



## 2012 MUNICIPAL EMPLOYEES' RETIREMENT BOARD MOTIONS

### **JANUARY 10-11, 2012 BOARD MEETING**

#### **CALL TO ORDER**

CEO Wagner called the meeting of the MERS Retirement Board to order at 8:50 am on January 11, 2012. Mr. Brown moved to excuse Mr. Girard, supported by Ms. Dreves. Motion carried.

#### **Election of Board Chair and ProTem**

Mr. Brown moved to elect Mr. Larry Opelt Chairperson of the Retirement Board for 2012 by unanimous ballot, supported by Mr. Ogden. Motion carried. Mr. Johnson moved to elect Mr. Brown Chair Pro Tem, supported by Ms. Dreves. Motion carried.

#### **Re-appointment of public member to Board for term 1/12012 – 12/31/2014**

Mr. Brown moved to appoint Mr. Wiersma to a three year term to the Retirement Board, supported by Ms. Dreves. Motion carried.

#### **Board Resolution for Michael Moquin, retiring Chief General Counsel**

Mr. Johnson moved to pass a resolution commending Mr. Moquin for his years of service to the MERS organization to be presented at the all staff meeting and at Mr. Moquin's retirement party. Supported by Mr. Wiersma. Motion carried.

#### **OLD BUSINESS**

##### **Plan Document amendments Section 19A and 19B and 43C**

Upon consideration of the December 28, 2011 Memorandum of Chief General Counsel setting forth the proposed amendments, Mr. Brown moved to approve with immediate effect the amendments to Plan Sections 19A, 19B and 43C as set forth in the Memorandum and notes reflecting the Board's actions inserted in each Plan Section. Supported by Ms. Newberg. Motion carried.

##### **IRS Conformance Amendments to Plan Sections 2A, 19A and 55**

Upon consideration of the December 19, 2011 Memorandum of Chief General Counsel setting forth the proposed amendments recommended by Tax Counsel; the Chief Executive Officer having approved and adopted the amendments as of December 13, 2011, as requested by Chief General Counsel pursuant to the Board's September 30, 2008 Resolution; during the December 13, 2011 Board videoconference, the Board was advised of this action with the plan amendments adopted as of such date; Mr. Brown moved that the Board take the following action:

1. Ratify adoption of the amendments to MERS Plan Document Sections 2A, 19A, and 55 as set forth in the attachment to this Resolution, with the amendments effective as of December 13, 2011, and

2. Direct that the amendments and this Resolution be filed with the Internal Revenue Service to supplement the pending MERS Determination Letter application.

Supported by Ms. Dreves. Motion carried.

### **TGNORS DC: IRS Conformance Amendment and New Features (from 457 Plan)**

Upon consideration of the December 28, 2011 Memorandum of Chief General Counsel and at the request of staff for certain features of the MERS Defined Contribution Program and the MERS Supplemental Retirement Program as set out in the Memorandum be added to the Tribal Government and Nonprofit Organization Retirement System (TGNORS) Defined Contribution Plan Document; Mr. Ogden moved to take the action as follows:

In relation to the TGNORS DC (Defined Contribution) Plan Document, the Board directs that:

1. after review and approval by staff and legal counsel, addition of the “new features” to the Plan Document as approved in November, be made; and
2. other technical revisions to the TGNORS DC Plan Document deemed appropriate by legal counsel in order to meet the pending IRS filing also be made; and
3. the conforming Plan Document be filed with the IRS prior to January 31, 2012, and finally,
4. the Plan Document as filed with IRS shall be provided to the Board as part of the March, 2012 Consent Agenda.

Supported by Mr. Wiersma. Motion carried.

### **Restated Plan Document of 2012 Approval**

Upon consideration of the December 7, 2011 Memorandum of Chief General Counsel, Mr. Brown moved that the Board approve the following actions:

1. The Plan Document of 1996 shall be repealed at 11:59 PM on June 30, 2012, and shall be replaced by Restated Plan Document of 2012 effective 12:01 AM of July 1, 2012.
2. The Plan Document of 1996 as it exists at the time of repeal shall be contained in the Appendix to the Restated Plan Document of 2012.
3. All amendments that are made to the Plan Document of 1996 through June 30, 2012 shall also be deemed made to the Restated Plan Document of 2012 without further action of the Board.

