



**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD RETREAT MINUTES
The Kellogg Center of MSU
July 18, 2018**

TABLE OF CONTENTS

Call to Order2

- Overview of two days
- Overview of approach to next Experience Study
- Anticipating the Impact of the Fall Elections
- A day in the life of MERS staff: The How and Why of an Investment due diligence trip
- Update from Leadership Development Committee
- CEO Mid-Year review

Adjournment.....3

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD RETREAT MINUTES
The Kellogg Center of MSU
July 18, 2018**

BOARD MEMBERS PRESENT

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

Randy Girard (absent)

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
Betsy Waldofsky, Finance Director
Pat Tarini, General Counsel
Carri Simon, Internal Auditor
Brad Biladeau, Government Affairs Director
Mike Charette, Director of Public Markets
Ed Mikolay, Director of Private Markets
Jennifer Mausolf, Communication and Retirement
Strategies Director
Erin Boertman, Customer Relations Director

David Kausch, Gabriel, Roeder, Smith (GRS)
Scott Faustyn, Karoub Associates
Brandan Ringlever, Michigan Legislative Consultants

Call to Order

Chairperson, Michael Brown called the meeting of the MERS Retirement Board to order at 9:32 a.m. on Wednesday, July 18, 2018.

Retreat Overview

Mr. Brown presented the Retreat Overview for Wednesday, July 18, 2018 on:

- Overview of approach to next Experience Study
- Anticipating the Impact of the Fall Elections
- A day in the life of MERS staff: The How and Why of an Investment Due Diligence trip
- Update from Leadership Development Committee
- CEO Mid-Year review

Overview of approach to next Experience Study

Mr. Hank, Chief Financial Officer, introduced Mr. David Kausch, Senior Consultant and Chief Actuary, GRS. Mr. Kausch presented the Overview of approach to the next Experience Study.

Anticipating the Impact of the Fall Elections

Ms. Lombardo, Chief Strategic and External Affairs Officer and Mr. Biladeau, Government Affairs Director, introduced Mr. Scott Faustyn, Karoub Associates, and Mr. Brendan Ringlever, Michigan Legislatives Consultants. Mr. Biladeau, Mr. Faustyn and Mr. Ringlever presented the report on Anticipating the Impact of the Fall Elections.

A day in the life of MERS staff: The How and Why of an Investment Due Diligence trip

Mr. Burns, Chief Investment Officer, introduced Mr. Mikolay, Director of Private Markets. Mr. Mikolay presented the Board education on a day in the life of MERS staff: The How and Why of an Investment Due Diligence trip.

Update from Leadership Development Committee

The Leadership Development Committee Chair, Mr. DeRose, CEO, and Ms. Boucke', Chief Operating Officer, updated the Board on the committee's progress so far this year. There was discussion of a Draft CEO Selection Process. Based on feedback from the Board the process will be updated. The Board also approved the draft future CEO Job Description and Position Summary.

CEO Mid-Year review

Mr. DeRose, CEO, discussed how MERS and Mr. DeRose have performed so far this year based on the goals established by the Board in December 2017.

Adjournment

Meeting adjourned at 5:35 p.m.



MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MINUTES
The Kellogg Center of MSU
July 19, 2018

TABLE OF CONTENTS

Call to Order5
Public Audience5
General Consent5
• May 17, 2018 Board meeting minutes
• Legal Report
• Finance Report
• Internal Audit Report
• Legislative Report
New Business.....6-7
• CEO Report
• Certification of MERS Officer/Employee Delegates
• Alternative Plan Review & Development Update
• MERS Customer Voice/evaluation survey
• MERS Strategic & Business Planning Update
• Value Based Allocation
• Investments Report
• Asset Allocation Band Increase (above maximum band) Fixed Income
• MERS Governance Policy
• Proposed Amendment to the Plan regarding Working Judges' Eligibility to Commence receiving Benefits earned with MERS
• Annual Conference overview
• Amy-O'Keefe v MERS
• Harris-Morris v MERS
• Wolfe v MERS
• MERS Data Security Process
Adjournment.....7

**MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
BOARD MEETING MINUTES
The Kellogg Center of MSU
July 19, 2018**

BOARD MEMBERS PRESENT

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

Randy Girard (absent)

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
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
Julian Ramirez, Investment Analyst
Mike Schrauben, Senior Investment Officer and
Manager
Paul Van Gilder, Investment Analyst
Jennifer Mausolf, Communication and Retirement
Strategies Director
Paul Hampel, Senior Marketing Coordinator
Pete Charette, Marketing Analyst
Scott Thompson, IT Director

Call to Order

Chairperson, Michael Brown, called the meeting of the MERS Retirement Board to order at 8:01 a.m. on Thursday, July 19, 2018.

