

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MEETING MINUTES
Marriott Hotel, Detroit, Michigan
September 24, 2014**

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**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
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BOARD MEMBERS PRESENT

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

Sally Dreves, Chair, Pro Tem – Absent

MERS STAFF

Chris DeRose, Chief Executive Officer
Pam Steffy, Board Secretary
Deb Peake, Chief Employee & Retiree Services
Officer
Jeb Burns, Chief Investments Officer
Tom Petroni, General Counsel
Rod Markowski, Internal Auditor
Kim Rhead, Legislative Affairs & Public Policy
Director
William SaintAmour, Research Services Director
Betsy Waldofsky, Finance Director
Erin Boertman, Employer Services Director
Alan Sonnanstine, CBIZ Senior Actuarial Consultant
Ed Mikolay, Senior Investment Officer & Portfolio
Manager
Mike Schrauben, Investment Officer & Portfolio
Manager

Call to Order

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 1:31 p.m. on Wednesday, September 24, 2014.

PUBLIC AUDIENCE

Mike Spickard and Bill Karbon of CBIZ and Steve Lemming of Penn Capital Management were in attendance.

Old Business

No old business was brought before the Board.

General Consent Agenda

Mr. LaJoy moved to approve the September 24, 2014 consent agenda, excluding the Finance Report. Motion supported by Mr. Wiersma. Motion carried.

New Business

CEO Report

Mr. DeRose presented the CEO Report on:

- MERS Strategic Direction: Business Plan and Balanced Scorecard
- September All Staff meeting, staff realignments, and employee communication

- NASRA Executive Committee
- Tegrity sale
- Internal and External Audit
- Managers review
- Outreach to Customers

Legislative Report

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

Investment Report

Mr. Burns, Chief Investments Officer, presented the portfolio performance reports for the periods ending June 30, 2014 and July 31, 2014.

2014 MERS Budget update

Mr. Hank, Chief Finance Officer and Ms. Waldofsky, Finance Director, presented the following update on the MERS 2014 budget:

- Historic Administrative Expenses
- 2014 Balance Scorecard
- Cost Control Goals
- Major Budget Savings
- Unplanned Expenses
- Investment Expenses

MERS Retirement Board Update on Actuarial Services

Mr. Hank, Chief Finance Officer, presented the following updates on Actuarial Services:

- Initial Valuations
- Supplemental Valuations
- Projections and other special services
- Standard Fees

Actuarial Valuations: Why, How, Impacts and Upcoming Experience Study

Mr. Sonnanstine, CBIZ Senior Actuarial Consultant, presented the following updates on Actuarial Valuations:

- Pension Plan Funding
- Why the Actuarial Valuation?
- The Actuarial Valuation Process
- Responsibilities
- Valuation Results Required Employer Contributions
- Valuation Results Funding Progress
- Valuation Results What-if Scenarios
- Impacts of the Valuation Report
- Upcoming Experience Study

- 2004-2008 Experience Study
- Actuarial Assumptions
- Funding Policy
- Level Percent of Payroll Funding vs. Pay-as-you-go Funding

Patricia Marks v MERS and SMART

In the matter of Patricia Marks, 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 June 23, 2014 Proposal for Decision, and Petitioner's request for non-duty disability retirement benefits is denied, without prejudice to Petitioner's re-filing if reasonable accommodations are not made or are not successful. Motion supported by Mr. LaJoy. Motion carried.

Donna Horton v MERS

In the matter of Donna Horton, Mr. Ogden 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 16, 2014 Proposal for Decision, and Petitioner's request for relief is granted. Motion supported by Mr. Girard. Motion carried.

The Board instructed staff to review the current policy on payment of deferred retiree benefits and report back with recommendations at the March board meeting.

TGNORS Trust Agreement

Mr. Petroni, General Counsel, discussed the September 12, 2014 Memorandum of the Legal Department, recommending that the Board adopt the updated Trust Agreement for tax qualified plans participating in TGNORS. Ms. Newberg moved that the Board approve the updated Trust Agreement; supported by Mr. Gilmore. Motion carried.

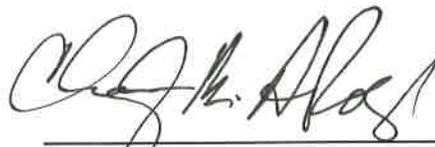
Adjournment

Meeting adjourned at 4:20 p.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer