MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES — JULY 20 & 21, 2016

The Board of Trustees of the Municipal Employees' Retirement System of Louisiana met in regular session on Wednesday, July 20, 2016 at 1:30 P.M. and Thursday, July 21 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
Mayor Donald Villere, Trustee
Ms. Mary O. Vice, Trustee
Ms. Andrea Mahfouz, Trustee
Mayor Carroll Breaux, Trustee
Ms. Amy Mathews, State Treasurer's Office
Ms. Marsha Guedry, Commissioner of Administration's Office

UNABLE TO ATTEND:

Representative J. Kevin Pearson, Chairman,
House Retirement Committee
Senator Barrow Peacock, Chairman,
Senate Retirement Committee

IN ATTENDANCE:

Warren Ponder, Executive Director
Susita Suire, Retirement Benefits Administrator
Nancy LaGarde, Chief Financial Officer
Bonnie Phillips, Investment Accountant
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 Mayor Villere led everyone in the pledge of allegiance.

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

Mr. Ponder transferred the gavel to the new Chairman, Mr. Mike Sands and also recognized Ms. Mahfouz as the new Vice Chairman.

Mr. Sands thanked Mayor Fields for his outstanding leadership and the contributions made during this past year and welcomed Ms. Mahfouz as Vice Chairman.

Aaron Lally and Gustavo Bikkesbakker gave an overview of the First Eagle Investment Management, Timbervest, and Brandywine Global Investment Management to the Board. Aaron Lally updated the Board that Greg Cassano is no longer with First Eagle, so Heather Beatty will give her presentation via telephone. An explanation of the types of funds were given along with questions that should be asked to the managers. A copy of this overview is attached and made part of these minutes.

Heather Beatty gave an update on the First Eagle Investment Management fund via telephone with education to the Board.

Joel Shapiro and David Jacobson gave an update on the Timbervest fund with education to the Board.

Nedra Hadley, Greg Zavoyna, and Brian Giullano gave an update on the Brandywine Global Investment Management with education to the Board.

Gustavo Bikkesbakker and Aaron Lally had a wrap-up session with the Board and answered all questions concerning the presentations given.

Greg Curran with G.S. Curran gave an hour of Actuarial Plan Experience Study education.

Ms. Mahfouz moved to recess until 9:00 a.m. tomorrow; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

PRESENT:

Mr. Mike Sands, Chairman
Ms. Andrea Mahfouz, Vice-Chairman
Mayor Clarence Fields, Trustee
Mr. Ronnie Harris, Trustee
Mayor Donald Villere, Trustee
Ms. Mary O. Vice, Trustee
Mayor Carroll Breaux, Trustee
Ms. Amy Mathews, State Treasurer's Office

UNABLE TO ATTEND:

Ms. Marsha Guedry, Division of Administration's Office
Representative J. Kevin Pearson, Chairman,
House Retirement Committee
Senator Barrow Peacock, Chairman,
Senate Retirement Committee

IN ATTENDANCE:

Warren Ponder, Executive Director
Susita Suire, Retirement Benefits Administrator
Nancy LaGarde, Chief Financial Officer
Greg Curran, G.S. Curran Actuary
Aaron Lally, Investment Consultant
Gustavo Bikkesbakker, Investment Consultant

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

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

Mr. Sands acknowledged that this is Mayor Breaux's last meeting as LMA President. He thanked Mayor Breaux for his contributions made during this past year. Mayor Breaux thanked the Board for the opportunity to serve as a Trustee.

The Chairman asked for approval of the minutes of the meeting held on June 16, 2016.

Mayor Villere moved that the minutes of the meeting held on June 16, 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 minutes of the meeting held on July 11, 2016.

Ms. Vice moved that the minutes of the meeting held on July 11, 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).

Mayor Breaux 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 and Aaron Lally gave the Board an overview of the second quarter performance.

Gustavo Bikkesbakker and Aaron Lally presented the Board with a copy of the Preliminary Performance Report for the month of June 2016. The performance of the portfolio as of June 30, 2016 was down -0.2%. Domestic equities were down -0.3%, developed equities were up 0.3%, emerging market equity was up 4.6%, and the global equities were down -4.5%. U.S. core bonds were up 1.8%, foreign bonds were up 3.7%, and high yield bonds were up 1.7%. Core real estate was up 2.2%, non-core real estate was down -0.4%, and hedge funds were down -0.6%. A copy of this report is attached and made part of these minutes.

MERS staff will bring recommendations to the Board at the August meeting on the minimum amount of cash to be held in trust and to be given authority to move any excess cash over this amount to Northern Trust TIPS Index fund.

Upon Meketa's recommendation, Ms. Vice moved to allocate $70MM of excess cash as follows:

$30MM to TIPS – Northern Trust Index
$30MM to US Core Bonds – Northern Trust Barclays Aggregate
$10MM to US Equities – Northern Trust S & P 500 executed after funds have been received from Paulson

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

Upon Meketa's recommendation, Amy Mathews moved to reallocate $35MM from Thornburg and $25MM from KBI as follows:

$20MM to Northern Trust S & P 400 Midcap
$10MM to First Eagle Investment Management
$10MM to WCM
$10MM to Northern Trust Emerging Market
$10MM to Dimensional

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

Ms. LaGarde presented a budget report through June 30, 2016 detailing the amount budgeted along with an amended budget for fiscal year ending June 30, 2016.

The staff will bring amended budgets to the Board in December and June of each year if needed.

Mayor Villere moved to accept the amended budget as of June 30, 2016 as presented; the motion was seconded by Ms. Vice. The motion carried without objection or opposition. A copy of this budget is attached and made part of these minutes.

Mayor Fields moved to accept the CFO report; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

The Chairman advised the Board that the following Resolution be adopted as part of the 2015-2016 fiscal year audit.

RESOLUTION

WHEREAS, as a part of the audit of the financial statements of the Municipal Employees' Retirement System of Louisiana as of June 30, 2016, and for the one-year period from July 1, 2015 through June 30, 2016, the Office of the Legislative Auditor requires that a system survey and compliance questionnaire be completed and presented to and adopted by the Board of Trustees of the Retirement System by means of a formal resolution at an open meeting, and

WHEREAS, the required system survey and compliance questionnaire has been completed,

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Municipal Employees' Retirement System of Louisiana that the said Board does hereby receive and adopt the aforementioned system survey and compliance questionnaire during an open meeting of the Board being held on the 21st day of July, 2016.

Ms. Vice moved to approve the adoption of the above Resolution; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition. A copy of this resolution is attached and made part of these minutes.

Susita Suire updated the Board that the Town of Independence did not approve the resolution to enter Plan B at their July meeting. They will approve this resolution at their August meeting and will be on the August agenda for Board approval.

Susita Suire updated the Board that the final actuarial cost calculation for the amount owed by the Town of Independence is $555,509.75. Ms. Suire will review past and current employees for accuracy of date of hires and termination dates. The Board asked staff to send a letter to the Mayor requesting full payment due for all current and vested employees. The remainder of the cost is payable as soon as possible with interest. A copy of this update is attached and made part of these minutes.

Ms. Vice moved to adopt the resolution to empower the new Executive Director; the motion was seconded by Mayor Breaux. The motion carried without objection or opposition. A copy of this resolution is attached and made part of these minutes.

Mayor Breaux asked that the Board allow the Executive Director to adjust the staff office hours Monday through Thursday to allow the office to close early on Fridays. The Director and staff will give recommendations for hours to the Board at the August meeting.

Ms. Mahfouz moved to accept the report from the Personnel Committee, the process, and timeline for hiring the Chief Investment Officer as follows:

- Run advertisement in the Advocate on the weekends of August 6th and 13th
- Upload advertisement and instructions on MERS website
- Deadline for resumes is September 2, 2016
- Submit top applicants to the Board at September 18th meeting
- Interview applicants at the October Board meeting

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

Mr. Ponder updated the Board that LAPERS will take place September 18 – 20th. Susita will register everyone, but Board members must make their own hotel reservations. The September Board meeting will take place at the Roosevelt on September 18th at 3:30.

Mayor Villere moved to approve the hiring of Lionel Bailey to draw preliminary plans for office renovations up to $3,500.00; the motion was seconded by Mayor Fields. The motion carried without objection or opposition. A copy of this proposal is attached and made part of these minutes.

Mr. Ponder updated the Board that he will be requesting additional capital budget funds in the near future to add a generator, replace covered parking, complete the landscaping next to dental office, AS400 programming to eliminate printing reports, and a new general ledger software.

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

Michael Sanders
APPROVED

Susita Sims
ATTEST