Supported by Ms. Dreves. Motion carried.

### **GENERAL CONSENT AGENDA**

Ms. Dreves moved to approve the Consent Agenda, supported by Mr. Wiersma. Motion carried.

### **NEW BUSINESS**

#### **CEO Report**

Ms. Wagner presented the CEO Report with updates on 2012 projects and presented options for professional development to the Board. Three major initiatives for 2012 are: Diversity Initiative, Quality Management Systems and Quality Assurance, and a Social Media Initiative.

Ms. Wagner discussed the new organizational structure and organizational chart. Ms. Dreves moved to approve the CEO Report, supported by Mr. Brown. Motion carried.

### **Legislative Report**

Mr. Kim Rhead, Legislative Affairs and Public Policy Director, provided a year end review of legislative action for 2012. Ms. Girard moved to receive and file the Legislative Report, supported by Ms. Deford. Motion carried.

### **Internal Audit Report**

Mr. Joe Thompson, Internal Auditor, updated the Board on the audit schedule and ongoing audits. Mr. Brown moved to receive and file the Internal Audit Report, supported by Ms. Dreves. Motion carried.

### **Investments Report**

Mr. Jeb Burns presented the portfolio performance report for the period ending November 30, 2011. The portfolio returned 2.2%, gross of fees as of September 30, 2011, 5.89% for one year, 12.14% for three years and 2.45% for five years. Ms. Dreves moved to accept the Investments Report, supported by Mr. Johnson. Motion carried.

### **Participant Directed Accounts**

Mr. Mike Charette, Senior Investment Officer, reported the MERS DC plan was valued at \$309,168,727 as of November 30, 2011, a increase of 8.07% for the quarter. Mr. Brown moved to approve the report, supported by Mr. Ogden. Motion carried.

### **Policy for Administrative Fees for EDRO's**

Upon recommendation from the MERS staff, Mr. Wiersma moved to authorize the staff to develop procedures to charge an administrative fee to members for the processing of a court order (Eligible Domestic Relations Order and Domestic Relations Order) to divide the individual member assets with an ex-spouse. Supported by Ms. Dreves. Motion carried.

### **Board Governance Policies: Whistleblower Policy, CEO Succession and Board Member Education**

#### **Whistleblower Policy**

Mr. Brown moved to approve the updated Whistleblower Policy, as presented to the Board for review at the November 2011 Board meeting. Supported by Ms. Dreves. Motion carried.

#### **CEO Succession and Board Member Education**

Upon the recommendation of CEO Wagner, Mr. Brown moved to approve the following changes to Section IV entitled "Board Governance Processes" of the Board's Governance Policy:

1. Section #4.1, insert the following wording under item e) Continual Board development will include periodic discussion of process improvement, and orientation of new Board members in the Board's governance process *as well as outside fiduciary education class* within the first year following their election/appointment to the Board.
2. Under Section #4.9 CEO Succession, insert the words in italics under letter a) *The Board, at its discretion, may use the following steps* to find a successor CEO as follows:

Supported by Mr. Wiersma. Motion carried.

### **CLOSED SESSION**

Mr. Ogden moved to go to closed session to discuss confidential personnel matters and to approve the minutes of the November closed session, supported by Ms. Dreves.

### **Roll Call:**

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

Motion carried.

The Board moved back into open session. In open session, Ms. Dreves moved to approve the November closed session minutes, supported by Mr. Ogden. Motion carried.

## ***NO FEBRUARY 2012 BOARD MEETING***

## **MARCH 13-14, 2012 BOARD MEETING**

### **CALL TO ORDER**

Chairperson Opelt called the meeting of the MERS Retirement Board to order at 8:55 am on March 14, 2012. Mr. Brown moved to excuse Mr. Johnson, supported by Mr. Wiersma. Motion carried.

### **OLD BUSINESS**

#### **FOIA Policy**

Mr. Girard moved to approve the revised FOIA policy following the Legal Department's review and recommendation in its March 7, 2012 Memorandum, as restated March 14, 2012. Supported by Ms. Dreves. Motion carried.

### **GENERAL CONSENT AGENDA**

Mr. Brown moved to approve the Consent Agenda, excluding the Finance Report. Supported by Mr. Girard. Motion carried.

