



**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MINUTES
MERS Home Office
February 28, 2019**

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**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MEETING MINUTES
MERS Home Office
February 28, 2019**

BOARD MEMBERS PRESENT

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

MERS STAFF/OTHERS PRESENT

Chris DeRose, Chief Executive Officer
Pam Steffy, Board Secretary
Leon Hank, Chief Financial Officer
Denise Boucké, Chief Operating Officer
Carrie Lombardo, Chief Strategic and External Affairs
Officer
Jeb Burns, Chief Investment Officer
Kristin Bellar, General Counsel
Pat Tarini, Senior Attorney
Brian LaVictoire, Deputy General Counsel
Betsy Waldofsky, Finance Director
Carri Simon, Internal Auditor
Brad Biladeau, Governmental Affairs Director
Mike Charette, Managing Director of Investments
Jennifer Mausolf, Communications and Retirement
Strategies Director
Erin Boertman, Customer Relations Director
David Kausch, GRS Consulting
Pete Charette, Marketing Analyst

Old Business

CEO Supplemental Benefits Review

Ms. Boucke', Chief Customer Service Officer, and Ms. Leach, Human Resources Director, met with the Board to review the 2019 CEO Supplemental Executive Benefits.

- Mr. Sarata made the motion to approve an additional life insurance benefit of \$200,000, for a total of \$400,000 effective March 1, 2019; supported by Mr. Gilmore. Motion carried.
- Mr. Wiersma made the motion to approve the 2019 CEO Supplemental Executive Benefit for the 401(a) DC plan contribution of 17.88% of capped compensation for 2019; supported by Ms. Butler. Motion carried.

Call to Order

In light of the expiration of the term of office of the Board Officers, Chris DeRose, CEO called the meeting of the MERS Retirement Board to order at 8:41 a.m. on Thursday, February 28, 2019.

Election of Board Chairperson

Mr. DeRose stated the first item of business is election of Officers for 2019. Mr. DeRose conducted the election for Chairperson. Nominations were declared open. Mr. Sarata nominated Michael Brown for Chairperson of the Retirement Board for 2018; supported by Mr. Girard. Motion carried.

Election of Board Vice-Chair

Chairperson Brown conducted the election for Vice-Chair. Nominations were declared open. Ms. Butler nominated Mr. Sarata for Vice-Chair of the Retirement Board for 2019; supported by Mr. Wiersma. Motion carried.

Public Audience

No members of the public were present.

General Consent Agenda

Mr. Wiersma moved to approve the February 28, 2019 General Consent Agenda; supported by Ms. Butler. Motion carried.

New Business

CEO Report

Mr. DeRose presented the CEO Report focusing on progress toward the MERS vision, the January scoring of the balanced scorecard and discussion of the key business plan projects. In addition, he reviewed outreach to employers and participants as well as our efforts in the professional development of MERS staff.

Emergency CEO Succession Process

Mr. DeRose, CEO, discussed the February 20, 2019 Memorandum to the MERS Retirement Board recommending adoption of the Emergency CEO Succession Plan Process.

After review and discussion, Mr. Wiersma moved to adopt the Emergency CEO Succession Plan Process as defined in the Memorandum; supported by Mr. Gilmore. Motion carried.

Committee assignments

Chairperson Brown reviewed with the Board the 2018 committee assignments. He asked Board members to consider the various committees, and contact him with their interest on serving on one. Mr. Brown will make committee appointments at the April board meeting.

Ethics Policy, Anti-Harassment Policy and Board Disclosure form

Ms. Bellar, General Counsel, discussed the MERS Ethics and Anti-Harassment Policies and the Board Disclosure Form. All Board members signed affirmations.

Potential Change to Eligibility for Retiree Position on Board

Ms. Bellar, General Counsel, discussed the February 15, 2019 Memorandum to Chris DeRose, CEO, recommending proposed revisions to the Retiree Board Member Eligibility Requirement. After review and discussion, Mr. Wiersma made a motion to amend Section 71 of the Plan Document, as set forth in option two of the Memorandum, and direct staff to make any and all necessary revisions to the System's forms, policies and procedures required for its implementation; supported by Mr. Sarata. Motion carried.

Board self-assessment on Governance

Mr. DeRose, CEO, discussed the February 15, 2019 Memorandum to the Retirement Board regarding the Board Assessment Results and Recommendations.

After review and discussion, the Board recommends the Governance Policy be reviewed by the Leadership Development Committee focusing on the areas of delegation to the CEO and report to the Board by the December meeting. It was also agreed that the survey results will be discussed among the Board at the June retreat.

Tribal Government and Nonprofit Organization Retirement System Discontinuation

Ms. Lombardo, Chief Strategic and External Affairs Officer, and Ms. Bellar, General Counsel, discussed the February 15, 2019 Memorandum to Chris DeRose, CEO, recommending the discontinuation of the Tribal Government and Nonprofit Organization Retirement System (TGNORS) Plans. After review and discussion, Ms. Butler made a motion to discontinue the TGNORS Plans, and direct staff to make any and all necessary revisions to the System's forms, policies and procedures required for its implementation and send the discontinuation notice to the IRS; supported by Mr. Feldpausch. Motion carried.

Experience Study

Chris DeRose, CEO, Mr. Hank, Chief Financial Officer, and Ms. Waldofsky, Finance Director, discussed the February 15, 2019 Memorandum to Chris DeRose, CEO, recommending updates to the Actuarial Policy. After review and discussion, Mr. Girard made the motion to adopt an investment assumption rate of return of 7.35%, effective with its 2019 annual valuations; supported by Mr. Gilmore.

In addition, Mr. Girard made the motion to adopt a general inflation rate of 2.5% and a wage inflation rate of 3.0% effective with its 2019 annual valuations; supported by Mr. Feldpausch. Motion carried.

Ms. Butler made a motion that directs staff to make any and all necessary revisions to the System's forms, policies and procedures required for its implementation of the Actuarial Policy; supported by Mr. Gilmore. Motion carried.

MERS Key Messages

Ms. Lombardo, Chief Strategic and External Affairs Officer, and Ms. Mausolf, Communications and Retirement Strategies Director presented Key Messages to assist the Board when asked about key issues by outside parties.

Beneficiary Enhancement Recommendations

Ms. Lombardo, Chief Strategic and External Affairs Officer, Ms. Mausolf, Communications and Retirement Strategies Director, and Mr. Charette, Marketing Analyst, discussed the February 15, 2019 Memorandum to Chris DeRose, CEO, recommending Beneficiary Change Enhancements and Amendments to 401 (a), HCSP, and 457 Plan Documents. After review and discussion, Mr. Gilmore made a motion to approve the Beneficiary Change Enhancements and directs staff to take any and all necessary actions required for its implementation; supported by Mr. Wiersma. Motion carried.

Employee Engagement and Culture

Mr. DeRose, CEO, Ms. Boucké, Chief Operating Officer, and Ms. Leach, Human Resources Director, presented the report on Employee Engagement and Culture.

Investments Report

Mr. Burns, Chief Investment Officer, provided the MERS portfolio performance update for the period ending December 31, 2018.

Restatement of Investment Committee Resolution

Mr. LaVictoire, Deputy General Counsel for Investments and Compliance, discussed the February 15, 2019 Memorandum to Chris DeRose, CEO, regarding changes to the Revised Retirement Board delegation of Authority to the Investment Committee. After review and discussion, Mr. Feldpausch made a motion to approve the revised resolution as presented during the meeting; supported by Mr. Wiersma. Motion carried.

Investment Policy Statements for Institutional Funds and Participant Directed Accounts

Mr. Burns, Chief Investment Officer, discussed the November 26, 2018 Memorandum to Chris DeRose, CEO, recommending revisions to the Investment Policy Statements for Institutional Funds and Participant Directed Accounts. Mr. Gilmore made a motion to approve the recommended revisions; supported by Mr. Feldpausch. Motion carried.

Investment Policy Statement for Defined Benefit

Mr. Burns, Chief Investment Officer, discussed the November 26, 2018 Memorandum to Chris DeRose, CEO, recommending revisions to the Investment Policy Statements for Defined Benefit. Mr. Gilmore made a motion to approve the recommended revisions; supported by Mr. Wiersma. Motion carried.

Amendments to Plan Document

Mrs. Tarini, Senior Deputy General Counsel, discussed the February 19, 2019 Memorandum to Chris DeRose, CEO, recommending technical amendments to MERS 401 (a), HCSP, and 457 Plan Documents.

Ms. Butler made a motion to approve the recommended amendments to the 401(a), HCSP, and 457 Plan Documents, and direct staff to make any and all necessary revisions to the System's forms, policies and procedures; supported by Mr. Wiersma. Motion carried.

James Bishop v MERS

In the matter of James Bishop v MERS, Ms. Bellar, General Counsel, reviewed with the Board the background of this administrative appeal.

After review and discussion, Ms. Butler 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. Feldpausch. Motion carried.

Felicia Brown v MERS

In the matter of Felicia Brown v MERS, Ms. Bellar, General Counsel, reviewed with the Board the background of this administrative appeal.

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 Mr. Gilmore. Motion carried.

Gertsberg v MERS

In the matter of Maya Gertsberg v MERS, Ms. Bellar, General Counsel, reviewed with the Board the background of this administrative appeal.

After review and discussion, Mr. Feldpausch made a motion that the Board deny Petitioner's request for reconsideration of the Board's December 6, 2018 Decision and Order and deny Petitioner's request for rehearing; supported by Ms. Butler. Motion carried.

MERS Compensation Approach and Performance Management Process

Ms. Boucké, Chief Operating Officer, and Ms. Leach, Human Resources Director, presented Board Education on the Performance Management Process approach for MERS staff.

Adjournment

Meeting adjourned at 1:14 p.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer