MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES — DECEMBER 17, 2015

The Board of Trustees of the Municipal Employees' Retirement System of Louisiana met in regular session on Thursday, December 17, 2015 at 9:00 A.M. at the Municipal Police Employees' Retirement System, 7722 Office Park Boulevard, Baton Rouge, Louisiana.

PRESENT:

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

UNABLE TO ATTEND:

Mayor Clarence Fields, Chairman
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
Greg Curran, G.S. Curran Actuary
Gary Curran, G.S. Curran Actuary
Aaron Lally, Investment Consultant
Gustavo Bikkesbakker, Investment Consultant

The Vice-Chairman called the meeting to order.

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

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

Mr. Kennedy made a public comment concerning the Legislative audit but had to leave the meeting due to a prior commitment.

The Chairman asked for approval of the minutes of the meeting held on November 19, 2015.

Ms. Vice moved that the minutes of the meeting held on November 19, 2015 be approved; the motion was seconded by Ms. Mahfouz. 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. Sarradet moved that the Plan A and Plan B retirements be approved; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

The Chairman recognized Michelle Cunningham of Duplantier, Hrapmann, Hogan & Maher who presented the system's June 30, 2015 (2014–2015 Fiscal Year) audit report.

Mayor Breaux moved to accept the June 30, 2015 (2014–2015 Fiscal Year) audit report; the motion was seconded by Mr. Harris. The motion carried without objection or opposition. A copy of this audit is attached and made part of these minutes.

The Chairman recognized Gary Curran who presented the Board with the system's June 30, 2015 (2014-2015 Fiscal Year) Actuarial Valuation.

Mr. Harris moved to adopt the June 30, 2015 (2014-2015 Fiscal Year) Actuarial Valuation with the assumptions and also adopt 7.50% as the system's rate of return; the motion was seconded by Ms. Vice. The motion was carried without objection or opposition. A copy of this report is attached and made part of these minutes.

Mr. Harris moved to approve the transfer of $159,924 from the Plan A trust to the Plan B trust for fiscal 2015 to account for members that have service credit in both plans; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Mr. Ponder is to send a memo to the municipalities stating that the rate for Plan A will not exceed 23.25% and Plan B will not exceed 11.25% subject to the approval by PRSAC and further discussion by the Board.

Gustavo Bikkesbakker presented the Board with a redlined draft of the investment policy. This will be further discussed during the January meeting. Mr. Harris asked for a copy of R.S. 11:263 sent to all the Trustees. A copy of this draft is attached and made part of these minutes.

Aaron Lally presented the Board with three (3) options to consider for manager presentations. After a brief discussion, Mayor Breaux moved to adopt "Option B" to set up afternoon sessions on Wednesday afternoons prior to the Board meeting on a quarterly basis with four (4) managers; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

Aaron Lally and Gustavo Bikkesbakker presented the Board with a proposal from CapitalSpring. After a lengthy discussion, Mr. Harris moved to approve the proposal for restructuring CapitalSpring and authorize the Director to proceed subject to legal review to sign necessary documents as this will be in the best interest of the MERS system; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

Aaron Lally presented the Board with a copy of the Preliminary Performance Report for the month of November 2015. The performance of the portfolio as of November 30, 2015 remained flat. Domestic equities were up 0.7% and the international equities were flat. Fixed income was down -1.2% and hedge funds were down -0.5%.

Ms. Vice moved to accept the Preliminary Performance Report for the month of November 2015; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition. A copy of this report is attached and made part of these minutes.

Ms. LaGarde presented a budget report through November 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 November 30, 2015 as presented; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition. A copy of this budget report is attached and made part of these minutes.

Ms. Vice moved to approve the memorandum which set forth the upcoming election announcement as written; the motion was seconded by Mr. Harris. The motion carried without objection or opposition. A copy of this memorandum is attached and made part of these minutes.

Mayor Breaux moved to enter into legislation the following bill:

> If a retired member returns to work full-time, then employer and employee will pay contributions. Upon final termination the employee's contributions will be returned without interest, but the system will retain employer's contributions. Also will make it clear that the retiree returning to work is governed by this section, and it only applies to positions ordinarily requiring membership in MERS. It does not apply to positions covered by another LA public pension fund.

The motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

Mr. Harris moved to enter into legislation the following bill:

> All mayors, or interim mayors, are considered full-time and required to become active contributing members of MERS unless exempted by law.

The motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Ms. Vice moved to enter into legislation a bill to authorize LA Community Development Authority to be a member of MERS; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

Mr. Ponder updated the Board that there may be a bill entered into legislation that will allow court employees of the 19th Judicial District Court to become members of MERS.

The Advocate indicated that Senator Peacock may introduce a bill to make the Treasurer and the Commissioner of Administration voting members on the MERS Board.

The MERS logo presented needs a little more work before being adopted.

Mr. Ponder updated the Board that the Legislative Audit report is now public. A copy of the audit report was sent to the Inspector General, District Attorney, and Ethics Board. Ms. Mahfouz moved to authorize Mr. Ponder to retain outside counsel to take appropriate action to seek reimbursements; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

Mr. Ponder will request in writing an advisory opinion from the Ethics Board.

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

Michael Sanders

APPROVED

Sunita Sirur

ATTEST