#### **Finance Report**

Mr. Leon Hank discussed the 4<sup>th</sup> quarter financial statements. Mr. Wiersma moved to approve the Finance Report, supported by Ms. Dreves. Motion carried.

### **CLOSED SESSION**

Ms. Dreves moved to go to closed session to discuss confidential personnel matters and to approve the minutes of the January closed session, supported by Ms. Newberg.

**Roll Call:**

Mr. Opelt: Yes  
Ms. Dreves: Yes  
Ms. Deford: Yes  
Mr. Johnson: Absent  
Mr. Ogden: Yes  
Mr. Wiersma: Yes  
Ms. Newberg: Yes  
Mr. Brown: Yes  
Mr. Girard: Yes

Motion carried.

The Board moved back into open session. In open session, Mr. Wiersma moved to approve the January closed session minutes, supported by Ms. Dreves. Motion carried.

**NEW BUSINESS****CEO Report**

Ms. Wagner presented the CEO Report with updates on 2012 projects and upcoming conferences. Ms. Wagner reported Ms. Lombardo, Ms. Brewer and Ms. Mausolf will attend Pension & Investments Annual DC Conference and 2012 Eddy Awards Ceremony in March. MERS was nominated in two categories: "Initial Investment Education," and "Conversions." Ms. Dreves moved to approve the CEO Report, supported by Ms. Newberg. Motion carried.

**Legislative Report**

Mr. Kim Rhead, Legislative Affairs and Public Policy Director, updated the Board on pending legislative action. Ms. Dreves moved to receive and file the Legislative Report, supported by Ms. Newberg. Motion carried.

**Internal Audit Report**

Mr. Joe Thompson, Internal Auditor, updated the Board on the audit schedule and ongoing audits. Mr. Girard moved to receive and file the Internal Audit Report, supported by Ms. Dreves. Motion carried.

**Cobalt Update**

Mr. William SaintAmour, Research Services Director, provided an update on Cobalt activities. Mr. SaintAmour presented the revised quarterly scorecard to the Board for review and comments.

Mr. Wiersma moved to accept the quarterly scorecard, supported by Ms. Dreves. Motion carried.

**Investments Report**

Mr. Jeb Burns presented the portfolio performance report for the period ending January 31, 2012. The portfolio returned 3.81%, gross of fees as of January 31, 2012, 5.11% for one year, 13.86% for three years and 2.90% for five years.

Ms. Dreves moved to accept the Investments Report, supported by Mr. Johnson. Motion carried.

### **John Conaty v MERS**

In the matter of John Conaty, Mr. Girard moved that the Board accepts and adopts the Findings of Fact and Conclusions of Law as stated by the Hearing Officer in her January 2, 2011 Proposal for Decision granting the Petitioner's application for non-duty disability retirement. Supported by Mr. Ogden. Motion carried.

## ***NO APRIL 2012 BOARD MEETING***

## **MAY 8-9, 2012 BOARD MEETING**

### **CALL TO ORDER**

Chairperson Pro Tem Brown called the meeting of the MERS Retirement Board to order at 10:30 am on May 9, 2012.

Mr. Ogden moved to excuse Mr. Opelt, supported by Mr. Johnson. Motion carried.

### **Restated Plan Document Revisions**

Ms. Dreves moved to approve revisions to Plan Sections 2A(6), 17, 2C(4), 3(2), 7, 10, 17, 19A, 19B, 22 and 31 as recommended in General Counsel's May 2, 2012 Memorandum, and concurred by the CEO. Supported by Mr. Girard. Motion carried.

### **IRS Favorable Determination Letter**

Mr. Girard moved to approve the amendment to Plan Section 10(5) with immediate effect, supported by Mr. Ogden. Motion carried.

### **GENERAL CONSENT AGENDA**

Ms. Deford moved to approve the Consent Agenda, supported by Ms. Dreves. Motion carried.

### **CLOSED SESSION**

Mr. Ogden moved to go to closed session to discuss confidential personnel matters and to approve the minutes of the March closed session, supported by Ms. Dreves.

### **Roll Call:**

Mr. Opelt: absent  
Ms. Dreves: Yes  
Ms. Deford: Yes  
Mr. Johnson: Yes  
Mr. Ogden: Yes  
Mr. Wiersma: Yes  
Ms. Newberg: Yes  
Mr. Brown: Yes  
Mr. Girard: Yes

Motion carried. The Board moved back into open session.