Public Audience

No members of the public were present.

General Consent Agenda

Mr. Wiersma moved to approve the July 19, 2018 General Consent Agenda; supported by Ms. Deford. Motion carried.

New Business

CEO Report

Given the discussion of MERS performance during the mid-year review, Mr. DeRose, CEO, deferred making his report to the board and asked for any questions.

Certification of MERS Officer and Employee Delegates

Ms. Butler moved to approve Mr. Burns, Chief Investment Officer, and Ms. Hollon, Service Center Analyst, as the Officer and Employee delegates to the 2018 MERS Annual conference; supported by Mr. Gilmore. Motion carried.

Alternative Plan Review and Development Update

Ms. Lombardo, Chief Strategic and External Affairs Officer, Ms. Mausolf, Communication and Retirement Strategies Director and Mr. Hampel, Senior Marketing Coordinator, presented the Alternative Plan Review and Development update. After review and discussion, the board directed staff to continue to research and develop a cash balance plan and bring back for consideration at a future meeting.

MERS Customer Voice evaluation survey

Ms. Lombardo, Chief Strategic and External Affairs Officer, and Mr. Pete Charette, Marketing Analyst, presented the Voice of the Customer 2018 Executive Summary.

MERS Strategic and Business Planning update

Ms. Lombardo, Chief Strategic and External Affairs Officer, presented the MERS Strategic and Business Planning update.

Value Based Allocation

Mr. Burns, Chief Investment Officer, and Mr. Schrauben, Senior Investment Officer and Manager, presented the Value Based Allocation report.

Investment Report

Mr. Burns, Chief Investment Officer, provided the MERS portfolio performance update.

Asset Allocation Band Increase (above maximum band) Fixed Income

Mr. Burns, Chief Investment Officer, discussed the July 19, 2018 Memorandum to Mr. DeRose, CEO, recommending revision to the MERS target asset allocation, allowing the Global Fixed Income portfolio to exceed its maximum allocation indefinitely. Mr. Gilmore moved to approve the revision to the MERS target asset allocation; supported by Ms. Deford. Motion carried.

MERS Governance Policy

Ms. Bellar, Senior Deputy General Counsel, discussed the June 29, 2018, Memorandum to the MERS Retirement Board, recommending revisions to the MERS Governance Policies.

Ms. Butler moved to approve the proposed revisions to the MERS Governance Policies to include adoption of the Disclosure Form and process; and directs staff to amend the Governance policies as set forth and take such action as required to implement the amendments and other actions directed by the Board; supported by Mr. Wiersma. Motion carried.

Proposed Amendment to the Plan regarding Working Judges' Eligibility to commence receiving Benefits earned with MERS

Mrs. Tarini, General Counsel, discussed the July 9, 2018 Memorandum to Mr. DeRose, CEO, recommending amendments to the Plan Document.

Mr. Ogden moved to approve amendments to Sections two and nine, with immediate effect, and directs staff to make any and all revisions to the System's forms, policies and/or procedures required for its implementation; supported by Mr. Gilmore. Motion carried.

Annual Conference overview

Ms. Lombardo, Chief Strategic and External Affairs Officer, updated the Board on the 2018 Annual Conference.

Amy-O'Keefe v MERS

In the matter of Donna Amy-O'Keefe v MERS, Ms. Deford recused herself from this matter and stepped out of the room. Mrs. Tarini, General Counsel, then reviewed with the Board the background of this matter.

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. Gilmore. Motion carried.

Ms. Deford then reentered the meeting.

Patricia Harris-Morris v MERS

In the matter of Patricia Harris-Morris v MERS, 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 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.

Marie Wolfe v MERS

In the matter of Marie Wolfe v MERS, 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 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.

Board education – MERS Data Security Process

Ms. Boucke', Chief Operating Officer, and Mr. Thompson, IT Director, presented Board education on MERS Data Security Process.

Adjournment

Meeting adjourned at 12:29 p.m.

Respectfully submitted,



Michael Brown, Chairperson



Chris DeRose, Chief Executive Officer