



**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN  
BOARD MEETING MINUTES**

**MERS Offices  
1134 Municipal Way  
Lansing, MI 48917  
May 17, 2018**

**TABLE OF CONTENTS**

**Call to Order .....3**

**Public Audience .....3**

**General Consent .....3**

- May 17, 2018 Board meeting minutes
- Legal Report
- Finance Report
- Internal Audit Report
- Legislative Report

**New Business.....3-6**

- CEO Report
- Investment Committee Composition and Terms
- Board Delegation to Investment Committee
- MERS Project and Process Management
- Product Management
  - Deemed IRA
  - Bridged Cola
- Investments Report
- Performance presentation by State Street
- Board Education
  - Managing Investment Risks
  - Internal Portfolio Management
- Technical Plan Amendments to clarify the term "Fiscal Year"
- T Kuykendall v MERS
- S McDaniel disability matter
- Presentation by External Auditor, Plante Moran

- Board meeting with Internal Auditor

**Adjournment.....6**

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN  
BOARD MEETING MINUTES  
MERS Offices  
May 17, 2018**

**BOARD MEMBERS PRESENT**

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

Mike Gilmore (absent)

**MERS STAFF/OTHERS PRESENT**

Chris DeRose, Chief Executive Officer  
Pam Steffy, Board Secretary  
Leon Hank, Chief Financial Officer  
Denise Boucké, Chief Customer Service Officer  
Carrie Lombardo, Chief Strategic and External Affairs Officer  
Betsy Waldofsky, Finance Director  
Pat Tarini, General Counsel  
Kristin Bellar, Senior Deputy General Counsel  
Brian LaVictoire, Deputy General Counsel  
Carri Simon, Internal Auditor  
Brad Biladeau, Government Affairs Director  
Mike Charette, Director of Public Markets  
Peter Wujkowski, Investment and Administrative Officer  
Jennifer Mausolf, Communication and Retirement Strategies Director  
Jen Wyble, Process and Project Team Manager  
Paul Hampel, Senior Marketing Coordinator  
Scott Thompson, IT Director  
Michelle Leach, HR Director

Len Robinson, State Street  
Spencer Tawa, Plante Moran  
Michelle Watterworth, Plante Moran

**Call to Order**

Chairperson, Michael Brown, called the meeting of the MERS Retirement Board to order at 8:03 a.m. on Thursday, May 17, 2018.

**Public Audience**

No members of the public were present.

**General Consent Agenda**

Ms. Deford moved to approve the March 15, 2018 General Consent Agenda; supported by Mr. Wiersma. Motion carried.

**New Business**

**CEO Report**

Mr. DeRose presented the CEO Report including:

- MERS Strategic Direction

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

### **Investment Committee Composition and Terms**

Chairperson Brown reviewed with the Board the composition to the Investment Committee and appointed Ms. Butler to a two year term, non-voting member, starting January 2018.

Mr. LaVictoire, Deputy General Counsel, presented the Resolution Delegating Authority to the Investment Committee and described the delegated authority as follows:

1. The MERS Retirement Board reaffirms its creation of the Investment Committee, which is comprised of the Board Chair and one elected Board member (non-voting) appointed for a two year term by the Retirement Board Chair, and the two Appointed Members.
2. The MERS Retirement Board reaffirms its delegation of authority for making and/or supervising decisions directly related to the investment of MERS' assets to the Investment Committee as described above, which authority shall be exercised based on the recommendations of MERS' Office of Investments, which is under the supervision of the Chief Executive Officer; and
3. The MERS Retirement Board directs that all Investment Committee decisions shall be reported to the Board at the Board's next regularly scheduled meeting.

Mr. Wiersma moved to approve the Resolution Delegating Authority to the Investment Committee; supported by Mr. Feldpausch. Motion carried.

### **MERS Project and Process Management**

Ms. Lombardo, Chief Strategic and External Affairs Officer, and Ms. Wyble, Process and Project Team Manager, presented Board Education on MERS Project and Process Management.

