



2014 MUNICIPAL EMPLOYEES' RETIREMENT BOARD MOTIONS

JANUARY 15, 2014 BOARD MEETING

Election of Board Chairperson

Mr. DeRose stated the first item of business is election of officers for 2014. Mr. DeRose conducted the election for Chairperson. Nominations were declared open. Ms. Dreves nominated Michael Brown for Chairperson of the Retirement Board for 2014; supported by Mr. Ogden. Having no other nominees, nominations were closed. Motion carried by unanimous ballot.

Election of Board Chair Pro Tem

Chairperson Brown conducted the election for Chairperson Pro Tem. Nominations were declared open. Ms. Newberg nominated Sally Dreves as Pro Tem of the Retirement Board for 2014; supported by Mr. Gilmore. Having no other nominees, nominations were closed. Motion carried by unanimous ballot.

OLD BUSINESS

Chief Executive Officer (CEO) Evaluation

Ms. Boucke, Human Resources Director, presented MERS CEO current compensation and the external market review information. The Board reviewed the CEO's compensation for 2013. Ms. Dreves made a motion to approve the CEO's 2013 wage compensation; supported by Mr. Girard. Motion carried.

General Consent Agenda

Mr. Gilmore made a motion to approve the General Consent Agenda, supported by Ms. Deford. Motion carried.

NEW BUSINESS

Building Transfer

Mr. DeRose and Mr. Hank discussed the January 7, 2014 Memorandum from the Chief Finance Officer to the Chief Executive Officer, recommending that the Board approve the Transfer of Ownership of MERS Office Buildings from the Investment Portfolio to Administrative Operations, effective December 31, 2013. Mr. Girard made a motion to approve the building transfer and direct the Legal Department to execute the documentation required to implement the transfer as recommended; supported by Mr. Ogden. Motion carried.

Policy Benchmark Review & Recommendation

Nolan M. Bean, CFA, CAIA, discussed the January 2014 Memorandum from Fund Evaluation Group (FEG), LLC, recommending the use of a Broad Policy Benchmark, consisting of 65% MSCI All Country World Investable Market Index and 35% Barclays Global Aggregate Bond

Index, for Board level governance. Mr. Wiersma made a motion to approve the FEG Benchmark Recommendation, supported by Mr. Gilmore. Motion carried.

NO FEBRUARY 2014 BOARD MEETING

MARCH 12-13, 2014 BOARD MEETING

Committee Assignments

Chairperson Brown presented the Committee Assignments for 2014.

Investment Committee: Mr. Brown, Mr. Gilmore, Mr. Wiersma; rotating member: Ms. Dreves.

Personnel Committee: Ms. Dreves, Mr. Girard and Ms. Newberg.

Budget Committee: Ms. Deford, Mr. LaJoy and Mr. Ogden.

Ms. Deford moves to approve the 2014 Committee Assignments; supported by Ms. Dreves. Motion carried.

OLD BUSINESS

Chief Executive Officer (CEO) Evaluation and Goals

Chairperson Brown presented the CEO's 2013 Evaluation and Goals for 2014. Mr. Wiersma moved to approve the CEO's 2013 Evaluation and 2014 Goals; supported by Mr. LaJoy. Motion carried.

General Consent Agenda

Mr. Gilmore moved to approve the March 12, 2014 consent agenda excluding the Finance Reports. Motion supported by Ms. Deford. Motion carried.

NEW BUSINESS

Defined Benefit Plan Adoption Agreement

Ms. Boucke, Human Resource Director, discussed the March 3, 2014 Memorandum to the Chief Executive Officer, recommending that the Board approve the revised Adoption Agreement (Defined Benefit, Division 01) pursuant to Section 3 of the MERS Restated Plan Document of 2012, defining membership as 120 hours per month unless excluded as a temporary employee who is employed no more than 3 months, effective April 1, 2014. Ms. Dreves made a motion to approve the revised Adoption Agreement; supported by Ms. Newberg. Motion carried.

Charter Township of Plymouth v MERS

In the matter of the Charter Township of Plymouth, Mr. Gilmore moved that the Board accept and adopt as its own, the Findings of Fact and Conclusions of Law stated by the Hearing Officer in her November 14, 2013 Proposal for Decision, granting in part and denying in part the parties' request for declaratory rulings regarding MERS' obligation to administer the Township's Act 312 arbitration award. Motion supported by Mr. LaJoy. Motion carried.

Larsen v MERS

In the matter of Joan Larsen, Ms. Dreves moved that the Board accept and adopt as its own, the Findings of Fact and Conclusions of Law stated by the Hearing Officer in her December 20, 2013 Proposal for Decision, and deny Petitioner's request for duty disability retirement benefits. Motion supported by Mr. LaJoy. Motion carried.

Horton v MERS – Appeal of FOIA Denial

In the matter of Donna Horton, Mr. LaJoy moved that the Board deny Ms. Horton's FOIA appeal dated January 30, 2014, for the reasons stated in the General Counsel's memorandum to the Board dated February 26, 2014. Motion supported by Ms. Dreves. Motion carried.

NO APRIL 2014 BOARD MEETING

MAY 8, 2014 BOARD MEETING

OLD BUSINESS

General Consent Agenda

Ms. Dreves moved to approve the May 8, 2014 consent agenda; supported by Mr. LaJoy. Motion carried.

NEW BUSINESS

Board Governance Policy

Mr. DeRose and Ms. Bellar, Senior Deputy General Counsel, updated the Board on proposed revisions to the Board's Governance Policy. Following discussion, Mr. Wiersma moved to approve the Governance Policy revisions; supported by Ms. Deford. Motion carried.

Resolution Delegating Authority to Investment Committee

Mr. DeRose and Ms. Waldofsky, Finance Director, presented the Board with staff's recommended changes to the Procurement Policy. Following discussion, Mr. Gilmore moved to approve the Procurement Policy revisions; supported by Ms. Dreves. Motion carried.

Revisions to Investment Services Program (ISP) Resolution

Ms. Lombardo, Chief Marketing & Employer Services Officer, discussed the May 8, 2014 Memorandum to Mr. DeRose, CEO, recommending the Board formally adopt the updated ISP Uniform Resolution. Mr. LaJoy moved to approve the resolution; supported by Ms. Dreves. Motion carried.

Indianfields Township Withdrawal Agreement

In the matter of Indianfields Township, Mr. Ogden moved that the Board accept the recommendation of David Knox, Deputy General Counsel, in his April 24, 2014 Memorandum to the CEO, and approve the Joint Withdrawal Agreement with Indianfields Township, subject to the Township paying the identified funding shortfall not later than June 11, 2014; supported by Ms. Dreves. Motion carried.

Bell v MERS and SMART

In the matter of Harold Bell, Mr. Girard moved that the Board accept and adopt as its own, the Findings of Fact and Conclusions of Law stated by the Hearing Officer in her March 6, 2014 Proposal for Decision, and grant Petitioner's request for duty disability retirement benefits. Motion supported by Ms. Deford. Motion carried.

NO JUNE 2014 BOARD MEETING

JULY 16-17, 2014 BOARD MEETING

OLD BUSINESS

General Consent Agenda

Mr. LaJoy moved to approve the July 16, 2014 consent agenda, excluding the Finance Report; supported by Ms. Dreves. Motion carried.

NEW BUSINESS

Board Education Project

Mr. SaintAmour, Director of Research Services, presented the Board Education Curriculum two-year calendar. Mr. Ogden moved to approve the Board Education Curriculum two-year calendar; supported by Mr. Wiersma. Motion carried.

Certification of MERS Officer and Employee Delegates

Ms. Deford moved to approve Jeb Burns and Sonia Tauqi as the officer and employee delegates to the 2014 MERS Annual Meeting; supported by Ms. Newberg. Motion carried.

Special Expense and Fee Recommendation

Ms. Lombardo, Chief Marketing & Employer Services Officer, discussed the June 26, 2014 Memorandum to Mr. DeRose, CEO, recommending the Board approve the Recommendations on Fees and Other Special Expenses. Mr. Girard moved to approve with immediate effect the following:

1. The Board repeals the Board's "Special Annual Expense Charges Procedure" (Form No. F08) and the "Restated Fee Schedule for Initial Actuarial Valuations and for Supplemental Actuarial Valuations" (Form No. F07)
2. The Board authorizes the Retirement System to determine valuation menus and fees; and
3. The Board authorizes the Retirement System to make necessary companion amendments to other existing forms.

Motion supported by Mr. Ogden. Motion carried.

Recommendation for Termination of Highland Park Housing Commission (HPHC)

Mr. Petroni, General Counsel, discussed the Notification to Highland Park Housing Commission: Termination of Participation in MERS. Ms. Dreves moved to approve:

1. The Notification of Termination of HPHC's MERS participation in the MERS DC Plan will be effective July 16, 2014, and shall be delivered or mailed on that date to the Board of Directors of HPHC. As of the Effective Date, HPHC will no longer be a participating municipality within the MERS DC Plan.
2. Simultaneous with Notification as set forth above, MERS shall by letter provide notification to all plan participants of the plan termination.
3. MERS staff is directed to take any reasonable and necessary action in furtherance of this Notification in compliance with the terms of the MERS Plan Document and applicable provisions of the Internal Revenue Code.

Motion supported by Mr. Gilmore. Motion carried.

Sharon Pointer v MERS and SMART

In the matter of Sharon Pointer, Ms. Dreves moved that the Board accept and adopt as its own, the Findings of Fact and Conclusions of Law stated by the Hearing Officer in her June 1, 2014 Proposal for Decision, and grant Petitioner's request for non-duty disability retirement benefits. Motion supported by Ms. Deford. Motion carried.

Chief Executive Officer (CEO) Evaluation and Compensation

Denise Boucke, Human Resources Director, met with the Board and based on the in-depth evaluation of the CEO compensation performed with the assistance of an outside consultant comparing his compensation to similar positions in similar industries and with the goal of adjusting his salary to 108% Full Market Value comp to compa ratio by January 1, 2017.

Mr. Wiersma made the motion to adjust the CEO's salary by 3.32% retroactive to July 1, 2014, and an additional 3.32% effective January 1, 2015, to assure we are paying at the market rate for his experience, skill and level of performance. Motion supported by Mr. LaJoy. Motion carried.

NO AUGUST 2014 BOARD MEETING

SEPTEMBER 24, 2014 BOARD MEETING

General Consent Agenda

Mr. LaJoy moved to approve the September 24, 2014 consent agenda, excluding the Finance Report. Motion supported by Mr. Wiersma. Motion carried.

NEW BUSINESS

Patricia Marks v MERS and SMART

In the matter of Patricia Marks, Mr. Girard moved that the Board accept and adopt as its own, the Findings of Fact and Conclusions of Law stated by the Hearing Officer in her June 23, 2014 Proposal for Decision, and Petitioner's request for non-duty disability retirement benefits is denied, without prejudice to Petitioner's re-filing if reasonable accommodations are not made or are not successful. Motion supported by Mr. LaJoy. Motion carried.

Donna Horton v MERS

In the matter of Donna Horton, Mr. Ogden moved that the Board accept and adopt as its own, the Findings of Fact and Conclusions of Law stated by the Hearing Officer in her June 16, 2014 Proposal for Decision, and Petitioner's request for relief is granted. Motion supported by Mr. Girard. Motion carried.

TGNORS Trust Agreement

Mr. Petroni, General Counsel, discussed the September 12, 2014 Memorandum of the Legal Department, recommending that the Board adopt the updated Trust Agreement for tax qualified plans participating in TGNORS. Ms. Newberg moved that the Board approve the updated Trust Agreement; supported by Mr. Gilmore. Motion carried.

NO OCTOBER 2014 BOARD MEETING

NOVEMBER 13, 2014 BOARD MEETING

General Consent Agenda

Mr. Wiersma moved to approve the November 13, 2014 consent agenda; supported by Mr. LaJoy. Motion carried.

NEW BUSINESS

Chief Executive Officer (CEO) 2014 Performance Evaluation and Compensation

Denise Boucke, Human Resources Director, met with the Board to complete a review of the CEO's Year End Performance through a formal evaluation process. Based on his performance and a comparison of his current compensation to similar positions in similar industries with the continued goal of adjusting his salary to 108% Full Market Value comp to compa ratio; Mr. Wiersma made the motion to adjust the CEO's salary by a 3% merit and a 10% lump sum bonus to be rewarded year end 2014 based on performance.

Effective January 1, 2015, to assure we are paying at the market rate for his experience, skill, and level of performance his salary will be adjusted 11% to meet the 108% Full Market Value comp to compa ratio. Motion supported by Mr. Gilmore. Motion carried.

Chief Executive Officer (CEO) 2015 Performance Evaluation and Compensation

Denise Boucke, Human Resources Director, met with the Board to complete the 2015 CEO strategic plan and compensation model plan. Mr. LaJoy made the motion to approve the 2015 CEO plan and compensation model plan based on performance; motion supported by Ms. Dreves. Motion carried.

Closed Session

Mr. Ogden moved to go to closed session under Section 8H of the Open Meetings Act at 10:40 a.m.; supported by Ms. Deford. Motion carried.

Roll call:

Mr. Brown: Yes

Ms. Dreves: Yes

Ms. Deford: Yes
Mr. Ogden: Yes
Mr. Wiersma: Yes
Ms. Newberg: Yes
Mr. LaJoy: Yes
Mr. Gilmore: Yes

The Board moved back into open session at 10:55 a.m.