Mr. Johnson moved to raise the CEO's salary to \$235,000, retroactive to January 1, 2012 and establish a range above and below the 50th percentile based on MERS 2011 Compensation

Study results by CBIZ Human Capital Services, for negotiations for future CEO contracts. Supported by Mr. Girard. Motion carried.

Mr. Girard moved to approve the March closed session minutes, supported by Mr. Johnson. Motion carried.

Mr. Ogden moved to receive and file report received from auditor and outside attorney for confidential matters discussed in closed session. Supported by Mr. Girard. Motion carried.

## **NEW BUSINESS**

### **CEO Report**

Ms. Wagner presented the CEO Report with updates on 2012 projects and annual meeting plans. Mr. Ogden moved to approve the CEO Report, supported by Mr. Girard. Motion carried.

### **Legislative Report**

Mr. Kim Rhead, Legislative Affairs and Public Policy Director, updated the Board on pending legislative action. 18 members of the Michigan House of Representatives and Senators have accepted MERS invitation for the Legislative Breakfast. Mr. Wiersma moved to receive and file the Legislative Report, supported by Ms. Dreves. Motion carried.

### **Internal Audit Report**

Mr. Joe Thompson, Internal Auditor, updated the Board on the audit schedule and ongoing audits. Mr. Thompson will be working with consultants on IT audits and IT technology risk. Mr. Girard moved to receive and file the Internal Audit Report, supported by Ms. Deford. Motion carried.

### **Investments Report**

Mr. Jeb Burns presented the portfolio performance report for the period ending March 31, 2012. The portfolio returned 6.57%, gross of fees as of March 31, 2012, 4.42% for one year, 15.90% for three years and 3.08% for five years.

Mr. Wiersma moved to accept the Investments Report, supported by Ms. Dreves. Motion carried.

***NO JUNE 2012 BOARD MEETING***

**JULY 11-12, 2012 BOARD MEETING**

### **Fiscal Responsibility Recommendations**

At the May Board meeting, the Fiscal Responsibility Group presented several recommendations to the Board for review and further discussion at the July meeting. The following recommendations and supporting documentation were presented for Board action:

#### **Non Standard benefits and fees**

Moved by Mr. Wiersma and supported by Ms. Dreves, upon consideration of the July 6, 2012 Memorandum of Debra Peake, Interim CEO, regarding non-standard benefits and fees, to

approve the amendments to Plan Sections 2A, 10, 11, 12, 14A, 20, 21 and 22 and the removal of excess division charges, with immediate effect. The Board also approves the addition of Plan Section 14A. Motion carried.

### **Compensation**

Moved by Mr. Ogden and supported by Ms. Deford, upon consideration of the July 6, 2012 Memorandum of Debra Peake, Interim CEO, regarding compensation, to approve the amendments to Plan Sections 2A and 19A, with immediate effect. Motion carried.

### **Probationary Periods**

Moved by Ms. Dreves and supported by Mr. Girard, upon consideration of the July 6, 2012 Memorandum of Debra Peake, Interim CEO, regarding probationary periods, to approve the amendments to Plan Section 3, with immediate effect. Motion carried.

### **Employer Cap – Hybrid**

Moved by Mr. Brown and supported by Ms. Dreves, upon consideration of the July 6, 2012 Memorandum of Debra Peake, Interim CEO, regarding allowing employers to place a cap on the Defined Benefit portion of the Hybrid Plan, to approve the amendments to Plan Section 19B, with immediate effect. Motion carried.

### **Closed Division Funding Policy**

Moved by Ms. Dreves and supported by Mr. Ogden, to approve the proposal to Modify the Closed Division Amortization Policy Providing Two Alternatives for Employers as presented July 11, 2012. Motion carried.

### **Conservative assumption rate for Service Credit Purchases**

Moved by Mr. Johnson and supported by Mr. Ogden, to approve recommended 7% interest discount rate to calculate the cost of service credit purchases. Motion carried.

### **Minimum Funding Policy – 7/1/12 effective date for 100%**

Moved by Mr. Brown and supported by Mr. Wiersma, upon consideration of the July 6, 2012 Memorandum of Debra Peake, Interim CEO, regarding minimum funding policy, the Board approves the amendments to Plan Section 43C, with immediate effect. Motion carried.

