

# MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

## MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES

MAY 21, 2015

The Board of Trustees of the Municipal Employees' Retirement System of Louisiana met in regular session on Thursday, May 21, 2015 at 12:30 P.M. at 7937 Office Park Boulevard, Baton Rouge, Louisiana.

### PRESENT:

Ms. Claire Sarradet, Chairman  
Mayor Clarence Fields, Vice-Chairman  
Mr. Ronnie Harris, Trustee  
Ms. Mary O. Vice, Trustee  
Ms. Andrea Mahfouz, Trustee  
Mr. Mike Sands, Trustee  
Mayor Vern Breland, Trustee  
Representative J. Kevin Pearson, Chairman,  
House Retirement Committee  
Senator Elbert Guillory, Chairman,  
Senate Retirement Committee  
Treasurer John Kennedy  
Marsha Guedry, Division of Administration  
Laura Lapeze, State Treasurer's Office

### UNABLE TO ATTEND:

### IN ATTENDANCE:

Robert L. Rust, Director  
Susita Suire, Administrative Assistant  
Warren Ponder, Staff Counsel  
Mayor Carroll Breaux, LMA, 1<sup>st</sup> Vice President  
Gary Curran, G.S. Curran Actuary  
Aaron Lally, Investment Consultant  
Gustavo Bikkesbakker, Investment Consultant  
Brian Dana, Investment Consultant  
Margaret Corley, Senate Retirement Committee

The meeting was called to order by the Chairman.

The Chairman asked Ms. Vice to open the meeting with a prayer and Mr. Kennedy to lead everyone in the pledge of allegiance.

The Chairman asked Ms. Suire to call roll. A quorum was present.

MINUTES  
MAY 21, 2015  
PAGE TWO

Treasurer John Kennedy made several public comments on agenda item 7. Phil Preis gave a brief report on the Fletcher lawsuit.

Mr. Harris moved to amend the agenda to discuss agenda item #7 at this time; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

Mr. Harris moved that the Board take affirmative action in forming a committee and hire someone that can look as an independent review of the actions. Allegations, procedures, and future recommendations on what we can do to make a 7.75% return on \$850MM. Mr. Harris read the resolution for the Board to adopt to form this committee and hire Gray Sexton to advise the MERS trustees.

Mr. Kennedy made a substitute motion as follows:

1. Warren is to check allegations against the media report and refer those immediately to the legislature auditor.
2. Public meeting at the State Capitol streamed over the internet within 10 days after our staff compiles the information to respond to each allegation. Notify every active and retired member, clerk, secretary, sanitation worker and mayor that there will be a public meeting and it will be streamed over the internet.
3. Park the credit card. Give to Chairwoman. All expenses should be paid with personal credit card, the expenses should be submitted for reimbursement to the Board for approval.
4. Cancel the 2015 Educational Conference
5. This money is either public or private. The Legislative Auditor will tell us and there may be a lawsuit. If it is public money, we need to address it, if it is private money we need to get an ethics opinion.

The substitute motion was seconded by Senator Guillory. The Chairman asked for a roll call vote. Ms. Sarradet and Mayor Fields voted no due to the 10 day window is too narrow. Mr. Harris, Ms. Vice, Mr. Sands, Ms. Mahfouz, Mayor Breland, Representative Pearson, and Senator Guillory voted yes. The motion carried.

Mr. Harris moved to go forward with his motion but to amend it by removing Mr. Sexton, but to work with our attorney, Warren Ponder; the motion was seconded by Mayor Fields.

MINUTES  
MAY 21, 2015  
PAGE THREE

Mr. Harris moved to withdraw the resolution and appoint a Professional Development Committee to consist of Ms. Vice, Mayor Fields, and Mayor Breland to accomplish the following nine (9) items:

1. Determination of whether the funds paid by the sponsors are public funds;
2. Whether the payment of the sponsor fees of \$1,500 paid to fund the Professional Development Plan violates the Louisiana Ethics Code;
3. Whether the MERS Board of Trustees has properly exercised its fiduciary duty to the system's retirees by attempting to reduce the cost of the Professional Development Program by using the same consultants who do business with MERS;
4. Consult with the Attorney General, Legislative Auditor or Ethics Commission, and to the extent necessary, obtain rulings or opinion letters on how the Professional Development Program can be implemented in accordance with the law;
5. Consult with the executive directors and trustees of other statewide plans subject to this act, and determine how each of these plans funds the cost of their Professional Development Program.
6. Determine whether it is a breach of the fiduciary duty of any trustee by obtaining the services of professionals with the required expertise to lecture at the Professional Development Program at no cost.
7. Determine whether the payment of the sponsorship fee of \$1,500 would constitute an improper benefit in violation of the Louisiana ethics law including whether the purchase of meals and alcoholic beverages for attendees from these funds where the Professional Development Program is being presented is a violation of Louisiana law.
8. Whether there is a more cost effective and efficient way for each trustee of MERS to meet his Professional Development obligation mandated by law.
9. Such other matters as the committee established below and Mr. Sexton deem advisable to determine that the Professional Development Program is in compliance with Louisiana Law.

The motion was seconded by Senator Guillory. The Chairman asked for a roll call vote. Ms. Sarradet, Mayor Fields, Mr. Harris, Ms. Vice, Mr. Sands, Ms. Mahfouz, Mayor Breland, Representative Pearson, and Senator Guillory voted yes. The motion carried unanimously.

MINUTES  
MAY 21, 2015  
PAGE FOUR

The Chairman asked for approval of the minutes of the meeting held on April 16, 2015.

Mayor Fields moved that the minutes of the meeting held on April 16 2015 be approved; the motion was seconded by Ms. Vice. The motion carried without objection or opposition. A copy of these minutes are attached and made a part of these minutes.

Mr. Kennedy stated that he needed to return to the Legislative session and Laura Lapeze would represent him for the remainder of the meeting.

The Chairman asked for approval of the Plan A and Plan B retirements (a list was provided to the Board Members).

Ms. Vice moved that the Plan A and Plan B retirements be approved; the motion was seconded by Mayor Breland. The motion carried without objection or opposition.

The Chairman asked for approval of reduction in benefits (a list was provided to the Board Members).

Ms. Vice moved that the reduction in benefits be approved; the motion was seconded by Mayor Breland. The motion carried without objection or opposition.

The Chairman introduced Shiv Govindan who gave an update on the Compass Island investment. A copy of this presentation is attached and made part of these minutes.

Aaron Lally, Gustavo Bikkesbakker, and Brian Dana presented the Board with a copy of the Preliminary Performance Report for the month of April 2015. The performance of the portfolio as of April 30, 2015 was up 0.9%. Domestic equities were down -0.5% and the international equities were up 3.1%. Fixed income was up 0.6% and hedge funds were up 0.6%. A copy of these reports are attached and made part of these minutes.

Mayor Breland moved to commit \$4MM to the Northern Trust S & P 500, \$2MM to Vontobel, and \$2MM to Dimensional Fund Advisors (DFA) from cash; the motion was seconded by Mr. Sands. The Chairman asked for a roll call vote. Ms. Sarradet, Mayor Fields, Mr. Harris, Ms. Vice, Mr. Sands, and Mayor Breland voted yes. The motion carried.

Gustavo Bikkesbakker gave a brief update on the cash account and Brian Dana gave an update on the BlueBay fund.



MINUTES  
MAY 21, 2015  
PAGE FIVE

Mr. Rust gave an update on Kimble Real Estate. He updated the Board that Camm Morton has suggested that the system should not enter into an agreement with Kimble Real Estate investment. Mr. Rust will have Camm Morton attend next month's meeting for a detailed explanation of the Board wishes.

Mr. Rust presented a budget report through April 30, 2015 detailing the amount budgeted and the balance year to date. He also presented a report on the amount spent to date on the new building addition.

Mayor Fields moved to approve the budget report through April 30, 2015; the motion was seconded by Ms. Vice. The motion carried without objection or opposition. A copy of this budget report is attached and made part of these minutes.

Mayor Breland moved to approve the election results declaring Ronnie Harris as the winner of the election; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

Warren Ponder gave a brief update on legislation.

Mr. Sands moved to amend the enrollment form to include submitting a copy of the member's social security card; the motion was seconded by Mayor Breland. The motion carried without objection or opposition.

Mr. Harris asked that the Professional Development Committee craft questions that the Board can ask so that they can tell their story at the upcoming public Board meeting.

Mr. Sands moved to adjourn; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

  
\_\_\_\_\_  
APPROVED

  
\_\_\_\_\_  
ATTEST