MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES — MARCH 31, 2016

The Board of Trustees of the Municipal Employees' Retirement System of Louisiana met in regular session on Thursday, March 31, 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. Mary O. Vice, Trustee
Ms. Andrea Mahfouz, Trustee
Mayor Carroll Breaux, Trustee
Ms. Marsha Guedry, Division of Administration
Mr. John Broussard, State Treasurer's Office

UNABLE TO ATTEND:

Representative J. Kevin Pearson, Chairman,
House Retirement Committee
Senator Barrow Peacock, 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
Aaron Lally, Investment Consultant
Gustavo Bikkesbakker, Investment Consultant

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 February 23, 2016.

Ms. Sarradet moved that the minutes of the meeting held on February 23, 2016 be approved; the motion was seconded by Mayor Breaux. 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).

Mr. Harris 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.

Gustavo Bikkesbakker reviewed the suggested schedule for manager presentations through October 2017. Ms. Sarradet moved to have Whalehaven present to the Board in April and move Brandywine to present in July; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

Upon Meketa's recommendation and due to the portfolio manager, Rajiv Jain, leaving the firm of Vontobel Emerging Markets Equity, Ms. Vice moved to terminate Vontobel and move the funds to the Northern Trust Emerging Markets Index Fund; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Mayor Breaux moved to enter into executive session to discuss *Broyles v. Cantor Fitzgerald & Co., et al,* Suit No. 594,747, 19th Judicial District Court, Parish of East Baton Rouge, State of Louisiana, and all related matters; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

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

The Board received an update on the status of the Broyles litigation, and was advised that the pretrial order directs the plaintiffs in the case to make a settlement offer within 15 days of April 15, 2016. Considering the foregoing, Ms. Sarradet moved to authorize and direct Warren Ponder to formulate and propose a settlement of the litigation, after advice from counsel for the retirement system. Warren Ponder is further authorized and directed to act as litigation manager representative for the CA Fund, in consultation with the other litigation manager representatives and counsel to the CA Funds, to authorize a settlement on behalf of the CA Funds, as one of the three litigation manager representatives; the motion was seconded by Mr. Harris. The motion carried without objection or opposition.

After a presentation by Stewart Chesters and Allen Frederick with Republic Business Credit and discussion, Ms. Sarradet moved to have Republic Business Credit, Meketa, MERS, and legal counsel negotiate terms and bring a recommendation to the Board at the April Board meeting for approval. These parties will also review reducing the commitment from $30MM to $25MM; the motion was seconded by Ms. Vice. The motion carried without objection or opposition. A copy of this presentation is attached and made part of these minutes.

Upon Meketa's recommendation Mr. Sands moved to terminate Horizon Strategic Value Fund and reallocate $10MM to the Barclays Aggregate Index Fund, $5MM to Barrow Hanley Small Cap Value and the balance to the Northern Trust S & P 500 Index Fund; the motion was seconded by Ms. Sarradet. The motion carried without objection or opposition.

Ms. Vice moved to adopt the Investment Policy as presented; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition. A copy of this policy is attached and made part of these minutes.

Upon Meketa's recommendation Mayor Breaux moved to reallocate the proceeds from Argonaut to the Northern Trust Barclay's Aggregate Index Fund; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

Gustavo Bikkesbakker and Aaron Lally presented the Board with a copy of the Preliminary Performance Report for the month of February 2016. The performance of the portfolio as of February 29, 2016 was up 0.2%. Domestic equities were up 0.3%, developed equities were up 1.2%, emerging market equity was down -1.0%, and the global equities were up 0.7%. U.S. core bonds were up 0.6% and foreign bonds were up 1.9%. Hedge funds were down -0.5%. A copy of this report is attached and made part of these minutes.

After a presentation by Gary Curran, Ms. Vice moved to authorize G.S. Curran to make changes in the disclosure of the 2014-2015 Valuation Report; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition. A copy of this change is attached and made part of these minutes.

Mr. Sands, Chairman of the Personnel Committee, updated the Board that during their meeting on March 11th, the committee drafted the job description and an advertisement for the Director's position. The ad for the Director's position was published in The Advocate and the deadline for resumes is April 15th. The committee will complete the search for the Chief Investment Officer after the new Director is hired. The committee will meet in April and report back to the Board at the April 28th Board meeting.

Ms. Sarradet moved to re-open the nomination period for the upcoming Trustee vacancy from April 4th through April 26, 2016; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

Ms. LaGarde presented a budget report through February 29, 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. LaGarde updated the Board that Bonnie Phillips has accepted the position of Accountant and will begin on April 11th.

Ms. LaGarde updated the Board that the RFP for a new audit firm has been sent out and the deadline is April 25th.

Ms. LaGarde updated the Board that the GL difference is a programming issue. She will be searching for a new general ledger software system.

Ms. Vice moved to amend the budget of $12,000 to $14,707 for services by Gray Sexton; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

Ms. Sarradet moved to oppose 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 Ms. Mahfouz. The motion carried without objection or opposition.

Mr. Harris moved to support HB 37 if amended to delete the 12 year service credit requirement-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; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition.

Ms. Mahfouz moved to adopt the amended Travel Policy as presented; the motion was seconded by Ms. Vice. The motion carried without objection or opposition. A copy of this amended policy is attached and made part of these minutes.

Mr. Ponder updated the Board that the reimbursement lawsuit has been filed. He also reminded the Board that their financial disclosures are due by May 15th.

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

APPROVED

ATTEST