### **Product Management – Deemed Investment Retirement Account (IRA)**

Ms. Lombardo, Chief Strategic and External Affairs Officer, and Ms. Mausolf, Communication and Retirement Strategies Director, discussed the May 1, 2018 Memorandum to Chris DeRose, CEO, recommending amendments to the 401(a) Plan Document and the 457 Plan Document as proposed.

Mr. Sarata moved to approve the proposed amendments to the 401(a) Plan Document and the 457 Plan Document as proposed, with immediate effect, and directs staff to make all necessary creation and/or revisions to the System's forms, recordkeeping, service providers, policies and procedures required for implementation; supported by Mr. Wiersma. Motion carried.

### **Product Management – Bridged Cost-of-Living-Adjustment (Cola)**

Ms. Lombardo, Chief Strategic and External Affairs Officer, and Ms. Mausolf, Communication and Retirement Strategies Director, discussed the April 27, 2018 Memorandum to Chris DeRose, CEO, recommending amendments to Section 26 of the Plan Document.

Mr. Sarata moved to approve the proposed amendments to Section 26 of the Plan Document with immediate effect and directs staff to make any and all necessary creations and/or revisions to the System's forms, recordkeeping, policies and procedures for implementation; supported by Mr. Ogden. Motion carried.

### **Investment Report**

Mr. Charette, Director of Public Markets, presented MERS portfolio performance report for the period ending March 31, 2018.

### **Performance presentation by State Street**

Mr. Charette, Director of Public Markets, introduced Mr. Len Robinson, V.P. of State Street Global Services. Mr. Robinson present MERS DB Portfolio Performance update.

### **Board education – Managing Investments Risks and Internal Portfolio Management**

Mr. Charette, Director of Public Markets, presented Board education on Managing Investments Risks and Internal Portfolio Management.

### **Technical Plan Amendments**

Mrs. Tarini, General Counsel, discussed the May 3, 2018 Memorandum to Chris DeRose, CEO, recommending Proposed Technical Amendments to the Plan Document Sections 15, 71, 74 and 79 and Actuarial Policy regarding definition of the term "fiscal year."

Mr. Wiersma moved to approve the Proposed Technical Amendments to the Plan Document and Actuarial Policy, with immediate effect and further directs staff to make any and all necessary actions required for its implementation; supported by Mr. Ogden. Motion carried.

### **T Kuykendall v MERS**

In the matter of Teriece Kuykendall v MERS, Mrs. Tarini, General Counsel, reviewed with the Board the background of this matter.

After review and discussion, Mr. Girard 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.

### **S McDaniel disability matter**

In the matter of Shona McDaniel, Mrs. Tarini, General Counsel, reviewed with the Board the background of this matter.

After review and discussion, Mr. Ogden made a motion that the Board suspends Shona McDaniel disability retirement benefits based on her failure to comply with the requirements of Section 25 of the MERS Plan Document in effect at the time of her application for disability retirement, with said suspension to continue. If Shona McDaniel does not comply with the periodic review process within 90 days of this decision (August 15, 2018), her disability retirement benefits will be automatically and permanently terminated; supported by Ms. Butler. Motion carried.

**Presentation by External Auditor**

Mr. Hank, Chief Financial Officer, introduced Ms. Michelle Watterworth, CPA, and Mr. Spencer Tawa, CPA, of the accounting firm Plante Moran, PLLC, who presented the Independent Auditor's Report on MERS' financial statements as of and for the year ending December 31, 2017. The auditor's issued an unmodified audit opinion that the financial statements present fairly MERS' net position in accordance with generally accepted accounting principles. The Board then excused staff and met with the representatives of Plante Moran to ensure there was direct communication between the Board and Auditors.

**Internal Auditor meets with Board**

The Board met with Ms. Simon, Internal Auditor, to ensure there was direct communication between the Board and the Internal Auditor.

**Adjournment**

Meeting adjourned at 12:42 p.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer