

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN  
BOARD MEETING MINUTES  
Lansing Home Office  
November 13, 2014**

**BOARD MEMBERS PRESENT**

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

Randy Girard - absent

**MERS STAFF**

Chris DeRose, Chief Executive Officer  
Pam Steffy, Board Secretary  
Carrie Lombardo, Chief Marketing & Employer Services Officer  
Deb Peake, Chief Employee & Retiree Services Officer  
Jeb Burns, Chief Investments Officer  
Leon Hank, Chief Financial Officer  
Tom Petroni, General Counsel  
Kristin Bellar, Senior Deputy General Counsel  
Rod Markowski, Internal Auditor  
Kim Rhead, Legislative Affairs & Public Policy Director  
Denise Boucke', Human Resources Director  
William SaintAmour, Research Services Director  
Betsy Waldofsky, Finance Director  
Erin Boertman, Employer Services Director  
Mike Charette, Senior Investment Officer & Portfolio Manager  
Jennifer Mausolf, Marketing & Product Development Director  
Alan Sonnanstine, CBIZ Senior Actuarial Consultant

**Call to Order**

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 8:03 a.m. on Thursday, November 13, 2014.

**PUBLIC AUDIENCE**

Jason Sarata of Delta Charter Township was in attendance.

**Old Business**

No old business was brought before the Board.

**General Consent Agenda**

Mr. Wiersma moved to approve the November 13, 2014 consent agenda; supported by Mr. LaJoy. Motion carried.

## **New Business**

### **CEO Report**

Mr. DeRose presented the CEO Report on:

- MERS Strategic Direction: 2014 Business Plan and 2014 Balanced Scorecard
- 2015 Business Plan
- 2015 Balanced Scorecard
  - Mr. Ogden moved to approve the 2015 Balanced Scorecard; supported by Ms. Dreves. Motion carried.
- 2015 Board Meeting Calendar
  - Ms. Deford moved to approve the 2015 Board Meeting Calendar; supported by Ms. Dreves. Motion carried.
- Outreach to Customers
- Employee Communication's
- Retirement Readiness Reports

### **Chief Executive Officer (CEO) 2014 performance evaluation and compensation**

Denise Boucke', Human Resources Director, met with the Board to complete a review of the CEO's Year End Performance through a formal evaluation process. Based on his performance and a comparison of his current compensation to similar positions in similar industries with the continued goal of adjusting his salary to 108% Full Market Value comp to compa ratio;

Mr. Wiersma made the motion to adjust the CEO's salary by a 3% merit and a 10% lump sum bonus to be rewarded year end 2014 based on performance.

Effective January 1, 2015, to assure we are paying at the market rate for his experience, skill, and level of performance his salary will be adjusted 11% to meet the 108% Full Market Value comp to compa ratio. Motion supported by Mr. Gilmore. Motion carried.

### **Chief Executive Officer (CEO) 2015 performance evaluation and compensation**

Denise Boucke', Human Resources Director, met with the Board to complete the 2015 CEO strategic plan and compensation model plan.

Mr. LaJoy made the motion to approve the 2015 CEO plan and compensation model plan based on performance; motion supported by Ms. Dreves. Motion carried.

### **Closed Session**

Mr. Ogden moved to go to closed session under Section 8H of the Open Meetings Act at 10:40 a.m.; supported by Ms. Deford. Motion carried.

### **Roll Call:**

Mr. Brown: Yes  
Ms. Dreves: Yes  
Ms. Deford: Yes  
Mr. Ogden: Yes  
Mr. Wiersma: Yes  
Ms. Newberg: Yes

Mr. LaJoy: Yes  
Mr. Gilmore: Yes

The Board moved back into open session at 10:55 a.m.

**Change in amortization Policy due to GASB 68**

Mr. Hank, Chief Financial Officer, discussed the October 30, 2014 Memorandum to Mr. DeRose, CEO, recommending changes to the Retirement System's funding and amortization policy; the Board approves with immediate effect:

- Policy changes recommended by staff and actuary; and
- Implementing amendments to Plan Section 43C, the Restated Policy for Closed Municipalities, and the Amended Amortization Policy for Closed Divisions.

Mr. LaJoy moved that the Board approve the changes; supported by Mr. Wiersma. Motion carried.

**Plan Document Changes: Deferred Retirement Option Plan (DROP)**

Ms. Peake, Chief Employee & Retiree Services Officer, discussed the October 27, 2014 Memorandum to Mr. DeRose, CEO, recommending the repeal of Benefit Program DROP+ under Plan Section 10(6); and adoption of new Benefit Program DROP under Plan Section 23C, together companion revisions to Sections 2C(8), 11, 34, and 55(7), and MERS Forms.

Ms. Dreves moved that the Board approve the changes; supported by Mr. LaJoy. Motion carried.

**Plan Document Changes: Section 12.2 of the 457 Master Plan Document**

Ms. Lombardo, Chief Marketing and Employer Services Officer and Ms. Mausolf, Marketing and Product Development Director, discussed the November 3, 2014 Memorandum to Mr. DeRose, CEO, recommending aligning the 457 plan document with the DC plan document language on *de minimis* accounts to allow for a flat dollar fee.

Mr. Gilmore moved to approve the proposed amendment to Section 12.2 of the 457 Master Plan Document and directs staff to make any necessary revisions to forms and procedures required for implementation; supported by Ms. Deford. Motion carried.

**Plan Document Changes: Sections 19A and 19B of the MERS Plan Document**

Ms. Lombardo, Chief Marketing & Employer Services Officer and Ms. Mausolf, Marketing and Product Development Director, discussed the November 3, 2014 Memorandum to Mr. DeRose, CEO, recommending the following changes to Sections 19A and 19B of the MERS Plan Document:

- Amend the DC plan to incorporate the elapsed time method as the standard measure of crediting service.
- Amend the DC and Hybrid plans so that MERS-to-MERS combined service does not apply to employer contributions that have been forfeited.
- Amend the DC plan to allow an employer to make contributions to a participant's account based on an employee's voluntary contribution in 457.

Ms. Newberg moved to approve the proposed amendments to Plan Sections 19A(7), 19A(3), 19B(3) and 19A(4); and directs staff to make any necessary revisions to forms and procedures required for implementation; supported by Ms. Dreves. Motion carried.



**Investment Policies Statements (Participant Direct Accounts & Institutional Funds)**

Mr. LaJoy made a motion to approve the Investment Policy Statements; supported by Ms. Deford.  
Motion carried.

**Investment Report**

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

**Legislative Report**

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

**Adjournment**

Meeting adjourned at 1:52 p.m.

Respectfully submitted,



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Michael Brown, Chairperson



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Chris DeRose, Chief Executive Officer