### **CLOSED SESSION**

Mr. Ogden moved to go to closed session to discuss confidential personnel matters and to approve the minutes of the May and June closed sessions, supported by Mr. Wiersma.

### **Roll Call:**

Mr. Opelt: Yes  
Ms. Dreves: Yes  
Ms. Deford: Yes  
Mr. Johnson: Yes  
Mr. Ogden: Yes  
Mr. Wiersma: Yes  
Ms. Newberg: Yes  
Mr. Brown: Yes  
Mr. Girard: Yes

Motion carried.

The Board moved back into open session. Mr. Girard moved to approve the May 9, 2012 closed session minutes, supported by Ms. Dreves. Motion carried. Ms. Dreves moved to approve the June 6, 2012 closed session minutes, supported by Mr. Girard. Motion carried.

### **Interim CEO Salary Adjustment**

Ms. Mary Riley, HR Director, presented a memorandum to the Board regarding the Interim CEO salary adjustment with a recommendation of \$200,000 annual salary based on the acting CEO's salary at the time of her retirement. Mr. Brown moved to approve the salary adjustment for Interim CEO Debra Peake retroactive to May 31, 2012 when she was appointed to the position by the Board. Supported by Ms Dreves. Motion carried.

### **2011 Audit**

Mr. Jeff Fineis, Partner and Mr. Rob Johnson, In Charge Accountant, of the accounting firm Andrews Hooper Pavlik PLC presented their findings of the 2011 audit of MERS financial statements. They declared a clean unqualified audit opinion on MERS to the Board. Moved by Mr. Brown, supported by Mr. Ogden to accept and file the 2011 Audit Report. Motion carried.

### **GENERAL CONSENT AGENDA**

Mr. Brown moved to approve the Consent Agenda, supported by Mr. Wiersma. Motion carried.

### **NEW BUSINESS**

#### **CEO Report**

Ms. Peake presented the CEO Report with updates on recent staff retreats, annual meeting plans, and organizational planning and goals for 2013. Ms. Peake presented CFO Hank's recommendation to establish a Finance/Audit/Budgeting Committee to the Board for review and further discussion at the October Board meeting.

Mr. Wiersma moved to approve the CEO Report, supported by Ms. Dreves. Motion carried.

#### **Investments Report**

Mr. Jeb Burns presented the portfolio performance report for the period ending May 31, 2012. The portfolio returned 2.22%, gross of fees as of May 31, 2012, -1.93% for one year, 10.83% for three years and 1.23% for five years.

Mr. Mike Charette, Senior Investments Officer, reported the MERS DC plan was valued at \$328.5M as of May 31, 2012.

Ms. Deford moved to accept the Investments Reports, supported by Mr. Johnson. Motion carried.

#### **Kuanda Sanders v MERS and SMART**

In the matter of Tyani Z. Sanders, Mr. Ogden moved that the Board accepts and adopts the Findings of Fact and Conclusions of Law as stated by the Hearing Officer in her May 18, 2012 Proposal for Decision granting the Petitioner's application for duty disability retirement. Supported by Ms. Dreves. Motion carried.

## **AUGUST 22, 2012 SPECIAL BOARD MEETING**

### **CLOSED SESSION**

Ms. Deford moved to enter into closed session pursuant to Section 8(a) of the Open Meetings Act to discuss candidates for MERS CEO position's profile reports. Mr. Wiersma seconded. A roll call vote was taken.

### **Roll Call:**

Mr. Opelt: Yes  
Mr. Brown: Yes  
Mr. Ogden: Yes  
Mr. Wiersma: Yes  
Ms. Newberg: Yes  
Ms. Deford: Yes  
Ms. Dreves: Yes  
Mr. Girard: Yes  
Mr. Johnson: Yes

Motion carried.

### **OPEN SESSION**

The Board reentered open session. Mr. Johnson moved to go forward with interviews with all three candidates for the CEO position, supported by Ms. Dreves. Motion carried.

## ***NO SEPTEMBER 2012 BOARD MEETING***

## **OCTOBER 2 and 4, 2012 BOARD MEETING**

### **OLD BUSINESS**

#### **Appointment of Public Board Member**

Mr. Wiersma moved to appoint Mr. Michael Gilmore as a Public Member of the Board for the remainder of Mr. Bruce Johnson's term, ending December 31, 2013. Mr. Johnson, long standing public Board member, retired from his position in September. Supported by Mr. Ogden. Motion carried.

#### **General Consent Agenda**

Ms. Newberg moved to approve the Consent Agenda, excluding the Finance and Legislative Reports, supported by Mr. Wiersma. Motion carried.

#### **Finance Report and Legislative Report**

Ms. Dreves moved to approve the Finance and Legislative Reports, supported by Ms. Deford. Motion carried.

## **NEW BUSINESS**

### **CEO Report**

Ms. Peake presented the CEO Report with updates on pending legislation, CEO Selection process, strategic direction for the staff, City of Flint incoming to MERS, annual meeting plans and MERS new website.

Ms. Dreves moved to approve the CEO Report, supported by Ms. Newberg. Motion carried.

### **Investments Report**

Mr. Jeb Burns presented the portfolio performance report for the period ending August 31, 2012. The portfolio returned 8.09% gross of fees as of August 31, 2012, 8.42% for one year, 10.48% for three years and 2.72% for five years.

Ms. Dreves moved to accept the Investments Report, supported by Ms. Deford. Motion carried.

### **MERS New DC Line Up Recommendation**

Ms. Dreves moved to approve the recommendation of the Investments staff to make the following changes to the Participant Directed investments line up:

1. Remove American Century Government Bond, Victory Diversified Stock and American Funds Growth Fund of America, Morgan Stanley Mid Cap Growth, Alliance Bernstein Small-Mid Cap Value and MERS International Equity.
2. Add two additional funds:  
MERS Global Equity Fund and MERS Emerging Market Fund.

Supported by Mr. Gilmore. Motion carried.

### **Board Resolution for Changing MERS Benefits**

Upon recommendation of Ms. Peake, Interim CEO, Mr. Wiersma moved to approve the Resolution for Changing MERS Benefits to change the MERS employee contribution rate from 2% to 4% effective January 1, 2013. Supported by Mr. Ogden. Motion carried.

## **CLOSED SESSION**

Mr. Ogden moved to go to closed session under Section 8H of the Open Meetings Act to discuss the General Counsel's written legal report dated October 3, 2013, regarding the 1997 Eaton County settlement agreement and the General Counsel's written legal report dated October 3, 2012, regarding the external auditor's report dated August 17, 2012, and CEO recommendations.

### **Roll Call:**

Mr. Opelt: Absent  
Ms. Dreves: Yes  
Ms. Deford: Yes  
Mr. Girard: Absent  
Mr. Ogden: Yes  
Mr. Wiersma: Yes  
Ms. Newberg: Yes  
Mr. Brown: Yes  
Mr. Gilmore: Yes

Motion carried.

The Board moved back into open session. In open session, Mr. Ogden moved to direct the staff to continue studying the General Counsel's recommendation regarding Eaton County and to report back to the Board at the January meeting. Supported by Mr. Gilmore. Motion carried.

Mr. Wiersma moved to adopt the CEO's recommendation regarding the external auditor's review, as provided in the General Counsel's report. Supported by Ms. Dreves. Motion carried.

## **NOVEMBER 14, 2012 BOARD MEETING**

### **OLD BUSINESS**

#### **GENERAL CONSENT AGENDA**

Mr. Girard moved to approve the Consent Agenda, supported by Mr. Wiersma. Motion carried.

#### **MERS Dashboard 2012**

Ms. Dreves moved to approve moving the MERS Dashboard to New Business for future Board meetings. Mr. Wiersma supported. Motion carried.

### **NEW BUSINESS**

#### **Royal Oak Township**

Mr. Morgan, attorney for Royal Oak Charter Township, requests an exception to the funding requirements applicable to Royal Oak Charter Township under the Retirement Board's Restated Policy for Closed Groups. Mr. Morgan requests an exception to the 130% rule and to permit the Township to recover excess assets under a lower 110% measure.

Following consideration by the Board, Mr. Girard moved to deny the Township's request, supported by Mr. Wiersma. Motion carried.

#### **Banking Resolution**

In response to a request from Commerce Bank for a Resolution authorizing officers or other persons authorized to act on behalf of MERS, Ms. Dreves moved to provide said Resolution to Northern Trust. Mr. Wiersma moved to approve the resolution, supported by Mr. Girard. Motion carried.

#### **Election Certification**

Mr. Ogden moved to certify the election of the 66<sup>th</sup> Annual Meeting Business Meeting on October 4, 2012, electing Officer Member Philip LaJoy and Employee Member Lori Newberg to a three year term on the Board. Supported by Ms. Dreves. Motion carried.

#### **2012 Scope of Audit and Engagement Letter**

Mr. Hank presented the Andrews Hooper Pavlik (AHP) scope of audit and engagement letter. Mr. Hank made a recommendation to the Board to renew with AHP for the 2012 financial audit. Mr. Ogden moved to approve the AHP letter, supported by Ms. Dreves. Motion carried.

### **Investment Report**

Mr. Burns presented the portfolio performance report for the period ending September 30, 2012. The portfolio returned 10.03% gross of fees as of September 30, 2012, 17.09% for one year, 10.14% for three years and 2.45% for five years.

Mr. Gilmore moved to accept the Investments Report, supported by Ms. Newberg. Motion carried.

### **Participant Directed Accounts**

Mr. Charette, Senior Investment Officer, presented the Participant Directed Accounts third quarter update. As of September 30, 2012, there was a total of \$819,692,815 invested, which represents an increase of 10.84% from the second quarter. Mr. Wiersma moved to approve the report, supported by Ms. Dreves. Motion carried.

### **Investment Policy Statements Update (Defined Benefit and Defined Contribution)**

It was agreed that the discussion of the Defined Benefit and Defined Contribution Investment Policy Statement updates be deferred to the January meeting. Mr. Girard moved to table the discussion until the January 2013 meeting, supported by Mr. Wiersma. Motion carried.

### **CEO Report**

Mr. DeRose presented the CEO Report and discussed

- Updates on pending legislation
- HB 5725
- Outreach to build partnerships
- Status on valuations and
- Planning for MERS future

Mr. Brown moved to approve the CEO Report, supported by Mr. Ogden. Motion carried.

### **Legislative Report**

Mr. Rhead, Legislative Affairs and Public Policy Director, updated the Board on pending legislative action. Mr. Ogden moved to approve the Legislative Report, supported by Mr. Girard. Motion approved.

### **Finance Report**

Mr. Hank discussed the 2013 budget. Upon recommendation of the Budget Committee at its September 2012 meeting, Mr. Brown moved and Mr. Girard supported the motion to approve the 2013 Budget Resolution as follows:

- Administrative Expense Budget \$22,580,000
- Investment Expense Budget \$23,163,700
- Total 2013 Budget Expenses \$45,743,700
- Capital Assets \$3,024,600

Motion carried.

### **Resolution – Retiring Board Member Larry Opelt**

Mr. Brown moved to present Mr. Opelt with a Resolution commending his service to the Retirement Board, to be presented at the Staff Recognition luncheon on November 14, 2012. Supported by Mr. Girard. Motion carried.

**Resolution – Retiring Board Member John Ogden**

Mr. Brown moved to present Mr. Ogden with a Resolution commending his service to the Retirement Board, to be presented at the Staff Appreciation luncheon on November 14, 2012. Supported by Ms. Dreves. Motion carried.

**Appointment of Retiree Board Member**

Mr. Brown moved to appoint Mr. Ogden as the Retiree Board Member, supported by Ms. Dreves. Motion carried.

**CLOSED SESSION**

Mr. Ogden moved to go to closed session under Section 8H of the Open Meetings Act, supported by Ms. Deford. Motion carried.

**Roll Call:**

Mr. Opelt: Yes  
Ms. Dreves: Yes  
Ms. Deford: Yes  
Mr. Girard: Yes  
Mr. Ogden: Yes  
Mr. Wiersma: Yes  
Ms. Newberg: Yes  
Mr. Brown: Yes  
Mr. Gilmore: Yes

Motion carried.

The Board moved back into open session. Mr. Brown moved to approve the October 3, 2012 closed session minutes, supported by Ms. Dreves. Motion carried.

***NO DECEMBER 2012 BOARD MEETING***

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