

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD RETREAT MEETING MINUTES
The Henry Center of MSU
July 20-21, 2016**

TABLE OF CONTENTS

Wednesday, July 20, 2016

Call to Order.....	3
Retreat Overview	3
• 2017-2020 Strategic Plan Overview	
• Product Management and Outreach	
• Retirement Readiness/Financial Wellness	
• Asset Allocation	
• Experience Study Impact Analysis	
• Chief Executive Officer (CEO) mid-year self-evaluation and discussion	
Adjournment.....	4

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Call to Order.....	5
Public Audience.....	5
• Grand Traverse County request	
Old Business	6
General Consent Agenda	6
• May 19, 2016 – Board meeting minutes	
• May 19, 2016 – Closed Session Board meeting minutes	
• Legal Report	
• Finance Report	
• Internal Audit Report	
• Legislative Report	
New Business	6-8
• Discussion and Approval of 2017-2020 Strategic Plan	
• Certification of MERS Officer/Employee Delegates to Annual Meeting	
• Review Board Governance Policy	
• Performance Attribution	
• Investments Report	
• 457 In-Plan Roth Conversion Concept Paper	
• 457(b) Plan Document Amendments – Administrative and Compliance	
• Revisions to Closed Amortization Policy	
• Ionia County Road Commission request	
Adjournment.....	8

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BOARD MEMBERS PRESENT

Michael Brown, Chair
Sally Dreves, Vice-Chair
Michael Gilmore
Amy Deford
John Ogden
Jason Sarata
Dale Feldpausch
Jim Wiersma
Randy Girard (4 p.m. arrival)

MERS STAFF/OTHERS PRESENT

Chris DeRose, Chief Executive Officer
Pam Steffy, Board Secretary
Carrie Lombardo, Chief Strategic and External Affairs
Officer
Jeb Burns, Chief Investments Officer
Leon Hank, Chief Financial Officer
Denise Boucke, Chief Customer Service Officer
Pat Tarini, General Counsel
Kim Rhead, Governmental Affairs Director
Carri Simon, Internal Auditor
William Saint Amour, Research Services Director
Jennifer Mausolf, Marketing and Product Development
Director
Mike Charette, Senior Investment Officer & Portfolio
Manager
Mike Schrauben, Investment Officer and Portfolio
Manager
Julian Ramirez, Investment Analyst
Paul Van Glider, Investment Analyst
Ed Mikolay, Director of Private Markets
Jim Koss, Senior Actuary, CBIZ

Call to Order

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 10:12 a.m. on Wednesday, July 20, 2016.

Retreat Overview

Mr. DeRose, Chief Executive Officer (CEO), presented the Retreat Overview for Wednesday, July 20, 2016 on:

- 2017-2020 Strategic Plan Overview
- Product Management & Outreach
- Retirement Readiness/Financial Wellness
- Asset Allocation
- Experience Study Impact Analysis

2017-2020 Strategic Plan Overview

Ms. Lombardo, Chief Strategic and External Affairs Officer, and Mr. SaintAmour, Research Services Director, presented the 2017-2020 Strategic Plan Process Overview.

Product Management & Outreach and Retirement Readiness/Financial Wellness

Ms. Lombardo, Chief Strategic and External Affairs Officer, and Ms. Mausolf, Marketing and Product Development Director, presented updates on Product Management, Retirement Readiness and Financial Wellness.

Asset Allocation

Mr. Burns, Chief Investment Officer, Mr. Schrauben, Investment Officer and Portfolio Manager, Mr. Ramirez, Investment Analyst and Mr. Van Gilder, Investment Analyst presented the 2016 Asset Allocation Study Recommendation.

Investment Report

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

Experience Study Impact Analysis

Mr. DeRose, CEO, reviewed his memo to the Board dated July 19, 2016 with the subject: Discussion of Impact of Implementation of 2015 Experience Study Changes. The Board and senior staff had a wide ranging discussion on whether and how to address the increases in contributions due to the 2015 Experience Study and recent investment returns. The Board requested staff research and present options at a meeting that would be scheduled based on the Board members availability.

Chief Executive Officer (CEO) Mid-Year Self-Evaluation and Discussion

The Board and Mr. DeRose discussed how MERS and Mr. DeRose have performed so far this year based on the strategic plan, business plan and balanced scorecard.

Meeting adjourned at 5:45 p.m.

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Leon Hank, Chief Financial Officer
Denise Boucke, Chief Customer Service Officer
Pat Tarini, General Counsel
Kristin Bellar,
Kim Rhead, Governmental Affairs Director
Carri Simon, Internal Auditor
William Saint Amour, Research Services Director
Jennifer Mausolf, Marketing and Product Development
Director
Erin Boertman, Customer Relations Director
Mike Charette, Senior Investment Officer & Portfolio
Manager
Peter Wujkowski, Investment and Administrative
Officer
Len Robinson, State Street
Jim Koss, Senior Actuary, CBIZ

Call to Order

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 8:35 a.m. on Thursday, July 21, 2016.

Public Audience

The following members of Grand Traverse County were in attendance: Tom Menzel, Jennifer DeHaan, Jodi Lundquist, Commissioner's Christine Maxbauer, Dan Lathrop and Alissa Kroupa, Michigan 13th Circuit Court Judges Powers and Rogers and Grand Traverse County Sheriff Tom Bensley.

Grand Traverse County request

Tom Menzel, Grand Traverse County Administrator, Jennifer DeHaan, Deputy Administrator, and Jody Lundquist, Finance Director, addressed the Board regarding the County's unfunded pension liability. Mr. Menzel proposed Grand Traverse County's unfunded liabilities be paid over 16 years, instead of over the current 12 years, and proposed several other changes to accompany that.

The Board directed MERS staff to research and consider options with respect to this proposal.

Old Business

No old business was brought before the Board.

General Consent Agenda

Mr. Girard moved to approve the July 21, 2016 General Consent Agenda; supported by Mr. Ogden. Motion carried.

New Business

Discussion and Approval of the 2017-2020 Strategic Plan

Ms. Lombardo, Chief Strategic and External Affairs Officer, responded to the Board's questions regarding the 2017-2020 Strategic Plan and she recommended changes for the Board's consideration.

Mr. Wiersma moved to approve the 2017-2020 Strategic Plan as amended; supported by Ms. Dreves. Motion carried.

Certification of MERS Officer and Employee Delegates

Ms. Deford moved to approve Denise Boucke' and Cristal Ballard as the Officer and Employee delegates to the 2016 MERS Annual Conference; supported by Mr. Girard. Motion carried.

Board Governance Policy

Mrs. Tarini, General Counsel, discussed the July 21, 2016 Memorandum to the MERS Retirement Board recommending revisions to the MERS Governance Policies.

Mr. Gilmore moved to approve the revisions to the MERS Governance Policies and the Global Outcomes Statement; supported by Mr. Ogden. Motion carried.

457 In-Plan Roth Conversion

Ms. Mausolf, Marketing and Product Development Director, discussed the July 6, 2016 Memorandum to Mr. DeRose, CEO, recommending an amendment to add an In-Plan Roth conversion feature to the MERS 457 Plan Document.

Mr. Girard moved to approve the amendments to the 457 Plan Document as set forth in the July 6, 2016 Memorandum of the Chief Strategic and External Affairs Officer and the Marketing and Product Development Director; supported by Ms. Deford. Motion carried.

457 Plan Document Amendments – Administrative and Compliance

Ms. Bellar, Senior Deputy General Counsel, discussed the July 21, 2016 Memorandum to Mr. DeRose, CEO, recommending revisions to the MERS 457 Plan Document.

Ms. Dreves moved to approve the revisions to the MERS 457 Plan Document as set forth in the July 21, 2016 Memorandum of the Senior Deputy General Counsel; supported by Mr. Girard. Motion carried.

Revisions to Closed Amortization Policy

Ms. Bellar, Senior Deputy General Counsel, discussed the July 21, 2016 Memorandum to Mr. Hank, Chief Financial Officer, recommending revisions to the Amended Amortization Policy for Closed Divisions within Open Municipalities.

Mr. Ogden moved to approve the revisions to the Amended Amortization Policy for Closed Divisions within Open Municipalities as set forth in the July 21, 2016 Memorandum of the Senior Deputy General Counsel; supported by Ms. Dreves. Motion carried.

Ionia County Road Commission

Ms. Boertman, Customer Relations Director, discussed the July 8, 2016 Memorandum to Mr. DeRose, CEO, regarding the Ionia County Road Commission's request for an exception to the funding requirements of Plan Document Section 48, allowing them to adopt MERS' Defined Contribution Plan for new hires.

Mr. Ogden moved to direct staff review the rationale for the current Plan provision in the context of recent changes made in the MERS' funding policy, and to develop options for the Board to consider; supported by Mr. Girard. Motion carried.

Performance Attribution

Mr. Burns, Chief Investment Officer, introduced Mr. Len Robinson, V.P. - State Street Global Services. Mr. Robinson presented MERS Performance Attribution.

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.

Ms. Deford 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	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 at 11:55 a.m.

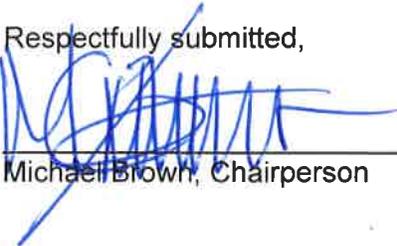
Open Session

The Board re-entered open session at 12:13 p.m.

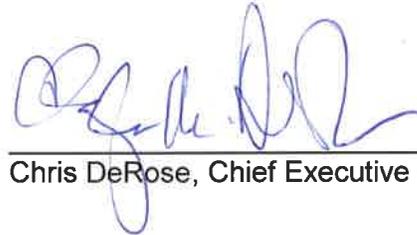
Adjournment

Meeting adjourned at 12:14 p.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer