



2011 MUNICIPAL EMPLOYEES' RETIREMENT BOARD MOTIONS

JANUARY 12, 2011 BOARD MEETING

Election of Officers

CEO Wagner called for nominations for Chairperson of the Retirement Board for 2011. Mr. Ogden nominated Mr. Opelt, supported by Mr. Johnson. Mr. Girard moved to close nominations and elect Mr. Opelt Chairperson, supported by Ms. Crumley. Motion carried.

Chairperson Opelt called for nominations for Chair Pro Tem of the Retirement Board for 2011. Mr. Johnson nominated Mr. Brown, supported by Ms. Crumley. Mr. Girard moved to close nominations and elect Mr. Brown Chair Pro Tem, supported by Mr. Wiersma. Motion carried.

Public Board Member Mr. Bruce Johnson's term expired 12-31-2010. Mr. Girard moved to appoint Mr. Johnson to a three year term, from January 1, 2011 through December 31, 2013. Supported by Ms. Dreves. Motion carried.

OLD BUSINESS

Plan Section 31(1) Return to MERS Membership

Moved by Board Member Girard and seconded by Board Member Crumley, upon consideration of the January 6, 2011 Memorandum from the Chief General Counsel and concurred by the Chief Executive Officer on behalf of the Fiscal Responsibility Group, 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 requested amendments Plan Sections 31(1)(b), with immediate effect:

1. As amended, section 31(1)(b) shall state:
 - (b) All employees not addressed in subsection (1)(a), including retirees subsequently reemployed as a result of becoming an elected or appointed official (effective January 1, 2011). A reemployed retiree who is not addressed in subsection (1)(a) shall not be a member of the retirement system for any purpose and shall have his or her pension suspended during any further period (or periods) of reemployment unless all of the following conditions are met:
 - (i) Thirty (30) calendar days (or more) shall have elapsed since the date the reemployed retiree terminated employment and retired.

(ii) The reemployed retiree shall have filed a "Return to Work Certification" form with the retirement system, in the form and manner provided for administratively by the system prior to the date of reemployment acknowledging that the reemployment followed a bona fide termination of employment and is not the result of any pre-retirement agreement or understanding with the employer from whom they retired.

(iii) The reemployed retiree shall not work in excess of 720 hours in a calendar year. This condition shall not apply to a retiree who is elected, re-elected, appointed or re-appointed to public office.

(iv) A reemployed retiree shall not have his or her pension suspended if either (A) or (B) is met:

(A) The retiree was elected, re-elected, appointed, or reappointed to office prior to January 1, 2011. This exception shall expire not later than the date the office is vacated or the term of office or appointment in effect prior to January 1, 2011 ends.

(B) The retiree was reemployed and had worked as a reemployed employee prior to January 1, 2011, had filed his or her retirement application with the retirement system not later than November 30, 2010, with a retirement allowance effective date not later than December 1, 2010.

A reemployed retiree who satisfies (A) or (B) shall not be subject to subparagraph (b)(ii) or (b)(iii).

(c) With the exception of the passage of a minimum of thirty (30) calendar days from the date the reemployed retiree retired to the date of re-employment, this subsection (1) shall not apply to:

- (i) re-employment under a third-party contract; or
- (ii) distributions under the MERS Defined Contribution Program, or the Hybrid Program Defined Contribution Component.

2. The CEO is directed to promptly and comprehensively communicate this amendment and related matters directly to MERS employers and the membership. To that end, this entire Motion shall be part of the communicated material.

Motion carried.

GENERAL CONSENT AGENDA

Mr. Johnson moved to approve the Consent Agenda, excluding the Minutes of the November 10, 2010 meeting, supported by Ms. Dreves. Motion carried.

Mr. Brown requested a correction to the minutes on page 4; the roll call did not have Mr. Brown's name listed. Ms. Dreves moved to approve the November 10, 2010 minutes as amended, supported by Ms. Newberg. Motion carried.

NEW BUSINESS

CEO Report

Ms. Wagner presented the CEO Report and updated the Board on the new board schedule for 2011, meeting at CALPERS, new technology tools, new hires, Ogemaw County lawsuit dismissal and space needs. Mr. Brown moved to approve the CEO Report, supported by Ms. Dreves. Motion carried.

Legislative Report

Mr. Kim Rhead, new Legislative Affairs and Public Policy Director, presented his report to the Board. Mr. Girard moved to approve the report, supported by Ms. Dreves. Motion carried.

Internal Audit Report

Mr. Joe Thompson, Internal Auditor, provided an update to the Board on the audit schedule and ongoing audits. Mr. Wiersma moved to approve the report, supported by Ms. Dreves. Motion carried.

Board Policy on Variable Compensation

Moved by Board Member Ogden and seconded by Board Member Newberg, upon consideration of the January 5, 2011 Memorandum addressed to MERS Chief Executive Officer from MERS Chief General Counsel, and pursuant to the power reposed in the Board under Plan Document Section 2A(6) to recognize items of includible compensation, and the Board's authority as trustee and fiduciary under Section 36 of 1984 PA 427, as amended; MCL 38.1536; Plan Section 36, the Board approves (with immediate effect):

Under Plan Section 2A(6), the Board recognizes as items of includible compensation payment (annual, lump sum or periodic) that is available to all employees in a division for:

- Achievement by employees of established annual (or similar period) performance goals, in the form of variable compensation (over base wages), merit compensation, or similar compensation.
- Attainment of educational degrees for employees who have (or acquire) an associate, bachelor (or higher) degree from an accredited college or university.
- Employee attainment, maintenance, or acquiring job-related certification.

Motion carried.

Emerging Market Debt Transition Review

Jamison Smythe, Senior Investments Officer and Portfolio Manager, presented the transition to MERS Emerging Market Debt portfolio and outlined savings provided to the plan as a result of actively managing the transition.

Moved by Ms. Crumley and supported by Ms. Dreves to receive and file the Investment Reports. Motion carried.

MERS Investment Management Plans

To comply with industry best practices and Department of Labor Guidelines, the Board approved the following resolutions:

MERS Defined Benefit (DB) Investment Management Plan

Moved by Mr. Brown, supported by Ms. Newberg, upon consideration of the January 12, 2011 Memorandum from Jeb Burns, Chief Investments Officer, to Anne Wagner, CEO, requesting modifications to the present Defined Benefit Investment Management Plan; the Board approves the MERS Defined Benefit Management Plan.

Motion carried.

MERS Defined Contribution (DC) Investment Policy Statement

Moved by Ms. Dreves, supported by Mr. Brown, upon consideration of the January 12, 2011 Memorandum from Jeb Burns, Chief Investments Officer, to Anne Wagner, CEO, requesting modifications to the present Defined Contribution Investment Policy Statement; the Board approves the MERS Defined Contribution Investment Policy Statement.

Motion carried.

Robert A. Seid, Jr. v MERS; Schoolcraft, Luce & Alger Counties

In the matter of Robert A. Seid, Jr. v MERS and the counties of Schoolcraft and Alger, Intervenor, Mr. Brown moved that the Board accepts and adopts as its own Findings of Fact and Conclusions of Law as stated by the Hearing Officer in her October 23, 2010 Proposal for Decision and Petitioner's request that MERS consolidate his credited service with Schoolcraft, Alger and Luce Counties is denied. Supported by Ms. Crumley. Motion carried.

East Lansing Police Appeal

In the matter of the appeal request of the Command Officers (COAM) City of East Lansing concerning Plan Document Section 31(1)(b), it was moved by Mr. Wiersma and seconded by Ms. Dreves, upon consideration of the September 13, 2010 letter of Lt. Lance Langdon, City of East Lansing Command Officer, on behalf of the Command Officer employees, the Board directs that the matter be referred to the Board's Administrative Law Judge for the taking of testimony and the issuance of a Proposal for Decision for Board review and issuance of a final decision. The Board's decision will then be based upon a full record to review on which the Board's final decision will be made. Further, the requestor shall be sent a copy of this Motion and shall be advised by MERS staff of the process by which a request for contested case hearing may be made. Motion carried.

NO FEBRUARY 2011 BOARD MEETING

MARCH 9-10, 2011 BOARD MEETING

Investments Report

Mr. Burns presented the portfolio performance report for the period ending 12/31/10. The portfolio performed well, returning 14.43% outperforming the policy benchmark by over 100 basis points. Moved by Ms. Crumley and supported by Ms. Dreves to receive and file the Investment Reports. Motion carried.

Asset Class Review-private equities

As part of the ongoing education for the Board, Mr. Burns provided an overview of MERS international equity allocation, reporting on the private equity portfolio and recommending strategic changes to the investment line up for the Board's approval. Mr. Wiersma moved to approved Mr. Burns' recommendation to remove CFGI as General Partner from all private equity partnerships, including the Strategic Opportunities Fund, supported by Mr. Johnson. Motion carried.

Investment Guidelines

Jaime Mauppin, MERS Investments Officer and Portfolio Manager, presented the revised investment guidelines for the Board's approval. Mr. Burns recognized Ms. Mauppin for her contributions to the ExCap project. Mr. Johnson moved to approve the revised guidelines, supported by Ms. Dreves. Motion carried.

Actuary Report: Amortization Policy

Upon the recommendation of the Fiscal Responsibility Group, Mr. Wiersma moved to:

1. Freeze the amortization period at 28 years for open divisions in the 2010 valuation (then declining one year each year down to 20 years).
2. Further reduce the wage inflation assumption to 1% (in place of 2%) each of the next four years. The assumption would revert to the long-term 4.5% assumption in the fifth year.
3. Amend Plan Section 43(C) (4) (with immediate effect) to read:

Beginning with the December 31, 2006 annual actuarial valuations, the 30 year maximum amortization period for unfunded accrued liability shall be reduced to a **20-year** maximum amortization period:

December 31, 2005 Valuation: 30 years

December 31, 2006 Valuation: 29 years

December 31, 2007 through 2010 Valuations: 28 years, declining one year each subsequent valuation year until 20 years amortization attained.

4. Amend Plan Section 2C(3)(b) by deleting the last sentence: **“Commencing January 1, 2011, the 25-year amortization schedule shall become 20-year amortization.”**

Supported by Mr. Ogden. Motion carried.

General Consent Agenda

Ms. Dreves moved to approve the Consent Agenda, excluding the Ends Scorecard, supported by Ms. Crumley. Motion carried.

Ends Scorecard

Mr. Johnson requested cost and basis points be added to the financial reports in the future. Mr. Johnson moved to approve the Ends Scorecard, supported by Ms. Dreves. Motion carried.

NEW BUSINESS

CEO Report

Ms. Wagner presented the CEO Report and updated the board on legislative issues at the federal level, department moves in the buildings and upcoming management meetings for strategic planning. The 2010 Department Accomplishments Reports were distributed to the Board. Ms. Wagner congratulated the staff on their hard work with ExCap. The DC Plan was successfully transitioned on January 21-24. Mr. Michael Charette presented the DC transition update to the Board. Mr. Brown moved to approve the CEO Report, supported by Ms. Dreves. Motion carried.

Legislative Report

Mr. Kim Rhead, Legislative Affairs and Public Policy Director, presented his report on state legislative issues to the Board. Mr. Wiersma moved to approve the report, supported by Ms. Dreves. Motion carried.

Internal Audit Report

Mr. Joe Thompson, Internal Auditor, provided an update to the Board on the audit schedule and ongoing audits. Mr. Brown moved to approve the report, supported by Ms. Dreves. Motion carried.

Marlo Donald v MERS

In the matter of Marlo Donald, Mr. Johnson moved the Board accepts and adopts as its own Findings of Fact and Conclusions of Law as stated by the Hearing Officer in her January 20, 2011 Proposal for Decision and Petitioner's application for non-duty disability retirement is Granted. Supported by Mr. Ogden. Motion carried.

NO APRIL 2011 BOARD MEETING

MAY 10-11, 2011 BOARD MEETING

Investments:

Asset Class Review-Fixed Income

As part of the ongoing education for the Board, Mr. Burns provided an overview of MERS fixed income allocation. Mr. Trey Heiskell, Managing Director of Blackrock Global Client Group, (formerly BGI) reported on MERS passive fixed income accounts managed by Blackrock.

Moved by Ms. Dreves and supported by Mr. Wiersma to receive and file the Investment Reports. Motion carried.

Self-Directed Accounts

The Self-Directed Accounts Committee, chaired by Mike Charette, Senior Investment Officer, is charged with protecting MERS fiduciary obligation on invested account products (DC). Mr. Charette reported the MERS DC plan was valued at \$310,076,092 as of March 31, 2011, an increase of 3.5% from the program's inception on January 21, 2011. Mr. Charette presented a recommendation from the Committee on loan procedures and rates for DC accounts for approval by the Board. Once approved, the procedures will be presented to participating employers with loan provisions. An employer may then choose to adopt or discontinue their loan program. Mr. Wiersma moved to approve the recommendations of the Committee, supported by Ms. Dreves. Motion carried.