Change in Amortization Policy Due to GASB 68

Mr. Hank, Chief Financial Officer, discussed the October 30, 2014 Memorandum to Mr. DeRose, CEO, recommending changes to the Retirement System's funding and amortization policy; the Board approves with immediate effect:

- Policy changes recommended by staff and actuary; and
- Implementing amendments to Plan Section 43C, the Restated Policy for Closed Municipalities, and the Amended Amortization Policy for Closed Divisions.

Mr. LaJoy moved that the Board approve the changes; supported by Mr. Wiersma. Motion carried.

Plan Document Changes: Deferred Retirement Option Plan (DROP)

Ms. Peake, Chief Employee & Retiree Services Officer, discussed the October 27, 2014 Memorandum to Mr. DeRose, CEO, recommending the repeal of Benefit Program DROP+ under Plan Section 10(6); and adoption of new Benefit Program DROP under Plan Section 23C, together with companion revisions to Sections 2C(8), 11, 34, and 55(7) and MERS Forms.

Ms. Dreves moved that the Board approve the changes; supported by Mr. LaJoy. Motion carried.

Plan Document Changes: Section 12.2 of the 457 Master Plan Document

Ms. Lombardo, Chief Marketing & Employer Services Officer, and Ms. Mausolf, Marketing and Product Development Director, discussed the November 3, 2014 Memorandum to Mr. DeRose, CEO, recommending aligning the 457 Plan Document with the DC Plan Document language on *de minimus* accounts to allow for a flat dollar fee.

Mr. Gilmore moved to approve the proposed amendment to Section 12.2 of the 457 Master Plan Document and directs staff to make any necessary revisions to forms and procedures required for implementation; supported by Ms. Deford. Motion carried.

Plan Document Changes: Sections 19A and 19B of the MERS Plan Document

Ms. Lombardo, Chief Marketing & Employer Services Officer, and Ms. Mausolf, Marketing and Product Development Director, discussed the November 3, 2014 Memorandum to Mr. DeRose, CEO, recommending the following changes to Sections 19A and 19B of the MERS Plan Document:

- Amend the DC plan to incorporate the elapsed time method as the standard measure of crediting service.
- Amend the DC and Hybrid plans so that MERS-to-MERS combined service does not apply to employer contributions that have been forfeited.
- Amend the DC plan to allow an employer to make contributions to a participant's account based on an employee's voluntary contribution in 457.

Ms. Newberg moved to approve the proposed amendments to Plan Sections 19A(7), 19A(3), 19B(3) and 19A(4); and directs staff to make any necessary revisions to forms and procedures required for implementation; supported by Ms. Dreves. Motion carried.

2015 Budget Approval

Mr. Hank, Chief Financial Officer, and Ms. Waldofsky, Finance Director, discussed the November 13, 2014 Memorandum to Mr. DeRose, CEO, regarding the 2015 Budget.

Upon recommendation of the Budget Committee at its October 2014 meeting, Mr. LaJoy made a motion; supported by Mr. Ogden to approve the 2015 Budget Resolution as follows:

- Total 2015 Budge Expenses \$47,929,300
- Capital Assets \$3,721,545

Motion carried.

Election Certification

Ms. Deford made a motion to certify the election of the 68th Annual Meeting Business Meeting on September 25, 2014, electing Officer Member Randy Girard and Employee Member Amy Deford to a three year term on the Board; supported by Ms. Dreves. Motion carried.

Letonia Nelson v MERS

In the matter of Letonia Nelson, Mr. Ogden moved that the Board accept and adopt as its own, the Findings of Fact and Conclusions of Law stated by the hearing Officer in her August 19, 2014 Proposal for Decision. Following consideration of the whole record, the Board approves Petitioner's application with re-examination after 12 months pursuant to Plan Section 25. Motion supported by Ms. Dreves. Motion carried.

Stanford Lewis v MERS

In the matter of Stanford Lewis, Mr. Ogden moved that the Board accept and adopts as its own, the Findings of Fact and Conclusions of Law stated by the Hearing Officer in her August 29, 2014 Proposal for Decision, and Petitioner's request for non-duty disability retirement benefits is granted. Motion supported by Ms. Newberg. Motion carried.

Investment Guidelines

Mr. Gilmore made a motion to approve the Investment Guidelines; supported by Ms. Dreves. Motion carried.

Investment Policy Statements (Defined Benefit)

Mr. Ogden made a motion to approve the Investment Policy Statements; supported by Ms. Dreves. Motion carried.

Investment Policy Statements (Participant Directed Accounts & Institutional Funds)

Mr. LaJoy made a motion to approve the Investment Policy Statements; supported by Ms. Deford. Motion carried.

NO DECEMBER 2014 BOARD MEETING

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