



**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MEETING MINUTES
Lansing Home Office
January 31, 2018**

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**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MEETING MINUTES
MERS Home office
January 31, 2018**

BOARD MEMBERS PRESENT

Michael Brown, Chair
Jason Sarata, Vice-Chair
Michael Gilmore
Amy Deford
Dale Feldpausch
John Ogden (phone)
James Wiersma
Tina Butler
Randy Girard (phone)

MERS STAFF/OTHERS PRESENT

Chris DeRose, Chief Executive Officer
Pam Steffy, Board Secretary
Jeb Burns, Chief Investments Officer
Leon Hank, Chief Financial Officer
Denise Boucké, Chief Customer Service Officer
Pat Tarini, General Counsel
Carri Simon, Internal Auditor
Andy George, Human Resources Manager
Brad Biladeau, Government Affairs Director
Kristin Bellar, Senior Deputy General Counsel
Brian LaVictoire, Deputy General Counsel for
Investments and Compliance
Scott Thompson, IT Director
Mike Charette, Director of Public Markets
Peter Wujkowski, Investment and Administrative
Officer
Jennifer Mausolf, Communication and Retirement
Strategies Director
Erin Boertman, Customer Relations Director
Ryan Ruby, Actuarial Analyst
Mike Palace, Actuarial Analyst
Mike Overley, Lead Regional Manager
Sue Feinberg, Regional Manager
Karima Lajoie, Lead Benefit Plan Coordinator
Matt Taylor, Regional Manager

Call to Order

In light of the expiration of the term of office of the Board Officers, CEO Chris DeRose called the meeting of the MERS Retirement Board to order at 8:03 a.m. on Wednesday, January 31, 2018.

Election of Board Chairperson

Mr. DeRose stated the first item of business is election of Officers for 2018. Mr. DeRose conducted the election for Chairperson. Nominations were declared open. Mr. Girard nominated Michael Brown for Chairperson of the Retirement Board for 2018; supported by Mr. Sarata. Having no other nominees, nominations were closed. Motion carried by unanimous ballot.

Election of Board Vice-Chair

Chairperson Brown conducted the election for Vice-Chair. Nominations were declared open. Mr. Wiersma nominated Mr. Sarata for Vice-Chair of the Retirement Board for 2018; supported by Mr. Gilmore. Having no other nominees, nominations were closed. Motion carried by unanimous ballot.

Public Audience

Jim Cihak of Marquette County was in attendance.

Mr. Cihak, a Marquette County retiree and former County Commissioner addressed the board on his concerns regarding the Marquette County retire/rehire issue. In addition, Mr. Cihak questioned the need to go into closed session for MERS CEO 2018 Goals and Benefits.

Old Business

CEO 2018 Goals and Benefits

Ms. Boucke', Chief Customer Service Officer, and Mr. George, Human Resources Manager, met with the Board to complete the 2018 CEO strategic goals and compensation model plan. Ms. Butler made the motion to approve the 2018 CEO goals and compensation model plan based on performance effective January 1, 2018. Motion supported by Mr. Gilmore. Motion carried.

General Consent Agenda

Mr. Gilmore moved to approve the January 31, 2018 General Consent Agenda; supported by Ms. Deford. Motion carried.

New Business

CEO Report

Mr. DeRose presented the CEO Report on:

- MERS Strategic Direction
- Strategic and External Affairs
- Service to our Customers
- Investments
- Finance Activities
- Employee Communication

MERS Performance Management Process and Compensation approach

Ms. Boucke', Chief Customer Service Officer, and Mr. George, Human Resources Manager, presented Board Education on the Performance Management Process and Compensation approach for MERS staff.

A day in the life of MERS Staff

Ms. Boucke', Chief Customer Service Officer, Mr. Overley, Lead Regional Manager, Mr. Palace, Actuarial Analyst, Ms. Boertman, Customer Relations Director, and Ms. Lajoie, Lead Benefit Plan Coordinator presented the report on the Day in the Life of MERS Staff when an employer inquires regarding amortization extension.

Future direction for Pension Administration system

Mr. Hank, Chief Financial Officer, and Mr. Thompson, IT Director presented the Strategic Analysis on MERS Pension Administration System.

Actuarial Policy Change: DB to DC for New Hires

Mr. Hank, Chief Financial Officer, discussed the January 19, 2018 Memorandum to Chris DeRose, CEO, recommending proposed change to the Actuarial Policy. After review and discussion, Mr. Gilmore moved to approve the Actuarial Policy change; supported by Mr. Feldpausch. Motion carried.

DB Termination Process Options

Ms. Mausolf, Communication Retirement Strategies Director, and Ms. Boertman, Customer Relations Director, discussed the January 8, 2018 Memorandum to Chris DeRose, CEO, on the DB Termination Process Options. After review and discussion, the Board directed staff to develop a formal recommendation with supporting materials to present at the March 2018 Board meeting.

Investment Report

Mr. Burns, Chief Investments Officer, presented MERS portfolio performance report for the period ending December 31, 2017.

Investment Policy Statement for Defined Benefit

Mr. Burns, Chief Investment Officer, and Mr. Charette, Director of Public Markets, discussed the January 30, 2018 Memorandum to Chris DeRose, CEO, regarding the recommended revisions to the Investment Policy Statement for Defined Benefit. Mr. Gilmore moved to approve the recommended revisions; supported by Mr. Wiersma. Motion carried.

Investment Guidelines

Mr. Burns, Chief Investment Officer, and Mr. Charette, Director of Public Markets, discussed the January 30, 2018 Memorandum to Chris DeRose, CEO, regarding the recommended revisions to the Investment Guidelines. After review and discussion, Mr. Wiersma moved to approve the recommended revisions; supported by Ms. Butler. Motion carried.

Investment Policy Statement for Institutional Funds and Participant Directed accounts

Mr. Burns, Chief Investment Officer, and Mr. Charette, Director of Public Markets, discussed the January 30, 2018 Memorandum to Chris DeRose, CEO, regarding the recommended revisions to the Investment Policy Statement for Institutional Funds and Participant Directed accounts. After review and discussion, Mr. Gilmore moved to approve the recommended revisions; supported by Ms. Deford. Motion carried.

Institutional Investment Basics

Mr. Burns, Chief Investment Officer, presented Board Education on Institutional Investment Basics.

Larabee v MERS

In the matter of Deborah Larabee v MERS, Mrs. Tarini, General Counsel, reviewed with the Board the background of this matter. After review and discussion, Ms. Deford made a motion that the Board accept and adopt as its own the Findings of Fact and Conclusions of Law as stated by the Administrative Law Judge in the Proposal for Decision, and deny petitioner's appeal; supported by Mr. Sarata. Motion carried.

Echols v MERS

In the matter of Renell Echols v MERS, Mrs. Tarini, General Counsel, reviewed with the Board the background of this matter. After review and discussion, Mr. Feldpausch made a motion that the Board accept and adopt as its own the Findings of Fact and Conclusions of Law as stated by the Administrative Law Judge in the Proposal for Decision, and deny petitioner's appeal; supported by Ms. Deford. Motion carried.

Sawallich V MERS

In the matter of Cynthia Sawallich v MERS, Mrs. Tarini, General Counsel, reviewed with the Board the background of this matter. After review and discussion, Mr. Wiersma made a motion that the Board accept and adopt as its own the Findings of Fact and Conclusions of Law as stated by the Administrative Law Judge in the Proposal for Decision, and deny petitioner's appeal; supported by Ms. Butler. Motion carried.

Fiduciary Duty and Liability and Conflict of Interest Policy

Ms. Bellar, Senior Deputy General Counsel, presented Board Education on Fiduciary Duty and Liability and Conflict of Interest Policy.

Adjournment

Meeting adjourned at 1:04 p.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer