

## **JANUARY 19, 2017 BOARD MEETING**

### **Old Business**

#### **Chief Executive Officer (CEO) 2017 performance evaluation and compensation**

Ms. Boucke, Chief Customer Service Officer, and Mr. George, Human Services Manager, met with the Board to complete the 2017 strategic plan and compensation model plan. Mr. Wiersma made the motion to approve the 2017 CEO plan and compensation model based on performance effective January 1, 2017. Motion supported by Mr. Sarata. Motion carried.

#### **Chief Executive Officer (CEO) 2017 Supplemental Benefit**

Ms. Boucke, Chief Customer Service Officer, Mr. George, Human Services Manager, and Mrs. Tarini, General Counsel, met with the Board to review the 2017 Supplemental Executive Benefit. Mr. Gilmore made the motion to approve the 2017 Supplemental Executive Benefit for the 401(a) DC plan contribution of 15.02% of capped compensation. Motion supported by Mr. Girard. Motion carried.

### **Election of Board Chairperson**

Mr. DeRose stated the first item of business is election of officers for 2017. Mr. DeRose conducted the election for Chairperson. Nominations were declared open. Mr. Girard nominated Michael Brown for Chairperson of the Retirement Board for 2017; supported by Ms. Deford. Having no other nominees, nominations were closed. Motion carried by unanimous ballot.

### **Election of Board Vice-Chair**

Chairperson Brown conducted the election for Vice-Chair. Nominations were declared open. Ms. Deford nominated Jason Sarata for Vice-Chair of the Retirement Board for 2017; supported by Mr. Girard. Having no other nominees, nominations were closed. Motion carried by unanimous ballot.

### **NEW BUSINESS**

#### **Securities Litigation Policy**

Mrs. Tarini, General Counsel, discussed the January 9, 2017 Memorandum to Chris DeRose, CEO, regarding the Securities Monitoring and Litigation Policy. Mrs. Tarini recommends the Board adopt the policy for purposes of monitoring MERS service providers. Mr. Wiersma advised that the Investment Committee reviewed the proposed Policy with Mr. LaVictoire, Deputy General Counsel for Investments and Compliance, and the Committee finds it in order.

After review and discussion, Ms. Deford made a motion to approve the Securities Monitoring and Litigation Policy; supported by Mr. Gilmore. Motion carried.

#### **Shepard v MERS**

Mrs. Tarini, General Counsel, 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



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of Fact and Conclusions of Law as stated by the Hearing Officer in her December 15, 2016 Proposal for Decision, and find that Petitioner's application for disability retirement would be untimely and not eligible for extension; supported by Ms. Deford. Motion carried.

### **Wygarden 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 Hearing Officer in her November 14, 2016 Proposal for Decision, and that MERS deny Petitioner's Motion for Summary Disposition. It is further recommended that MERS' grant Respondent's Motion for Summary Disposition and dismiss Petitioner's administrative appeal; supported by Mr. Gilmore. Motion carried.

### **City of Beaverton v MERS**

Mrs. Tarini, General Counsel, 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 Hearing Officer in her November 15, 2016 Proposal for Decision, and MERS' motion for summary disposition be granted. It is further recommended that MERS process Ms. Weiss's application for benefits; supported by Mr. Wiersma. Motion carried.

***NO FEBRUARY 2017 BOARD MEETING***

**MARCH 16, 2017 BOARD MEETING**

### **NEW BUSINESS**

#### **Investment Policy Benchmark for MERS' Total Market Portfolio**

Mr. Burns, Chief Investments Officer, reviewed potential changes to the Investment Policy Benchmark for MERS' Total Market Portfolio outlined by the Fund Evaluation Group (FEG), and recommended that the Board adopt the Investment policy benchmark recommended by the Investment Committee; and direct the Chief Executive Officer to take all necessary action to implement the benchmark effective January 1, 2017. Mr. Wiersma moved to approve the Investment Policy Benchmark for MERS' Total Market Portfolio; supported by Mr. Ogden. Motion carried.



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### Definition of Compensation for DC Plan

Ms. Lombardo, Chief Strategic and External Affairs Officer, discussed the March 3, 2017 Memorandum to Chris DeRose, CEO, recommending the Board amend Section 49 (2) of the MERS Plan Document to expand the employer options for defining compensation under the DC Plan, with immediate effect, and direct staff to make all necessary revisions to the System's form, policies and procedures required for implementation. Mr. Feldpausch moved to approve amendments to section 49 (2) of the Plan Document; supported by Mr. Gilmore. Motion carried.

### City of Davison v MERS, Ken Kravat

Mrs. Tarini, General Counsel, reviewed with the Board the background of this matter. After review and discussion, Mr. Girard 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. Butler. Motion carried.

### Closed Session

Chairperson, Michael Brown called for a motion to enter into closed session pursuant to MCL 15.268(h) of the Open Meetings Act to consider material exempt from disclosure under state law.

Mr. Wiersma moved that the Board enter into closed session pursuant to MCL 15.268(h) of the Open Meetings Act to consider material exempt from disclosure under state law. Motion supported by Ms. Deford. The Chairman directed that a roll call vote be taken, and the Retirement Board members voted as follows:

Mr. Brown	Yes
Ms. Deford	Yes
Ms. Butler	Yes
Mr. Gilmore	Yes
Mr. Sarata	[Absent]
Ms. Feldpausch	Yes
Mr. Ogden	Yes
Mr. Wiersma	Yes
Mr. Girard	Yes (phone)

The motion being adopted, the Chairman then directed that the Retirement Board enter into closed session pursuant to MCL 15.268(h) of the Open Meetings Act to consider material exempt from disclosure under state law. The Board moved back into open session at 11:46 a.m.

***NO APRIL 2017 BOARD MEETING***

**MAY 18, 2017 BOARD MEETING**

**NEW BUSINESS**

**Plan Document Amendments – Change in MERS Adoption Procedure for Shared Services Entities**

Mrs. Tarini, General Counsel, discussed the May 1, 2017 Memorandum from her to Mr. DeRose, CEO, recommending revision and restatement of the MERS Plan Document. Ms. Bellar, Senior Deputy Counsel, presented that portion of the restated Plan that concerns the change in MERS' Adoption Procedure for shared services entities.

Mr. Sarata moved to approve the revision and restatement of the MERS Plan Document as set forth in the May 1, 2017 Memorandum of the General Counsel; supported by Mr. Ogden. Motion carried.

**Consolidated Actuarial Policy**

Mr. Hank, Chief Financial Officer, and Mrs. Tarini, General Counsel, discussed the May 1, 2017 Memorandum to Mr. DeRose, CEO, recommending the Board adopt the Consolidated Actuarial Policy.

After review and discussion, Mr. Girard moved to approve the Consolidated Actuarial Policy; supported by Mr. Deford. Motion carried.

**Darlene Cheatom 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. Girard. Motion carried.

**Sarah Pyne v MERS**

Mrs. Tarini, General Counsel, 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. Girard. Motion carried.

**Ronald Bergeron v MERS**

Mrs. Tarini, 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 Mr. Feldpausch. Motion carried.



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### Closed Session

Chairperson, Michael Brown called for a motion to enter into closed session pursuant to MCL 15.268(h) of the Open Meetings Act to consider material exempt from disclosure under state law.

Mr. Girard moved that the Board enter into closed session pursuant to MCL 15.268(h) of the Open Meetings Act to consider material exempt from disclosure under state law. Motion supported by Mr. Gilmore. The Chairman directed that a roll call vote be taken, and the Retirement Board members voted as follows:

Mr. Brown	Yes
Ms. Deford	Yes
Ms. Butler	Yes
Mr. Gilmore	Yes
Mr. Sarata	Yes
Ms. Feldpausch	Yes
Mr. Ogden	Yes
Mr. Wiersma	[Absent]
Mr. Girard	Yes

The motion being adopted, the Chairman then directed that the Retirement Board enter into closed session pursuant to MCL 15.268(h) of the Open Meetings Act to consider material exempt from disclosure under state law.

The Board re-entered open session at 10:35 a.m. Mrs. Tarini, General Counsel, discussed the May 17, 2017 Memorandum from Mr. Hank, CFO, to Mr. DeRose, CEO, requesting the Board approve an addition to the 2017 budget year for the settlement reached in the lawsuit between MERS and Eaton County and its bargaining units.

Mr. Girard moved to approve the addition to the 2017 budget for the settlement with Eaton County and its bargaining units; supported by Mr. Deford. Motion carried.

***NO JUNE 2017 BOARD MEETING***

**July 19-20, 2017 BOARD RETREAT & MEETING**

### MERS Officer Development Succession Planning

Mr. DeRose, CEO, reviewed his Memorandum to Chairperson, Michael Brown, dated June 2, 2017 recommending establishing a Leadership Development Committee of the Board. Mr. Wiersma moved to approve the Leadership Development Committee of the Board; supported by Mr. Sarata. Motion carried.



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### **NEW BUSINESS**

#### **Certification of MERS Officer and Employee Delegates**

Mr. Wiersma moved to approve Ms. Lombardo, Chief Strategic and External Affairs Officer and Ms. Williams, Accountant, as the Officer and Employee delegates to the 2017 MERS Annual Conference; supported by Mr. Feldpausch. Motion carried.

#### **Board Governance Policy**

Ms. Bellar, Senior Deputy General Counsel, discussed the June 28, 2017 Memorandum to the MERS Retirement Board recommending revisions to the MERS Governance Policies. The Board discussed further changes it wishes to consider, and directed Ms. Bellar to provide appropriate draft revisions at the next meeting.

Mr. Ogden moved to approve the revisions to the MERS Governance Policies; supported by Mr. Gilmore. Motion carried.

#### **Mary Lynn Peden v MERS**

Mrs. Tarini, General Counsel, reviewed with the Board the background of this matter. After review and discussion, Mr. Feldpausch 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. Wiersma. Motion carried.

***NO AUGUST 2017 BOARD MEETING***

**SEPTEMBER 20, 2017 BOARD MEETING**

### **NEW BUSINESS**

#### **Board Governance Policy**

Mrs. Tarini, General Counsel, discussed the August 18, 2017 Memorandum to the MERS Retirement Board recommending proposed revisions to the MERS Governance Policies, as requested by the Board at the July 2017 meeting.

Mr. Ogden moved to approve revisions to the MERS Governance Policies; supported by Mr. Girard. Motion carried.



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### **Plan Document Amendments**

Mrs. Tarini, General Counsel, discussed the August 30, 2017 Memorandum to Mr. DeRose, CEO, recommending amendments to the MERS Plan Document.

Mr. Girard moved to approve amendments to the MERS Plan Document; supported by Mr. Wiersma. Motion carried.

### **Spratke 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. Girard. Motion carried.

### **Carpenter v MERS**

Mrs. Tarini, General Counsel, 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. Sarata. Motion carried.

### **Vidor v MERS**

Mrs. Tarini, General Counsel, reviewed with the Board the background of this matter. After review and discussion, Ms. Deford 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. Butler. Motion carried.

***NO OCTOBER 2017 BOARD MEETING***

***NO NOVEMBER 2017 BOARD MEETING***



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### DECEMBER 7, 2017 BOARD MEETING

#### OLD BUSINESS

Denise Boucke, Chief Customer Service Officer, and Andy George, Human Resources Manager, 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 and with the continued goal of adjusting his salary to 120% full market value compa ratio.

Chairperson, Michael Brown, moved to adjust the CEO's salary by 4.5% merit increase effective January 1, 2018 putting his salary at 125% full market value comp to compa ratio and a 14% lump sum bonus to be awarded year end 2017 based on performance. Motion supported by Mr. Ogden. Motion carried.

#### NEW BUSINESS

##### **2018-2020 Balance Scorecard Recommendations**

Ms. Lombardo, Chief Strategic and External Affairs Officer, discussed the November 27, 2017 Memorandum to the MERS Retirement Board recommending proposed recommendations to the MERS 2018-2020 Balanced Scorecard.

Mr. Wiersma moved to approve the MERS 2018-2020 Balanced Scorecard recommendations; supported by Ms. Butler. Motion carried.

##### **Public Member of the MERS Board**

Mr. Brown moved to appoint Mr. Wiersma as a Public Member of the MERS Retirement Board to a three-year term commencing January 1, 2018; supported by Mr. Sarata. Motion carried. Mr. Wiersma did not participate in the discussion or vote on this matter.

##### **2018 Budget Process and Approval**

Mr. Hank, Chief Financial Officer, and Ms. Waldofsky, Finance Director, discussed the October 27, 2017 Memorandum to the MERS Retirement Board regarding the 2018 Budget.

Upon recommendation of the Budget Committee at its November 7th conference call, Mr. Wiersma made a motion; supported by Ms. Deford to approve the 2018 Budget as follows:

Total 2018 Budget Expenses	\$45,926,680
Capital Asset Expenses	\$ 5,612,500

Motion carried.



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### **Eastern Upper Peninsula Employment and Training Consortium Withdrawal Agreement**

Ms. Bellar, Senior Deputy General Counsel, discussed the November 21, 2017 Memorandum to the MERS Retirement Board regarding the Eastern Upper Peninsula Employment and Training Consortium withdrawal. Ms. Bellar reviewed with the board the background of this matter.

Mr. Gilmore made a motion to approve the execution of the Agreement with Chippewa County; and direct staff to take any necessary actions to implement the Agreement; supported by Mr. Wiersma. Motion carried.

### **Lyons 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. Wiersma. Motion carried.

### **Horne v MERS**

Mrs. Tarini, 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 Ms. Butler. Motion carried.

### **Haveman v MERS**

Mrs. Tarini, 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 Ms. Deford. Motion carried.

### **Batts 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.

### **Dennis v MERS**

Mrs. Tarini, General Counsel, 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.

### **2018 Internal Audit Plan**

Ms. Simon, Internal Auditor, discussed the November 27, 2017 Memorandum to the MERS Retirement Board regarding the 2018 Internal Audit Plan. Mr. Ogden moved that the Board approve the 2018 Internal Audit Plan; supported by Ms. Deford. Motion carried.



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### Closed Session

Chairperson Michael Brown, called for a motion to enter into closed session pursuant to MCL 15.268(h) of the Open Meetings Act to consider materials exempt from disclosure under state law.

Mr. Gilmore moved that the Board enter into closed session pursuant to MCL 15.268(h) of the Open Meetings Act to consider material exempt from disclosure under state law, specifically section 13(1)(g) of the Freedom of Information Act, which exempts from public disclosure information or records subject to the attorney-client privilege. Motion supported by Ms. Butler. The Chairman directed that a roll call vote be taken, and the Board members voted as follows:

Mr. Brown	Yes
Ms. Butler	Yes
Ms. Deford	Yes
Mr. Gilmore	Yes
Mr. Girard	Yes (phone)
Mr. Ogden	Yes
Mr. Sarata	Yes
Mr. Wiersma	Yes
Mr. Feldpausch	[Absent]

The motion being adopted, the Chairman then directed that the Board enter into closed session pursuant to MCL 15.268(h) of the Open Meetings Act to consider material exempt from disclosure under state law specifically section 13(1)(g) of the Freedom of Information Act (MCL 15.243(1)(g)), which exempts from public disclosure information or records subject to the attorney-client privilege. Closed session commenced at 12:46 p.m.

### Open Session

The Board re-entered Open Session at 1:10 p.m.

It was moved by Board Member Mr. Sarata that, upon consideration of the October 6, 2017 Memorandum of the General Counsel, concurred in by the Chief Executive Officer, and pursuant to the Board's authority under MCL 38.1536, the Board adopt the recommendation of the General Counsel, and direct staff to take any and all necessary actions required for its implementation; supported by Board Member Ms. Butler. Motion carried.