OLD BUSINESS

General Consent Agenda

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

NEW BUSINESS

CEO Report

Ms. Wagner presented the CEO Report with updates on the Annual Meeting planning, Board annual retreat in July and scheduled regional meetings with employers and retirees in June. Mr. Girard moved to approve the CEO Report, supported by Ms. Dreves. Motion carried.

Legislative Report

Mr. Kim Rhead, Legislative Affairs and Public Policy Director, reported on state and federal legislation issues, focusing on the budget, taxes and pension legislation. Mr. Brown moved to approve the Legislative Report, supported by Ms. Dreves. Motion carried.

Internal Audit Report

Mr. Joe Thompson, Internal Auditor, provided an update to the Board on the audit schedule and ongoing audits. Mr. Wiersma moved to approve the report, supported by Ms. Crumley. Motion carried.

Kyle Stack v MERS

In the matter of Kyle Stack, Mr. Ogden moved that the Board accepts and adopts the Findings of Fact and Conclusions of Law as stated by the Hearing Officer in her April 18, 2011 Proposal for Decision granting the Petitioner's request in the case. Supported by Mr. Girard. Motion carried.

Scott Gochis v MERS

In the matter of Scott Gochis, Mr. Girard moved that the Board accepts and adopts the Findings of Fact and Conclusions of Law as stated by the Hearing Officer in her March 18, 2011 Proposal for Decision granted the Petitioner's application for duty disability retirement. Supported by Mr. Ogden. Motion carried.

NO JUNE 2011 BOARD MEETING

JULY 13-14, 2011 BOARD MEETING

General Consent Agenda

Mr. Brown moved to approve the Consent Agenda, excluding the Legal Report. Supported by Mr. Wiersma. Motion carried.

Legal Report

Mr. Moquin provided additional information in response to a question on the timeline for the Tribal Government and nonprofit organization retirement system DC program. Ms. Dreves moved to approve the Legal Report, supported by Ms. Crumley. Motion carried.

NEW BUSINESS

Investments Report

Mr. Jeb Burns presented the portfolio performance report for the period ending 5/31/11. The portfolio returned 6.63% year to date for the period ending 5/31/2011. For the same period: 21.19% for one year, 2.15% for three years and 5.04% for five years, all gross of fees. Mr. Girard moved to approve the report, supported by Ms. Dreves. Motion carried.

CEO Report

Ms. Wagner presented the CEO Report with updates on the Annual Meeting planning, regional meetings with employers and retirees in June, and department updates. Ms. Crumley moved to approve the CEO Report, supported by Ms. Newburg. Motion carried.

After a discussion of the proposed pension tax legislation, Mr. Girard moved to authorize CEO Wagner the discretion to draft supporting briefs for the Attorney General's opinions both supporting and opposing the questions surrounding the legitimacy of taxing public pensions in Michigan, scheduled to be reviewed by the Michigan Supreme Court September 7. Supported by Mr. Ogden. Motion carried.

Internal Audit Report

Mr. Joe Thompson, Internal Auditor, provided an update to the Board on the audit schedule and ongoing audits. Mr. Girard moved to approve the report, supported by Mr. Brown. Motion carried.

FRG Recommendations on Plan Amendments: Section 10, 19B & 43C

Upon recommendation of MERS Fiscal Responsibility Group and removal of Section 19A for further FRG review, Mr. Girard moved to amend Section 10, 19B and 43C to reflect changes to minimum funding requirements as follows, supported by Mr. Ogden.

- Effective July 1, 2012, the MERS Fiscal Responsibility Policy will require a division and its municipality be at least 100% actuarially funded to increase benefits. Member comment will be open until September 1, 2011.
- Amendments to MERS Hybrid Plan effective October 1, 2011 with member comments taken into consideration at the September Board meeting.
 - Two new benefit multipliers, 1.75% and 2.0% for divisions not participating in Social Security
 - A new early retirement rider of age 55 with a minimum of 25 years service

Motion carried.

Draft Restated Plan Document Review

As part of the ongoing Plan Document Review, Mr. Wiersma moved to approve Articles 1, 2 and 4 of the draft Restated Plan Document. Supported by Mr. Johnson. Motion carried.

Self-Directed Accounts

Mr. Charette, chair of the Self-Directed Accounts Committee reported the MERS DC plan was valued at \$319,207,704 as of May 31, 2011, an increase of 6.5% from the program's inception on January 21, 2011. Mr. Wiersma moved to approve the report, supported by Ms. Dreves. Motion carried.

HCSP/RHFV Revisions

Ms. Dreves moved to adopt the recommended modifications to the HCSP and RHFV Trust Agreement, Plan Document, Resolutions and Adoption Agreement to reflect enhancements to the online portals, more investment menu options and fee schedule. Supported by Mr. Johnson. Motion carried.

Strategy Ingredients – MERS Ecosystem of Information Summary

Ms. Carrie Lombardo, Chief Marketing & Employer Services Officer presented an overview of statistics, surveys, qualitative observations and market analysis and trends to the Board. Mr. Johnson moved to accept the report, supported by Ms. Dreves. Motion carried.

Revision to Policy on Procurement

Upon recommendation of the MERS staff, Mr. Brown moved to approve the recommended revisions to Section H of MERS Policy on Procurement and certain revisions in Attachment A through C as follows:

- Section H concerns Disposal of MERS assets, and the language dealing with items of computer hardware and software, required updating.
- Attachment A-1 to A-2: MERS Purchasing Procedures for Good and Services with total Contract Value Exceeding \$10,000.
- Attachment B-1 to B-11: MERS Model Request for Proposal.
- Attachment C-1 to C-4: Standard Contract Provisions (section 3 language on Contractor Responsibilities is expanded to better address Assignment and Delegation; and Section 11 Governing Law and Arbitration).

Supported by Ms. Dreves. Motion carried.

NO AUGUST 2011 BOARD MEETING

SEPTEMBER 27 & 29, 2011 BOARD MEETING

OLD BUSINESS

Space Needs

It was moved by Ms. Crumley and supported by Ms. Dreves to table the discussion until the November Board meeting. Motion carried.

Restated Plan Document Review: Articles 5 & 6

Mr. Brown moved to approve proposed changes in Article 5 excluding Section 36A, which will be set aside until the November Board meeting. Supported by Ms. Dreves. Motion carried.

Ms. Dreves moved to approve proposed changes in Article 6, supported by Ms. Crumley. Motion carried.

General Consent Agenda

Ms. Crumley moved to approve the Consent Agenda excluding the Minutes of the July 13-14, 2011 Board Meeting, supported by Mr. Johnson. Motion carried.

Board Meeting Minutes July 13-14, 2011

Ms. Wagner stated a correction to the minutes that changes to Section 19A were not approved at the July meeting. Mr. Brown moved to approve the amended minutes, supported by Mr. Wiersma. Motion carried.

NEW BUSINESS

Investments Performance Report

Mr. Burns provided an update on the MERS portfolio performance. Mr. Burns reported portfolio performance at +5.39% YTD, 16.70% at one year, 3.60% for three years and 4.66% for five years. Moved by Mr. Johnson and supported by Mr. Wiersma to receive and file the Investment Reports. Motion carried.

CEO Report

Ms. Wagner presented the CEO Report and discussed:

- Annual Meeting update
- 2012 Goals
- Strategic Planning
- Department Updates

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

Internal Audit Report

Mr. Joe Thompson, Internal Auditor, provided an update to the Board on the audit schedule and ongoing audits. Mr. Brown moved to approve the report, supported by Ms. Dreves. Motion carried.

Legislative Report – Kim Rhead

Mr. Rhead updated the Board on House and Senate pending legislation and pension and health care reform measures. Mr. Girard moved to approve the report, supported by Ms. Dreves. Motion carried.

Consolidated Actuary Report

Mr. Alan Sonnanstine, Senior Actuary with Gabriel Roeder and Smith, reviewed the results of the 65th Actuarial Valuation Report as of December 31, 2010 with the Board. Ms. Dreves moved to approve the report, supported by Ms. Crumley. Motion carried.

Self-Directed Accounts

Mr. Charette, chair of the Self-Directed Accounts Committee, reported the MERS DC plan was valued at \$316,661,117 as of June 30, 2011, an increase of 2.12% for the quarter. Mr. Wiersma moved to approve the report, supported by Ms. Dreves. Motion carried.

The Participant Directed Accounts Committee recommends the Board amend the current MERS Loan Procedures (MERS currently charges prime plus 0.50% in its loan program) to match the IRS guidelines with a revised procedure as follows:

The interest rate to be charged on a general purpose loan will be the prime interest rate reported by the Wall Street Journal, or any successor thereto, plus two percent (2.0%). The interest rate for a loan will be the established rate in effect on the month end prior to the date the loan application is approved by MERS or its designee.

