MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES — OCTOBER 15, 2015

The Board of Trustees of the Municipal Employees' Retirement System of Louisiana met in regular session on Thursday, October 15, 2015 at 9:00 A.M. at the Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Baton Rouge, Louisiana.

PRESENT:

Mayor Clarence Fields, Chairman
Mr. Mike Sands, Vice-Chairman
Mr. Ronnie Harris, Trustee
Ms. Mary O. Vice, Trustee
Ms. Andrea Mahfouz, Trustee
Ms. Claire Sarradet, Trustee
Mayor Carroll Breaux, Trustee
Kerri Traxler, Division of Administration
Amy Mathews, State Treasurer's Office

UNABLE TO ATTEND:

Representative J. Kevin Pearson, Chairman,
House Retirement Committee
Senator Elbert Guillory, Chairman,
Senate Retirement Committee

IN ATTENDANCE:

Warren Ponder, Acting Director
Susita Suire, Retirement Benefits Administrator
Nancy LaGarde, Chief Financial Officer
Gary Curran, G.S. Curran Actuary
Jacob Putman, G.S. Curran
Gustavo Bikkesbakker, Investment Consultant
Aaron Lally, Investment Consultant
Mayor Barney Arceneaux, 1st Vice President, LMA

The Chairman called the meeting to order.

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

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

The Chairman asked for approval of the minutes of the meeting held on September 13, 2015.

Mr. Harris moved that the minutes of the meeting held on September 13, 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.

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

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

Mr. Ponder reported to the Board that he researched the law and the Board is not required to approve any reductions of benefits. After a brief discussion, Mr. Harris moved to have the staff approve the reductions of benefits without notification to the Board; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Aaron Lally presented the Board with a copy of the Preliminary Performance Report for the month of September 2015. The performance of the portfolio as of September 30, 2015 was down -1.5%. Domestic equities were down -3.7% and the international equities were down -1.0%. Fixed income was down -0.6% and hedge funds were down -0.6%. A copy of this report is attached and made part of these minutes.

Aaron Lally updated the Board that the owners who managed the Timbervest fund have been barred from the industry by the Securities Exchange Commission (SEC) which ruling has been appealed to the Federal courts.

Mr. Lally also updated the Board on CSFC. Ms. Mathews moved to have Richard Fitzgerald with CSFC attend the November 19th Board meeting to explain the system's position in the fund; the motion was seconded by Ms. Sarradet. The motion carried without objection or opposition.

After an update by Aaron Lally and upon the recommendation of Meketa, Ms. Sarradet moved to reallocate $10MM from Thornburg and the proceeds from Republic Business Credit to a new core bond fund; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Aaron Lally gave the Board an analysis on manager fees. The Board requested that Meketa ask Argonaut if they would lower the management fees. A copy of this analysis report is attached and made part of these minutes.

Gustavo Bikkesbakker gave the Board a review on fixed income and Meketa's recommendations.

Mr. Ponder updated the Board that Shiv Govindan would like to give the Board an update on the Compass Island fund at the January 2016 meeting.

Ms. Suire gave the Board a comparison on the health insurance premiums paid by MERS and staff. The Board asked Ms. Suire to prepare a study of what percentages the other LA public retirement systems are paying for health insurance for their active and retired staff to present at the November meeting. A copy of this comparison is attached and made part of these minutes.

Ms. LaGarde presented a budget report through September 30, 2015 detailing the amount budgeted and the balance year to date. She also presented a report on the amount spent to date on the new building addition.

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

There was a brief discussion of the 2016 Board meeting dates. A copy of these dates will be presented at the November meeting for approval.

Mr. Ponder updated the Board that any legislation needs to be introduced for the 2016 session. The following are suggested bills needing attention:

1.) To allow individual members to upgrade Plan B service credit to Plan A if their municipality changed plans and/or have mixed service credit.
2.) Retirees from MERS that return to work with a participating employer (also clean up on definition of participating employer) – the employee and employer must pay contributions and earnings limits will still apply. A refund of contributions will be allowed to the retiree upon termination (according to refund statute).
3.) All mayors are deemed full-time and must contribute to the retirement system.
4.) LCDA (LA Community Development Authority) – to officially remain members of MERS.

Mr. Ponder asked that the Board review the above suggestions for next month's meeting and to bring any other suggested legislation to be introduced.

Mr. Ponder gave the Board an update on the building progress.

Mr. Ponder gave the Board an update on the City of Independence. Mr. Ponder and Ms. Suire along with MPERS staff, and Trey Jones (attorney for MERS/MPERS) met with the Mayor, a few of their councilmen, and other staff. The Mayor will enroll three full-time members and all other municipal staff will become part-time. We are still waiting on records and information from the city. Our next step would be to file suit along with MPERS to subpoena the records needed. The cost of the attorney is being shared equally between MERS and MPERS.

Mr. Ponder stated that David Waltemath wants to give the Board a tour of Bedico Creek on Wednesday, November 18th.

Mr. Ponder updated the Board that he may have to attend the Citco mediation in New York on December 1, 2015. He also will have to give a deposition on Commonwealth on November 2, 2015 in Baton Rouge or New Orleans.

Ms. LaGarde updated the Board that the audit is still ongoing with the only issue being the evaluation of CSFC.

Ms. Vice moved to approve registration fees for Nancy LaGarde to attend education to obtain her CPA continuing professional education for the year; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Ms. Mahfouz moved to adjourn; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

APPROVED

ATTEST