable provisions of the Internal Revenue Code.

Motion supported by Mr. Gilmore. Motion carried.

Sharon Pointer vs. MERS and SMART

In the matter of Sharon Pointer, 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 June 1, 2014 Proposal for Decision, and grant Petitioner's request for non-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 April 30, 2014 and May 31, 2014.

Legislative Report

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

Adjournment

Meeting adjourned at 3:08 p.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer

THURSDAY, JULY 17, 2014 – (Retreat agenda continued)

BOARD MEMBERS PRESENT

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

MERS STAFF PRESENT

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
Tom Petroni, General Counsel
Erin Boertman, Employer Services Director
Kim Rhead, Legislative Affairs & Public. Policy Director
Rod Markowski, Internal Auditor
William SaintAmour, Director of Research Services
Jennifer Mausolf, Marketing & Product Development Director
Allison Buhs, Senior Marketing Analyst
Denise Boucke', Human Resources Director

Internal Auditor

Rod Markowski, Internal Auditor, met with the Board.

CALL TO ORDER

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 8:55 a.m. on Thursday, July 17, 2014.

Retreat Agenda for Thursday, July 17, 2014

Mr. DeRose presented the Retreat Agenda on:

- Voice of the Customer Report
- Culture and Governance
- Performance Management and Compensation
- The last year and the year ahead
- Retirement Readiness
- 2014 Annual Meeting
- Where might we go when the current strategic plan is completed
- Wrap up and feedback

Chief Executive Officer (CEO) evaluation and compensation

Denise Boucke', Human Resources Director, met with the Board and based on the in-depth evaluation of the CEO compensation performed with the assistance of an outside consultant comparing his compensation to similar positions in similar industries and with the goal of adjusting his salary to 108% Full Market Value comp to compa ratio by January 1, 2017.

Mr. Wiersma made the motion to adjust the CEO's salary by 3.32% retroactive to July 1, 2014 and an additional 3.32% effective January 1, 2015 to assure we are paying at the market rate for his experience, skill and level of performance. Motion supported by Mr. LaJoy. Motion carried.

Meeting adjourned at 3:03 p.m.