Moved by Ms. Dreves to approve the revised procedures as recommended, supported by Mr. Brown. Motion carried.

**Tribal Government and Non-Profit Organization System Plan Document –
Benefit Program DC IRS Plan Amendments**

Mr. Girard moved to approve the IRS required amendments to the TGNORS DC Plan Document, supported Mr. Wiersma. Motion carried.

Election Certification (Sept 29, 2011)

Mr. Wiersma moved to certify the election of the 65th Annual Meeting Business Meeting on September 28, 2011, electing Officer Member Randy Girard (Election results: Randy Girard 97, Philip LaJoy 79, Kenneth Hinton 24) to a three-year term and Employee Member Amy Deford (Election results: Amy Deford 113, Holly Meyers 84) to a three-year term on the Board. Supported by Mr. Ogden. Motion carried.

NO OCTOBER 2011 BOARD MEETING

NOVEMBER 8 & 9, 2011 BOARD MEETING

Investments Report

Mr. Jeb Burns presented the portfolio performance report for the period ending 9/30/11. The portfolio returned -3.87%, gross of fees as of September 30, 2011, 2.65% for one year, 3.21% for three years and 2.18% for five years.

Ms. Dreves moved to accept the Investments Report, supported by Mr. Johnson. Motion carried.

The Investment Committee moved approval to establish a microcap portfolio to be managed by MERS Investment staff, with the provision that the full Board concur with approval. The fund will be housed in the Emerging Manager program and with initial funding \$25M. Moved by Mr. Wiersma and supported by Mr. Johnson to approve the recommendation of the Investment Committee. Motion carried.

Note: the Board previously granted the Investment Committee the authority to hire and fire investment managers, which remains in effect.

Participant Directed Accounts

The Participant Directed Accounts Committee, chaired by Mike Charette, Senior Investment Officer, is charged with protecting MERS fiduciary obligation on participant invested account products (DC). Mr. Charette reported the MERS DC plan was valued at \$286,244,741 as of September 30, 2011, a decrease of 9.61% for the quarter, due to market decline.

Mr. Ogden moved to approve the report, supported by Ms. Crumley. Motion carried.

2010 Audit Report and Scope of 2011 Audit

Mr. Jeff Fineis, Partner and Ms. Jamie Wilmoth, Manager, of the accounting firm Andrews Hooper Pavlic, PLC presented their findings of the 2010 audit of MERS financial statements. They declared a clean, unqualified audit opinion on MERS to the Board. The scope of the 2011 audit will be discussed and finalized with Mr. Hank and Mr. Huelskamp.

Mr. Girard moved to accept the report, supported by Ms. Dreves. Motion carried.

TGNORS – updated Documents

The request was made to approve technical IRS amendments to the Tribal Government and Nonprofit Organization Retirement System (TGNORS) Plan Document – Benefit Program DC ("Benefit Program DC"). These amendments will be provided to the IRS as part of the pending request for approval. Pursuant to the review and recommendation of MERS Legal Department, in its November 2, 2011 Memorandum, Mr. Ogden moved to approve with an effective date of January 1, 2012, the TGNORS-DC Plan Document (with Exhibits 1-10) (as amended and restated January 1, 2012). Supported by Ms. Dreves. Motion carried.

Resolution – Retiring Board Member Beverly Crumley

Mr. Girard moved to present Ms. Crumley with a Resolution commending her service to the Retirement Board, to be presented at the Staff Recognition luncheon on November 9. Supported by Mr. Wiersma. Motion carried.

OLD BUSINESS

Space Needs

Ron Beaton, Operations Director, provided the Board with a recommendation to explore new building construction for future office space expansion. Mr. Girard moved to authorize Mr. Beaton to move forward with an architectural study to explore options to construct a new facility in MERS Capitol Park and the authority to sole source the contract for design development to the Mayotte Group of Lansing. Supported by Mr. Ogden. Motion carried.

Restated Plan Document Review: Articles 3, 7 & 8

Moved by Mr. Girard, supported by Mr. Wiersma, upon consideration of the October 26, 2011 Memorandum of Chief General Counsel setting forth the provisions of the Restated Plan Document of 2012, to approve Article 3 (excluding Sections 19A and 19B), 7, and 8 and Section 36A of Article 5. Motion carried.

