MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES — FEBRUARY 23, 2016

The Board of Trustees of the Municipal Employees' Retirement System of Louisiana met in regular session on Tuesday, February 23, 2016 at 9:00 A.M. at the Municipal Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, Louisiana.

PRESENT:

Mayor Clarence Fields, Chairman
Mr. Mike Sands, Vice-Chairman
Mr. Ronnie Harris, Trustee
Ms. Claire Sarradet, Trustee
Ms. Andrea Mahfouz, Trustee
Mayor Carroll Breaux, Trustee
Representative J. Kevin Pearson, Chairman,
House Retirement Committee
Senator Barrow Peacock, Chairman,
Senate Retirement Committee
Ms. Marsha Guedry, Division of Administration
Ms. Amy Mathews, State Treasurer's Office

UNABLE TO ATTEND:

Ms. Mary O. Vice, Trustee

IN ATTENDANCE:

Warren Ponder, Acting Director
Susita Suire, Retirement Benefits Administrator
Nancy LaGarde, Chief Financial Officer
Greg Curran, G.S. Curran Actuary
Brian Dana, Investment Consultant
Stephanie Little, House Retirement Committee
Margaret Corley, Senate Retirement Committee

The Chairman called the meeting to order.

The Chairman asked Ms. Sarradet to open the meeting with a prayer and Mr. Harris 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 January 28, 2016.

Ms. Sarradet moved that the minutes of the meeting held on January 28, 2016 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 Mayor Breaux. The motion carried without objection or opposition.

Mr. Grey Sexton presented his report concerning the ethics opinion requested by the Board. A copy of this report is attached and made part of these minutes.

Ms. Sarradet moved to enter into executive session to discuss reimbursement lawsuit; the motion was seconded by Mr. Harris. The motion carried without objection or opposition.

Mr. Harris moved to return to regular session; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

Ms. Mahfouz moved to proceed forward with the reimbursement lawsuit; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Mayor Breaux moved to take item #12 before item #9; the motion was seconded by Ms. Sarradet. The motion carried without objection or opposition.

After discussion, the Board formed a sub-committee to perform a search for an Executive Director and Chief Investment Officer. The sub-committee will consist of Mr. Sands, Chairman of the committee, Ms. Sarradet, and the Treasurer's office. The sub-committee will meet and report back to the full Board at the next regular Board meeting. The sub-committee will utilize Meketa Group as a resource in hiring the Chief Investment Officer.

Mr. Padraig Sheehy and Matt Sheldon with KBI gave an update on their investment portfolio.

Brian Dana gave the Board a quarterly review as of December 31, 2015.

Brian Dana presented the Board with a copy of the Preliminary Performance Report for the month of January 2016. The performance of the portfolio as of January 31, 2016 was down -2.9%. Domestic equities were down -5.5%, developed equities were down -4.7%, emerging market equity was down -4.2%, and the global equities were down -6.1%. U.S. core bonds were up 6.1% and foreign bonds were up 0.6%. Hedge funds were down -2.4%.

After a presentation and upon recommendation by Meketa on transition planning, Mr. Sands moved to accept the hedge fund liquidation schedule as presented and authorize Meketa and staff to proceed with the liquidations; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

After Greg Curran presented several options to the Board for setting the employer rates, Ms. Sarradet moved to release funds from the "Funding Deposit Account" to be able to set the employer contribution rate for Plan A at 22.75% for fiscal year 2016 – 2017; the motion was seconded by Mr. Harris. The motion carried without objection or opposition.

Ms. Sarradet moved to release funds from the "Funding Deposit Account' to pay off Plan B's unfunded actuarial liability (UAL) and to be able to set the employer contribution rate for Plan B at 11% for fiscal year 2016 – 2017; the motion was seconded by Mr. Sands. The motion carried without objection or opposition.

Ms. Mahfouz moved to add to the agenda discussion and possible action on the actuarial equivalent factors; the motion was seconded by Mayor Breaux. The motion carried unanimously.

Mayor Breaux moved to adopt the actuarial equivalent factors as presented by Greg Curran; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition. A copy of these assumptions is attached and made part of these minutes.

Ms. Mahfouz moved to send RFP's to the following audit firms:

> Carr, Riggs, & Ingram, Deloitte & Touche, Faulk & Winkler, Hawthorn, Waymouth & Carroll, LaPorte, KPMG, and Postlethwaite & Netterville

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

Ms. LaGarde presented a budget report through January 31, 2016 detailing the amount budgeted and the balance year to date. A copy of this budget is attached and made part of these minutes.

Ms. Sarradet moved to accept the budget report through January 31, 2016 as presented; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition. A copy of the budget report is attached and made part of these minutes.

Ms. LaGarde updated the Board that she will be making an offer to one of the applicants for the accountant position this week.

Ms. LaGarde presented to the Board the Act 1004 report comparison of all the state and statewide retirement systems.

Mr. Ponder updated the Board that there has not been any nominations received as of today for the upcoming Trustee vacancy. The deadline for nominations is March 15th.

Ms. Sarradet moved to support HB 12-will make the Treasurer and the Commissioner of Administration voting members of the Board; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Ms. Sarradet moved to take no position on HB 14-would replace the chairmen of the House and Senate retirement committees on the Board of Trustees with the speaker of the House and the president of the Senate; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

Ms. Mahfouz moved to support HB 17-would authorize LDCA to participate in MERS; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Ms. Sarradet moved to defer action until next month's meeting on HB 20-would authorize employees of the 19th Judicial District Court (JDC) in the parish of East Baton Rouge to participate in MERS; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Mayor Breaux moved to support HB 23-would require the MERS' Board to establish rules and regulations with respect to trustee election procedures; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

Ms. Mahfouz moved to support HB 34-provides that any municipal mayor, whether appointed or elected and regardless of work schedule must participate in MERS; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Mayor Breaux moved to defer action until next month's meeting on HB 37- provides that the commissioner of administration and the state treasurer, or their designees, serve as voting members of the Municipal Employees' Retirement System (MERS) board of trustees and provides relative to qualifications for service as an elected trustee. Proposed law changes the minimum service requirement to 12 years; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

Ms. Sarradet moved to support HB 40-requires employer and employee contributions to the Municipal Employees' Retirement System (MERS) during a period of reemployment of a retiree; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Ms. Sarradet moved to support SB 13-provides that the commissioner of administration, the state treasurer, and their designees, shall serve as voting members on the MERS board of trustees; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Ms. Sarradet moved to support HB 78-requires the executive director or person holding the equivalent position of each state and statewide retirement system to file a Tier 2.1 personal financial statement and otherwise retains present law; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

Mr. Ponder updated the Board that the new building is finished and all payments should be made this month. A copy of the building cost is attached and made part of these minutes.

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

APPROVED

ATTEST