



2009 MERS BOARD MOTIONS

JANUARY 14, 2009 BOARD MEETING

BOARD ELECTION

Mr. Johnson moved to nominate Mr. Opelt to position of Board Chairman, supported by Mr. Ogden. Motion carried.

Mr. Ogden moved to nominate Ms. Dreves to position of Chair Pro Tem, supported by Mr. Girard. Motion carried.

GENERAL CONSENT AGENDA

Mr. Girard moved to approve the Consent Agenda, excluding the CEO Report and November 2008 Investments Report, supported by Mr. Ogden. Motion carried.

CLOSED SESSION

Mr. Johnson moved to go to closed session to discuss a confidential business opportunity and to review closed session minutes. Supported by Mr. Ogden.

Roll Call:

Mr. Opelt: Yes
Ms. Dreves: Yes
Ms. Crumley: Yes
Mr. Johnson: Yes
Mr. Girard: Yes
Mr. Ogden: Yes

Motion carried.

In open session, Mr. Johnson moved to approve the closed session minutes, supported by Ms. Dreves. Motion carried.

NEW BUSINESS

Media Relations Policy

The policy is intended to regulate interaction between MERS and the media, with a view to protect the image and reputation of the organization, ensure clear, factual communications with the public and protect the interest of all our members. Mr. Girard moved to approve the Media Relations Policy with modifications as discussed, supported by Mr. Johnson. Motion carried.

2009 GRS Actuarial and Consulting Services Agreement

Mr. Johnson moved to approve the 2009 Actuarial and Consulting Services Agreement with GRS with an effective date of January 1, 2009 through December 31, 2009. Supported by Mr. Girard. Motion carried.

Plan Document Amendments

HCSP and RHFV

Moved by Mr. Girard and supported by Mr. Ogden for the reasons discussed in Chief General Counsel's memorandum dated January 6, 2009, and following discussion, the Board approves with immediate effect the following amendments to the Restated MERS Health Care Savings Program and Retiree Health Funding Vehicle Plan Document:

Article II, HCSP, section 8.01 is amended; and
Article III, RHFV, sections 7.01 and 7.02 are amended, and section 7.03 added.

- Section 2A(9) [Internal Revenue Code conformance]
- Section 32(1), 41(3) and 41A(3) [MERS membership]

Motion carried.

Section 2A(9) [Internal Revenue Code Conformance]

Moved by Mr. Ogden and supported by Ms. Dreves, upon consideration of the December 28, 2008 memorandum of the Legal Department, and pursuant to the Board's authority as trustee and fiduciary under Section 36 of 1984 PA 427, as amended; MCL 38.1536, the Board approved the amendment to the Plan Section 2A(9), with immediate effect. Motion carried.

Section 32(1), 41(3) and 41A(3) [MERS Membership]

Moved by Ms. Dreves and supported by Mr. Ogden, upon consideration of the January 6, 2009 memorandum of the Legal Department, and pursuant to the Board's authority as trustee and fiduciary under Section 36 of 1984 PA 427, as amended; MCL 38.1536, the Board approves the amendment to Plan Sections 32(1), 41(3), and 41A(3) as set forth in the attachment, with immediate effect. Motion carried.

Board Member Eligibility

Moved by Mr. Girard and supported by Mr. Ogden, upon consideration of the January 7, 2009 memorandum of the Legal Department and pursuant to the Board's authority as trustee and fiduciary under Section 36 of 1984 PA 427, as amended MCL 38.1536, the Board resolves that an employee or officer Board member shall be a full time employee of a MERS participating municipality or court as follows:

- In the exercise of its power to appoint a MERS member to a vacant Board position which is an officer or employee member vacancy, as provided by Plan Document Section 36(8), that only full time employees shall be considered and appointed.
- The Board hereby amends the Annual Meeting Board Nomination and Appointment Process (as stated in the attachment) to provide that, in order to be considered eligible for nomination and election (or re-election) to an employee or officer Board position, a candidate shall be a full time employee; and, amended, that the amended Process be

submitted to the certified delegates at the 2009 Annual Meeting for approval pursuant to Plan Document Section 45(4) – (5).

Motion carried.

OTHER BUSINESS

The Board interviewed Ms. Lori Newberg, Ingham County Services Coordinator to fill the remainder of the term vacated by Ms. Sue Stahl. Mr. Johnson moved to appoint Ms. Newberg to fill the vacant employee position, supported by Mr. Girard. Motion carried.

NO FEBRUARY 2009 BOARD MEETING

MARCH 11, 2009 BOARD MEETING

PUBLIC BOARD MEMBER APPOINTMENT

Mr. Girard moved to appoint Mr. James Wiersma of Holland as the Public Member of the Board, for a three year term, supported by Mr. Ogden. Motion carried.

OLD BUSINESS

Pension Options Plan Sec 23 Amendment: Member Comments and Recommendation

On September 30, 2008, the Board directed that requests for Member Comment be posted on the website. As of the December 31, 2008 deadline for Member Comment, there have been seven comments received. The posting indicated that the matter would be reviewed at the January 14, 2009 Board meeting. Mr. Moquin recommended and the Board agreed further consideration be deferred to today's meeting for review and recommendation. Accordingly, the opportunity for Member Comments having been provided and comments received, and there being substantial basis for extending the pension options provision as an elective provision that may be adopted by the governing body of a participating municipality (or the chief judge of a participating court); it is recommended by Mr. Moquin (March 3, 2009 memorandum) that the Legal Department be directed to draft the pension options plan amendment as a adoption-only provision for Board final consideration at the May meeting. Moved by Mr. Girard and supported by Mr. Ogden to approve Mr. Moquin's recommendation. Motion carried.

GENERAL CONSENT AGENDA

Mr. Johnson moved to approve the Consent Agenda, excluding the January 2009 Investments Report, supported by Ms. Dreves. Motion carried.

December 2008, January 2009 Investment Reports

Mr. Burns provided an update on the MERS portfolio performance. Mr. Burns reported the 2008 portfolio performance at -24.79%. Moved by Ms. Dreves and supported by Ms. Crumley to approve the Investment reports. Motion carried.

CLOSED SESSION

Mr. Girard moved to go to closed session to review closed session minutes and to discuss a confidential business opportunity. Supported by Ms. Dreves.

Roll Call:

Mr. Opelt: Yes
Ms. Dreves: Yes
Ms. Crumley: Yes
Mr. Johnson: Yes
Mr. Girard: Yes
Mr. Ogden: Yes
Mr. Johnson: Yes
Mr. Wiersma: Yes
Ms. Newberg: Yes

Motion carried.

The Board moved back into open session. In open session, Mr. Brown moved to approve the closed session minutes, supported by Mr. Girard. Motion carried.

NEW BUSINESS

Portfolio Rebalance

Mr. Johnson moved to approve the asset allocation rebalance recommendation of the Investment Committee. The goal is to rebalance the portfolio by increasing the equity portion by 8% by calendar year end. This will be accomplished by buying equities on a monthly basis. Supported by Mr. Girard. Motion carried.

2008 Valuation Recommendations

The Board reviewed Mr. Moquin's March 3, 2009 memorandum for recommended actions relating to the 2008 Valuations. Following discussion, the Board approved the following motions.

Moved by Ms. Dreves and supported by Mr. Brown:

Amend Plan Section 43C(4) to provide that 28 year amortization will be in effect in the 2007, 2008, and 2009 valuations, after which the annual one year decline in amortization will reach 20 year amortization in the December 31, 2017 valuations. Motion carried.

Moved by Ms. Dreves and supported by Mr. Brown:

Adopt the Restated Policy for Closed Municipalities with immediate effect. Motion carried.

Moved by Mr. Ogden and supported by Ms. Dreves:

Adopt the Amended Enforcement Procedure for Prompt Reporting and Payment with immediate effect. Motion carried.

Following discussion, the Board did not approve the following recommendation:

Moved by Mr. Girard and supported by Mr. Ogden:

For the 2008 Valuation only, under the 10 year smoothing policy adopted in 2006, 5% of the 2008 investment losses rather than 10% shall be recognized, and the remaining 5% from 2008 shall be recognized in the following 9 years (0.05% divided by 9) along with the 10% portion. Motion not approved.

Board Member Resolution

Mr. Johnson moved to approve the resolution commending retiring Board Member Sue Stahl for her years of service to the Board. Supported by Mr. Girard. Motion carried.

Service Credit Purchase Installment Request

The Service Credit Installment program will be rolled out later this year. Since the purchase of service credit will be made on a monthly basis as a direct debit from the member's account the process needs to be field tested. Mr. Huelskamp has volunteered to be a test case in a real world environment and requests approval to purchase of three months generic service credit at actuarial cost on an installment basis. Mr. Brown moved to approve the request, supported by Ms. Dreves. Motion carried.

Plan Amendment Section 4/Revision to Comply with 2008 PA 502 (Reciprocal Retirement Act)

The Board reviewed Mr. Moquin's March 2, 2009 memorandum for recommended action relating to amending Plan Document section 4. Moved by Mr. Ogden and supported by Ms. Dreves as follows:

- Amend subsection (2) (a) and (3), by changing the operative time periods from 180 months to 240 months so as to maintain coordination of the break in service time periods with the changes made to the Reciprocal Retirement Act by 2008 PA 502;
- Amend subsection (3)(b), second sentence, after "retirement system, on account of employment," by the addition of "by, and prior to termination of employment" and before "with, the same participating municipality..." with immediate effect.

Motion carried.

New Benefit Recommendation

CEO Wagner recommended approval to move forward to work on a new benefit plan structure with the staff and actuary. Moved by Mr. Girard, supported by Ms. Dreves, to approve the recommendation, with further discussion at the May meeting. Motion carried.

NO APRIL 2009 BOARD MEETING

MAY 13, 2009 BOARD MEETING

OLD BUSINESS

Pension Options Plan Amendment (Sections 23 and 23B)

The Board reviewed the May 5, 2009 Memorandum of the Legal Department proposing new Plan Section 23B, which creates a new benefit option regarding post-retirement beneficiary selection, which participating municipalities and courts may adopt at their discretion. Moved by Mr. Ogden and supported by Ms. Crumley, upon consideration of the May 5, 2009 Memorandum of the Legal Department, to approve the language in the new Plan Section 23B and conforming revisions to Plan Section 23, with an effective date of July 1, 2009. Motion carried.

Ratification of Board Action Re: Disability Cases

Paul J. Noack v MERS, Chesterfield Charter Twp.

The Board having considered the matter in its April 14, 2009 conference call and at the May 13, 2009 regular meeting, it was moved by Mr. Girard to adopt the Hearing Officer's proposal for decision dated January 12, 2009 and denying duty disability retirement, supported by Ms. Dreves. Motion carried.

Marsha I. Moseley v MERS, SMART

The Board having considered the matter in its April 14, 2009 conference call and at the May 13, 2009 regular meeting, it was moved by Mr. Girard to adopt the Hearing Officer's proposal for decision dated January 12, 2009 and approving non-duty disability retirement, supported by Ms. Dreves. Motion carried.

GENERAL CONSENT AGENDA

Mr. Wiersma moved to approve the Consent Agenda, excluding the CEO Report and Scorecard, supported by Mr. Brown. Motion carried.

CEO Wagner discussed various project schedules and data on the Scorecard. It was agreed that for future Board meetings, the CEO Report will not be part of the Consent agenda and will be reported under new business. Moved by Mr. Girard and supported by Ms. Dreves to approve the CEO Report and Scorecard. Motion carried.

CLOSED SESSION

Mr. Ogden moved to go to closed session to review closed session minutes, pending litigation and a confidential potential alternative investment. Supported by Ms. Dreves.

Roll Call:

Mr. Opelt: Yes
Ms. Dreves: Yes
Ms. Crumley: Yes
Mr. Johnson: Yes
Mr. Girard: Yes
Mr. Ogden: Yes
Mr. Johnson: Yes
Mr. Wiersma: Yes
Ms. Newberg: Yes

Motion carried.

The Board moved back into open session. In open session, Mr. Girard moved to approve the closed session minutes, supported by Ms. Dreves. Motion carried.

Mr. Girard moved to allow the Legal Department to proceed in the manner discussed in closed session, supported by Ms. Crumley. Motion carried.

NEW BUSINESS

February, March 2009 Investment Reports

Mr. Burns provided an update on the MERS portfolio performance. Mr. Burns reported portfolio performance at +2.64% as of May 12, 2009. Moved by Ms. Dreves and supported by Ms. Crumley to approve the Investment reports. Motion carried.

Plan Amendment Section 43C: 80% funding for benefits change

Moved by Ms. Dreves, supported by Mr. Brown, upon consideration of the May 8, 2009 Memorandum of CFO Luke Huelskamp and Chief General Counsel Michael Moquin on behalf of the Fiscal Responsibility Working Group, to tentatively approve the amendments to Plan Section 43C with an effective date of July 15, 2009, subject to member comment to be considered by the Board at the July 15 meeting. Motion carried.

Plan Amendment Section 26 (IRS conformance)

Moved by Mr. Girard, supported by Mr. Brown, upon consideration of the April 30, 2009 Memorandum of the Legal Department, to approve the amendment of Plan Section 26 by the addition of subsection (7), with immediate effect and retroactive to January 1, 2007. Motion carried.

NO JUNE 2009 BOARD MEETING

JULY 15, 2009 BOARD MEETING

GENERAL CONSENT AGENDA

Ms. Dreves moved to approve the Consent Agenda, excluding the Delinquent Municipalities Report, supported by Mr. Ogden. Motion carried.

Mr. Huelskamp reported that the amount due by the City of Muskegon Heights is a concern. His recommendation is to send a letter to the city giving 30 days notice to make payment. Moved by Mr. Girard, supported by Ms. Dreves to send a payment due letter to the City of Muskegon Heights. Motion carried.

Moved by Mr. Johnson and supported by Ms. Dreves, to approve the Delinquent Municipalities Report. Motion carried.

CLOSED SESSION

Ms. Dreves moved to go to closed session to review closed session minutes of May 13, 2009, an update on pending litigation and a confidential potential alternative investment. Supported by Ms. Crumley.

Roll Call:

Mr. Opelt: Yes
Ms. Dreves: Yes
Ms. Crumley: Yes
Mr. Johnson: Yes
Mr. Girard: Yes
Mr. Ogden: Yes
Mr. Johnson: Yes
Mr. Wiersma: Yes
Ms. Newberg: Yes

Motion carried.

The Board moved back into open session. In open session, Ms. Dreves moved to approve the May 13 closed session minutes, supported by Mr. Girard. Motion carried.

NEW BUSINESS

CEO Report

Ms. Crumley moved to approve the CEO Report, supported by Ms. Dreves. Motion carried.

April, May 2009 Investment Reports

Mr. Burns provided an update on the MERS portfolio performance. Mr. Burns reported portfolio performance at +2.91% as of July 6, 2009. Moved by Ms. Dreves and supported by Mr. Girard to approve the Investment Reports. Motion carried.

Policy Review: Non-endorsement Policy

Mr. Ogden moved to approve the proposed Non-endorsement Policy, supported by Ms. Dreves. Motion carried. The Non-endorsement Policy will become part of the Board's processes.

Resolution for MERS Premier Health Board of Trustees Member

Mr. Girard moved to appoint Luke Huelskamp to the MERS Premier Health Board for the remainder of the open three year term ending December 31, 2011. Supported by Ms. Dreves. Motion carried.

IRS Compliance Amendment (Section 2A(8))

Moved by Mr. Brown, supported by Mr. Wiersma, to approve the amendment to Section 2A(8) upon consideration of the July 7, 2009 Memorandum of the Legal Department. Motion carried.

Fiscal Responsibility Working Group Recommendations

Moved by Mr. Ogden, supported by Mr. Girard, upon consideration of the July 8, 2009 Memorandum of CFO Luke Huelskamp and Chief General Counsel Michael Moquin, to approve the amendments to:

- Plan Section 10, 19A, and 43C, with an effective date of July 1, 2009, and
- Plan Sections 43 and 43A, is conditionally adopted with an effective date of October 1, 2009, subject to Member Comment submitted by September 1, 2009.

Motion carried.

OTHER BUSINESS

In the matter of Daisy M. Wilson (deceased), Retirement Option Election. Moved by Mr. Brown, supported by Ms. Dreves to approve the Interim Order proposed by Chief General Counsel Moquin as follows:

This case having been brought before the MERS Hearing Officer, the Hearing Officer having reviewed the record and heard oral argument on July 14, 2009, and having rendered her Bench decision following oral argument, and Petitioner, the County and the Hearing Officer having requested expedited review; this Interim Order granting the Petitioner's request and making retroactive payments to Mr. Wilson commencing May 2009.

The full administrative record and proposed decision of the Hearing Officer in this matter shall be considered by the Board at its September meeting and the final decision rendered by the Board.

Motion carried.

NO AUGUST 2009 BOARD MEETING

SEPTEMBER 15, 17, 2009
ANNUAL MEETING, BOARD MEETING

OLD BUSINESS

Branding Logo Survey Results and Decision

Lisa Bond Brewer, Communications Director, reported on the branding logo survey results and presented the Board with the new logo with the State of Michigan included (as in the current logo) in the design for approval. Mr. Brown moved to approve the new logo, supported by Ms. Crumley. Motion carried.

Fiscal Responsibility Package:

Member Comments on Plan Amendment 43 and 43A Bridged Benefit Program and Staff Recommendation

Moved by Mr. Ogden, supported by Mr. Johnson, upon consideration of September 2, 2009 Memorandum of Chief General Counsel and the opportunity for Member Comment having been provided for the period July 24 through September 1, for approval of amendments to Plan 43 and 43A regarding the Bridged Benefit Program as conditionally adopted on July 15, 2009, with an effective date of October 1, 2009. Motion carried.

Section 19A-DC and 19B-Hybrid Changes

Moved by Ms. Dreves, supported by Mr. Wiersma, upon consideration of the September 2, 2009 Memorandum of Michael Moquin submitted on behalf of the MERS Fiscal Responsibility Group, to approve the amendments to Plan Sections 19A and 19B, regarding MERS Hybrid Plan, with an effective date of September 15, 2009. Motion carried.

Revised Actuarial Fee Schedule

Moved by Ms. Dreves, supported by Mr. Girard, upon consideration of the September 9, 2009 memorandum of Lynda M. Pittman, Director of Retirement Services, and in furtherance of the Board's fiscal responsibility initiatives, for approval of the Restated Fee Schedule for Initial Actuarial Valuations and for Supplemental Actuarial Valuations ("Restated Fee Schedule"), and implementing Form 13B, with an effective date of October 1, 2009. Motion carried.

Contested Case Proposal For Decision:

Steven R. Wilson and Ingham County v MERS (retirement option election) (interim Board Order entered at July meeting)

Moved by Mr. Brown, supported by Ms. Dreves, to approve as the Board's Final Order the Proposal for Decision of the Hearing Officer granting the Petitioner's request that Mrs. Wilson's election be changed from Straight Life to Option II, life with a hundred percent to survivor. Motion carried.

Internal Audit Plan

Joe Thompson, Internal Auditor, presented the proposed 2009-2010 Internal Audit Risk Assessment and Audit Plan for the Board's review. Mr. Ogden moved to approve the audit plan, supported by Ms. Dreves. Motion carried.

Actuary RFI

Following review and recommendation by MERS staff, Mr. Girard moved to continue with the actuarial services of GRS with the next contract beginning January 2010. Supported by Ms. Dreves. Motion carried.

GENERAL CONSENT AGENDA

Mr. Girard moved to approve the Consent Agenda, supported by Ms. Crumley. Motion carried.

CLOSED SESSION

Mr. Girard moved to go to closed session to review closed session minutes of July 15, 2009 meeting and consider legally-privileged attorney-client memorandum from Chief General Counsel Michael Moquin. Supported by Ms. Dreves. Motion carried.

Roll Call:

Mr. Opelt: Yes
Ms. Dreves: Yes
Ms. Crumley: Yes
Mr. Johnson: Yes
Mr. Girard: Yes
Mr. Ogden: Yes
Mr. Johnson: Yes
Mr. Wiersma: Yes
Ms. Newberg: Yes

Motion carried.

In open session, Ms. Crumley moved to approve the July 15 closed session minutes, supported by Mr. Girard. Motion carried.

Mr. Girard moved to take the action recommended in Counsel's written Memorandum on the third item, supported by Ms. Crumley. Motion carried.

NEW BUSINESS

Auditors Report: Andrews, Hooper & Pavlik PLC

Mr. Jeffrey Fineis, CPA and Mr. Scot Hoskins, CPA of Andrews, Hooper & Pavlik PLC presented their findings of the 2008 audit of MERS financial statements and declared a clean, unqualified opinion on the financial statements. Ms. Dreves moved to accept the audit results,, supported by Mr. Brown. Motion carried.

Auditor Selection

CFO Huelskamp presented the results of the RFP for auditing services for 2009-2011. Upon consideration of Mr. Huelskamp's recommendation to continue the contract with Andrews, Hooper & Pavlik PLC, for 2009-2011, Ms. Dreves moved to award the contract to Andrews, Hooper & Pavlik PLC, supported by Mr. Johnson. Motion carried.

CEO Report

Ms. Dreves moved to approve the CEO Report, supported by Mr. Wiersma. Motion carried. Ms. Dreves moved to approve the request for an additional unbudgeted staff position requested by CEO Wagner, supported by Ms. Crumley. Motion carried.

June, July 2009 Investment Reports

Mr. Burns provided an update on the MERS portfolio performance as of July 31, 2009. Mr. Burns reported portfolio performance at +12.3% year-to-date. Moved by Mr. Johnson and supported by Mr. Girard to approve the Investment Reports. Motion carried.

Restated 2009 MERS ISP Uniform Resolution

Upon recommendation by Jeb Burns, Chief Investment Officer, Ms. Dreves moved to approve the following changes to the ISP Uniform Resolution, supported by Mr. Wiersma:

1. Clarifying State Street as the final book of record. All pricing of the portfolio is finalized by State Street.
2. If the agreement is terminated by manager (MERS of Michigan as investment fiduciary) or by the Trustee (the adopting municipality) assets to be transferred shall be liquidated in increments of 25%, with the initial transfer not occurring earlier than the 30th calendar day; each subsequent 25% transfers will occur at 90 day intervals. If liquidity is adequate in the fund, Manager may expedite process. Previously, the Trustee was able to withdraw all assets at one time. The Board upon good cause shown may readmit a previously terminated municipality within less than the 5 year lock-out.

Motion carried.

Policy Review: Procurement Policy Changes

Ms. Dreves moved to approve the proposed changes in the Procurement Policy, supported by Mr. Brown. Motion carried.

MERS Premier Health Transfer

Mr. Johnson moved to approve the request for a short term advance of up to \$1.4 million on an as needed basis to cover insurance claims for MERS Premier Health that would be recouped from the reserves on deposit with OFIR, when ORIF releases the reserves. Supported by Ms. Dreves. Motion carried.

Contested Case Proposal for Decision:

Emily Louise Roberts v MERS and Muskegon County (non-duty disability)

Moved by Ms. Dreves, supported by Mr. Girard to adopt as the Board's Final Order the Hearing Officer's recommendation in the Proposal for Decision granting Petitioner Emily Louise Roberts application for non-duty disability retirement. Motion carried.

IRS Compliance Plan Amendment (section 2A(8))

Moved by Mr. Brown, supported by Mr. Wiersma, to approve the amendment to Section 2A(8) upon consideration of the July 7, 2009 Memorandum of the Legal Department. Motion carried.

NO OCTOBER 2009 BOARD MEETING

SCHEDULED: NOVEMBER 13, 2009 BOARD MEETING

OLD BUSINESS

Board Governance Review

Mr. Brown moved to approve the revised and updated Board Governance Policy, supported by Ms. Dreves. Motion carried.

RHFV Investment Options

Moved by Mr. Ogden and supported by Ms. Dreves upon consideration of the November 2, 2009 Memorandum of Carrie Lombardo, Chief Marketing & Employer Services Officer, to approve the Restated MERS Trust Agreement for HCSP and RHFV, Art III, section 2.03(e) and Rule 2.03(e) Restated MERS HCSP and RHFV Plan Document, Art II, section 6.01 and Art III, section 5.01 Retiree Health Funding Vehicle Uniform Resolution, with an effective date of October 1, 2009. Motion carried.

GENERAL CONSENT AGENDA

Mr. Girard moved to approve the Consent Agenda excluding the 3rd Quarter 2009 Scorecard, supported by Ms. Crumley. Motion carried.

After review and discussion of the Scorecard, Mr. Girard moved to receive and file the Scorecard, supported by Ms. Dreves. Motion carried.

CLOSED SESSION

Ms. Dreves moved to go to closed session to discuss the CEO's annual performance evaluation, review closed session minutes of the September 15, 2009 meeting and discuss a confidential business opportunity; supported by Ms. Crumley.

Roll Call:

Mr. Opelt: Yes

Ms. Dreves: Yes

Ms. Crumley: Yes

Mr. Johnson: Yes

Mr. Girard: Yes
Mr. Ogden: Yes
Mr. Johnson: Yes
Mr. Wiersma: Yes
Ms. Newberg: Yes

Motion carried.

The Board moved back into open session.

In open session, Ms. Dreves moved to approve 10% merit compensation to CEO Wagner for 2009 performance and approve 2010 salary of \$185,000; supported by Mr. Johnson. Motion carried. It was agreed that Ms. Dreves will forward Ms. Wagner's 2010 contract to the Board for review and discussion at the January Board meeting.

Mr. Girard moved to approve the September 15 closed session minutes, supported by Ms. Dreves. Motion carried.

NEW BUSINESS

Board Election

Mr. Girard moved to appoint Mr. Opelt as the retiree member to the Board for a three year term ending December 31, 2013, supported by Ms. Dreves. Motion carried.

Ms. Crumley nominated Mr. Opelt to continue as Chairperson for 2010, supported by Ms. Dreves. Motion carried. Ms. Crumley nominated Ms. Dreves to continue as Chairperson Pro Tem for 2010, supported by Mr. Girard. Motion carried.

CEO Report

Ms. Wagner presented the CEO Report, discussing department updates, 2010 Strategic Plan, internal audit status report, 2009 annual meeting survey, 2010 Board Meeting Schedule and potential conferences for Board members for 2010. Ms. Dreves moved to approve the CEO Report, supported by Mr. Girard. Motion carried.

2010 Budget

As a result of its September 2009 meeting, the Budget Committee recommended that the Board adopt the 2010 Budget Resolution as presented by CFO Huelskamp. Mr. Wiersma moved to adopt the 2010 Budget Resolution as recommended, supported by Mr. Girard. Motion carried.

August and September 2009 Investment Reports

Mr. Burns provided an update on the MERS portfolio performance as of September 30, 2009. Mr. Burns reported portfolio performance at +15.78% year-to-date. Moved by Ms. Dreves and supported by Mr. Girard to accept the Investment Reports. Motion carried.

Ernest L. Bradley v MERS

Moved by Mr. Girard, supported by Mr. Ogden to adopt as the Board's Final Order the Hearing Officer's recommendation in the Proposal for Decision granting Petitioner Ernest L. Bradley's request for MERS to: 1) correct its records to reflect the automatic selection of Option II

effective as of the month following the death of the Petitioner's spouse; and 2) make retroactive payments to Mr. Bradley commencing with the month of April 2007 (the month after decedent passed), after offsetting and recouping the dollar differential between the higher Straight Life pension paid to the deceased member for 10 years and the Option II benefit to be paid to the Petitioner so as to hold the System harmless. Due to hardship considerations, this Order shall take immediate effect. Motion carried.

Bruce Gartz v MERS

Moved by Ms. Dreves, supported by Mr. Girard to adopt as the Board's Final Order the Hearing Officer's recommendation in the Proposal for Decision granting petitioner Bruce Gartz's application for non-duty disability retirement. Motion carried.

Plan Amendment Sections 6, 7 and 9 (IRS Conformance)

Moved by Mr. Girard, supported by Ms. Crumley, upon consideration of the October 29, 2009 Memorandum of the Legal Department, to approve the amendments to Plan Sections 6, 7 and 9 (TGRS-MERS and IRS compliance items) with immediate effect. Motion carried.

Plan Section 31(1) Re-employment of retirees review

Plan section 31(1) governs the ability of a retiree to become re-employed by the participating municipality or court from which he or she retired without a suspension of benefits. The Board is considering amending Section 31(1) to more effectively enforce the requirement that such re-employment follow a bona fide termination of employment. Changes being considered include, but are not limited to:

- Increasing to 180 days the separation from service period – from the current minimum of 30 days – that is required before a retiree may become reemployed without suspension of benefits.
- Suspending benefits for elected or appointed officials who retire and continue in office unless there is a minimum break of at least 1 year between the old and new term in office.

Moved by Mr. Brown, supported by Mr. Girard, that member comments be invited for a 90-day period (through February 23, 2010) for consideration by the Board at the March 2010 meeting. Motion carried.

NO DECEMBER 2009 BOARD MEETING SCHEDULED

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