457 Master Plan Document

Moved by Ms. Crumley, supported by Ms. Dreves to approve with immediate effect:

1. MERS 457 Supplemental Retirement Plan
2. The Program documents and all necessary means for implementation

Motion carried.

Moved by Mr. Girard and supported by Ms. Newberg to allow MERS employees to participate in 457 Program. Motion carried.

General Consent Agenda

Ms. Dreves moved to approve the Consent Agenda, supported by Mr. Wiersma. Motion carried.

Closed Session

Mr. Girard moved to go to closed session to discuss the CEO's annual performance evaluation, confidential personnel matters and to discuss a confidential attorney/client memorandum; 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. Johnson moved to approve the recommendation discussed in closed session in the matter of the CEO's annual performance evaluation, supported by Mr. Ogden. Motion carried.

Mr. Girard moved to authorize Ms. Wagner to go forward with actuary recommendation as discussed in closed session. Supported by Ms. Crumley. Motion carried.

Marquette County

Mr. Johnson moved to take action recommended in MERS Chief General Counsel's Memorandum reviewed in closed session, and in response to the August 15, 2011 letter of the Marquette County Board of Commissioners; namely:

In response to the first request of the County: Under the totality of the facts and circumstances presented and first known to MERS in February, 2005, and the certification by the County and 12 employees in their individual retirement applications that a termination of employment had occurred, there was no event which was not in compliance with the Plan Document and no correction is necessary.

In response to the second request of the County: In-service distribution rules applicable to MERS were satisfied as all participants met normal retirement age requirements provided for in MERS Plan Document section 10 for the F50/25 and F55/15 benefits adopted by the County.

Supported by Mr. Girard. Motion carried.

NEW BUSINESS

CEO Report

Ms. Wagner presented the CEO Report with updates on the 2012 Budget, 2012 projects, QMS and QA, final preparation and testing for rolling out the 457 plan, and Dr. Quinn's Lift presentation to the staff. Ms. Dreves moved to approve the CEO Report, supported by Mr. Girard. Motion carried.

Legislative Report

Mr. Kim Rhead, Legislative Affairs and Public Policy Director, reported the answers to the questions posed during both the public question and answer period and those asked at the Information Hall sessions have been posted on the Legislative Page of the MERSOFMICH website. Mr. Girard moved to approve the Legislative Report, supported by Ms. Crumley. Motion carried.

2012 Budget

Upon recommendation of the Budget Committee at its November 2011 meeting, Mr. Brown moved and Mr. Johnson supported the motion to approve the 2012 Budget Resolution (subject to technical and typographical corrections) as follows:

2012 Budget Resolution

Contributions:	
Employer & Member	\$431,000,000
New Municipalities Transfers/DC	80,000,000
Investment Income	544,321,000
Less Investment Exp Budget	23,251,900
Security Lending & Misc Income	<u>3,800,000</u>
Total Additions	1,035,869,100
Deductions:	
Retiree Benefits	522,000,000
Refunds/DC transfers/Spec Exp	7,400,000
Administrative Expense Budget	<u>23,820,000</u>
Total Deductions	553,220,000
Net Increase in Plan Net Assets	482,649,100
Net Assets in Trust at Beg. of Year	6,867,492,282
Net Assets in Trust at End of Year	\$7,350,141,382
Capital Assets	\$4,212,050

Motion carried.

Banking Resolution

In response to a request from The Northern Trust Company for a Resolution authorizing officers or other persons authorized to act on behalf of MERS, Ms. Dreves moved to provide said Resolution to Northern Trust. Supported by Mr. Girard. Motion carried.

Proposed Amendment to Plan Document Section 53 (IRS Compliance Item)

Upon recommendation by MERS staff, Mr. Girard moved to approve the amendment to Plan 53 to allow a MERS DC or MERS 457 active member to transfer assets 'in service' to the MERS DB plan to repay a refund or to purchase governmental or generic service, with immediate effect. Supported by Mr. Brown. Motion carried.

Melanie Garrard v MERS

In the matter of Melanie Garrard, Mr. Girard moved that the Board accepts and adopts the Findings of Fact and Conclusions of Law as stated by the Hearing Officer in her September 26, 2011 Proposal for Decision granting the Petitioner's application for duty disability retirement. Supported by Mr. Ogden. Motion carried.

NO DECEMBER 2011 BOARD MEETING

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