



**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD RETREAT MINUTES
The Kellogg Center of MSU
June 26, 2019**

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**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD RETREAT MINUTES
The Kellogg Center of MSU
June 26, 2019**

BOARD MEMBERS PRESENT

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

MERS STAFF/OTHERS PRESENT

Chris DeRose, Chief Executive Officer
Valerie Lawver, 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
Carri Simon, Internal Auditor
Scott Thompson, IT Director
Bryan Burns, IT Infrastructure Service Manager
Loren Riether, IT Security Program Manager
Matthew Walker, IT Systems Administrator
Jennifer Mausolf, Communications and Retirement
Strategies Director
Pete Charette, Marketing Analyst
Jen Wyble, Analysis & Project Director/Business
Management BPO

Jeff Guilfoyle, Chief Deputy Treasurer State of
Michigan

Call to Order

Chairperson, Michael Brown, called the meeting of the MERS Retirement Board to order at 9:34 am on Wednesday, June 26, 2018.

Discussion of Board Self- Assessment (postponed)

The Board Self-Assessment will be on a later agenda.

Discussion of Leadership Transition

In lieu of the discussion on the Board Self-Assessment, with the announcement of the retirement of Chris DeRose, Chief Executive Officer, the Board discussed the CEO hiring process.

A Day in the Life of MERS Staff - Cybersecurity

Denise Boucke, Chief Operating Officer, introduced Scott Thompson, Information Technology Director. Ms. Boucke and Mr. Thompson presented the Board education on A Day in the Life of MERS staff – Cybersecurity. Joining the presentation were also Loren Riether, IT Security Program Manager and Bryan Burns, IT Infrastructure Service Manager.

Presentation by and Discussion with Chief Deputy Treasurer, Jeff Guilfoyle

Carrie Lombardo, Chief Strategic and External Affairs Officer, introduced Jeff Guilfoyle, Chief

Deputy Treasurer with the State of Michigan. Dr. Guilfoyle discussed who is in the current leadership at Treasury and current initiatives and priorities, the State's Economic and Revenue Outlook, Budget Priorities and next steps for Public Act 202.

Voice of the Customer

Ms. Lombardo introduced Jennifer Mausolf, Communications and Retirement Strategies Director and Pete Charette, Marketing Analyst. Ms. Lombardo, Ms. Mausolf and Mr. Charette all presented on the feedback, analysis and metrics of the results from the Voice of the Customer surveys.

Strategic Plan and Business Planning: Looking Back and Forward

Ms. Lombardo and Ms. Mausolf presented an overview of the Strategic Planning Process for 2017-2020, discussed how MERS Vision, BSC, and Culture all fit together, and how a committee is currently working to establish a Mission statement. They also provided an overview of the process to create the next strategic plan.

Evolving Toward Process Management

Ms. Boucke introduced Jen Wyble, Analysis & Project Director, Business Management Process Owner, and the two presented on how MERS has evolved with Process Management.

CEO Mid-Year review

Chris DeRose, CEO, the Board received Mr. DeRose's mid-year self-evaluation and discussed how MERS and Mr. DeRose have performed the first six months of the year.

Adjournment

Meeting adjourned at 3:20 p.m.



**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MINUTES
The Kellogg Center of MSU
June 27, 2019**

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**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF
MICHIGAN BOARD MEETING MINUTES
The Kellogg Center of
MSU June 27, 2019**

BOARD MEMBERS PRESENT

Michael Brown, Chair
Jason Sarata, Vice Chair
Tina Butler
Michael Gilmore
Amy Deford
John Ogden
James Wiersma

Randy Girard (by phone)

Dale Feldpausch (excused)

MERS STAFF/OTHERS PRESENT

Chris DeRose, Chief Executive Officer
Valerie Lawver, Board Secretary
Leon Hank, Chief Financial Officer
Denise Boucke, Chief Operating Officer
Carrie Lombardo, Chief Strategic and External Affairs
Officer
Jeb Burns, Chief Investment Officer
Kristin Bellar, General Counsel
Patricia Tarini, Senior Attorney
Carri Simon, Internal Auditor
Mike Charette, Director of Public Markets
Mike Schrauben, Director of Asset Allocation
Betsy Waldofsky, Director of Finance
Jennifer Mausolf, Communications and Retirement
Strategies Director
Matthew Walker, IT Systems Administrator
Erin Boertman, Customer Relations Director
Brad Biladeau, Government Affairs Director

Michelle Watterworth, Plante Moran
Spencer Tawas, Plante Moran

Call to Order

Chairperson, Michael Brown, called the meeting of the MERS Retirement Board to order at 8:27 a.m. on Thursday, June 27, 2019.

Public Audience

No members of the public were present.

General Consent Agenda

Mr. Ogden moved to approve the April 25, 2019 General Consent Agenda; supported by Mr. Gilmore. Motion carried.

New Business

CEO Report

Mr. DeRose, Chief Executive Officer, deferred making his report to the Board as the second quarter report will be reviewed as part of the August conference call.

Certification of MERS Officer and Employee Delegates

Mr. Wiersma moved to approve Mr. Hank, Chief Financial Officer, and Randy Reynolds, Facilities Technician as the Officer and Employee delegates to the 2019 MERS Annual conference; supported by Ms. Deford. Motion carried.

Updates to Board Nominations and Election Procedures

Ms. Bellar, General Counsel, discussed the June 17, 2019 Memorandum to Mr. DeRose, CEO, regarding revisions to the Retirement Board Nomination and Election Procedures. Tina Butler moved to approve the revisions to the Retirement Board Nomination and Election procedures; supported by John Ogden. Motion carried.

Annual Asset Allocation & Portfolio Management

Mr. Burns, Chief Investment Officer, and Mr. Schrauben, Director of Asset Allocation, presented the Value Based Allocation Report and proposed 2019 Asset Allocation template.

MERS Governance Policy

Mr. DeRose deferred the presentation on this report as the Leadership Development Committee will be discussing the Policy at a later date.

Appeal of FOIA Denial

Ms. Bellar, General Counsel, discussed the June 17, 2019 Memorandum to the MERS Retirement Board. Mr. Ogden moved to deny the FOIA Appeal; supported by Mr. Sarata. Motion carried.

Proposed Amendment to the Plan Document

Ms. Tarini, Senior Attorney, discussed the June 14, 2019 Memorandum to Mr. DeRose, CEO, recommending amendments to the Plan Document. Ms. Deford moved to approve the technical amendments to the Plan Document pursuant to the June 14, 2019 Memorandum with immediate effect and further direct the staff to make any and all necessary actions required for its implementation; supported by Mr. Girard. Motion carried.

Sharmalita Miley v MERS

In the matter of Sharmalita Miley v MERS, Ms. Bellar, General Counsel, reviewed with the Board the background of this matter.

After review and discussion, Mr. Gilmore 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 Tina Butler. Motion carried.

Internal Auditor meets with Board

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

Presentation by External Auditor

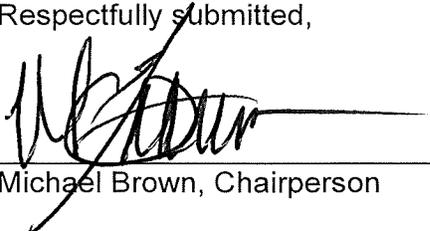
Betsy Waldofsky introduced Michelle Watterworth, CPA and Spencer Tawa, CPA from the accounting firm Plante Moran, PLLC, who presented the Independent Auditor's Report on MERS' financial statements as of and for the year ending December 31, 2018. The auditor's issued an unmodified audit opinion that the financial statements present fairly MERS' net position in accordance with generally accepted accounting principles. The Board then excused staff and met with representatives of Plante Moran to ensure there was direct communication between the Board and Auditors.

After discussions with the Internal Auditor and External Auditor the Board discusses the status of the 15 employer audits to be completed this year. They asked staff to report in October on the actions recommended to address the audit findings.

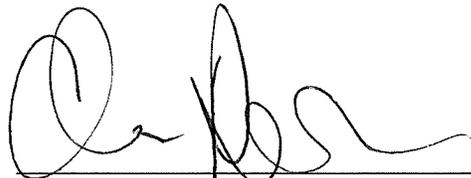
Adjournment

Meeting adjourned at 11:21 a.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer