

# MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

## MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES

DECEMBER 14 & 15, 2016

The Board of Trustees of the Municipal Employees' Retirement System of Louisiana met in regular session on Wednesday, December 14, 2016 at 1:00 P.M. and Thursday, December 15, 2016 at 9:00 A.M. at the Municipal Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, Louisiana.

### PRESENT:

Mr. Mike Sands, Chairman  
Ms. Andrea Mahfouz, Vice Chairman  
Mayor Clarence Fields, Trustee  
Mayor Donald Villere, Trustee  
Ms. Mary O. Vice, Trustee  
Mayor Greg Jones, Trustee  
Ms. Amy Mathews, State Treasurer's Office  
Ms. Marsha Guedry, Commissioner of Administration's Office

### UNABLE TO ATTEND:

Senator Barrow Peacock, Chairman,  
Senate Retirement Committee

### IN ATTENDANCE:

Warren Ponder, Executive Director  
Susita Suire, Retirement Benefits Administrator  
Nancy LaGarde, Chief Financial Officer  
Christopher Saik, Chief Investment Officer  
Henry Jaung, Investment Consultant  
Gustavo Bikkesbakker, Investment Consultant  
Annie Smith, House Retirement Committee

The Chairman called the meeting to order.

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.

Chuck Pevey and Shana Pamilar with Hawthorne, Waymouth & Carroll gave the Board an update on upcoming financial audit for the fiscal year ending June 30, 2016.

Henry Jaung and Gustavo Bikkesbakker gave the Board an educational hour on Management Risk.

Cam Morton with VR Mergers & Acquisitions gave an update on the Bedico Creek property with education to the Board.

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Nick Verano and Nick Stein gave an update on the Sentinel Real Estate fund with education to the Board.

Bob McManama gave an update on the Loomis Sayles fund with education to the Board.

Henry Jaung and Gustavo Bikkeshbakker had a wrap-up session with the Board and answered all questions concerning the presentations given.

The Chairmen recessed until 9:00 a.m. tomorrow.

PRESENT:

Mr. Mike Sands, Chairman  
Ms. Andrea Mahfouz, Vice Chairman  
Mayor Clarence Fields, Trustee  
Mayor Donald Villere, Trustee  
Ms. Mary O. Vice, Trustee  
Mayor Greg Jones, Trustee  
Ms. Amy Mathews, State Treasurer's Office  
Ms. Marsha Guedry, Commissioner of Administration's Office

UNABLE TO ATTEND:

Senator Barrow Peacock, Chairman,  
Senate Retirement Committee

IN ATTENDANCE:

Warren Ponder, Executive Director  
Susita Suire, Retirement Benefits Administrator  
Nancy LaGarde, Chief Financial Officer  
Christopher Saik, Chief Investment Officer  
Gary Curran, G.S. Curran Actuary  
Henry Jaung, Investment Consultant  
Gustavo Bikkeshbakker, 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.

The Chairman asked for approval of the minutes of the meeting held on October 26, 2016.

Mayor Fields moved that the minutes of the meeting held on October 26, 2016 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.

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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 Jones. The motion carried without objection or opposition.

Mayor Jones moved to take agenda item #22 before agenda item #15; the motion was seconded by Mayor Villere. The motion carried without objection or opposition.

In accordance with the asset allocation policy, and in an effort to reduce investment management fees, Ms. Vice moved to approve Meketa's recommendation to terminate the Thornburg Global Opportunities Strategy and the KBI Water Strategy and reinvest the full proceeds into a new strategy, Northern Trust Non-Lending Daily Liquid EAFE Index fund; the motion was seconded by Mayor Jones. The motion carried without objection or opposition.

Gustavo Bikkesbakker and Henry Jaung presented the Board with a copy of the Preliminary Performance Report for the month of October 2016. The performance of the portfolio as of October 31, 2016 was down -0.7%. Domestic equities were down -2.2%, developed equities were down -2.3%, emerging market equity was up 1.1%, and the global equities were down -1.4%. U.S. core bonds were down -0.8%, treasury inflation protected securities were down -0.5%, foreign bonds were down -1.4%, and high yield bonds were down -0.1%. Core real estate was up 1.1%, natural resources, private equity, and non-core real estate remained flat and hedge funds were up 1.8%. Private debt was up 1.2%. A copy of this report is attached and made part of these minutes.

Gustavo Bikkesbakker and Henry Jaung also presented the Board with a copy of the Preliminary Performance Report for the month of November 2016. The performance of the portfolio as of November 30, 2016 was up 0.5%. Domestic equities were up 6.9%, developed equities were down -3.5%, emerging market equity was down -4.1%, and the global equities were up 1.3%. U.S. core bonds were down -2.4%, treasury inflation protected securities were down -1.9%, foreign bonds were down -5.5%, and high yield bonds were down -1.8%. Core real estate, natural resources, private equity, and non-core real estate remained flat and hedge funds were down -0.1%. Private debt was up 1.2%. A copy of this report is attached and made part of these minutes.

Mayor Fields moved to approve the retirement benefit for the member that has chosen option 4; the motion was seconded by Mayor Villere. The motion carried without objection or opposition.

Mayor Jones moved to enter into executive session to discuss potential litigation with the Town of Independence; the motion was seconded by Mayor Fields. The motion carried without objection or opposition.

Mayor Villere moved to return to regular session; the motion was seconded by Mayor Fields. The motion carried without objection or opposition.

Mayor Fields moved to enter into executive session to discuss the reimbursement lawsuit; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

Mayor Jones moved to return to regular session; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

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Ms. Mahfouz moved to authorize Carlton "Trey" Jones to negotiate a settlement on MERS' behalf pertaining to the reimbursement lawsuit; the motion was seconded by Mayor Jones. The motion carried without objection or opposition.

Ms. Vice moved to enter into executive session to discuss potential litigation with a member from the Natchitoches City Court; the motion was seconded by Mayor Jones. The motion carried without objection or opposition.

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

Ms. Mahfouz moved to authorize Carlton "Trey" Jones to reject the offer to have MERS waive interest from the member from Natchitoches City Court. Mr. Jones will respond to the member to offer an administrative hearing or a waiver of the administrative hearing; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

Christopher Saik asked the Board what they would specifically like to see on a monthly basis during the regular meetings. It was suggested to see a flash report, a comparison to other institutions our size, and a report of what has happened during the month. The Trustees would also like to have Mr. Saik give the Board a detailed report on the Bedico Creek property.

The Chairman recognized Gary Curran who presented the Board with the system's June 30, 2016 (2015-2016 Fiscal Year) Actuarial Valuation.

Ms. Mathews moved to accept the June 30, 2016 (2015-2016 Fiscal Year) Actuarial Valuation; the motion was seconded by Mayor Fields. The motion was carried without objection or opposition. A copy of this report is attached and made part of these minutes.

Mr. Ponder will send a memo to all the municipalities with estimated employer rates that can be used to prepare their budgets until PRSAC approves the actuarial valuation and the Board approves final rates for the 2017-2018 fiscal year.

Ms. LaGarde presented a budget report for October 31, and November 30, 2016 detailing the budgeted amount.

Mayor Villere moved to accept the budget report for October 31, and November 30, 2016; the motion was seconded by Mayor Jones. The motion carried without objection or opposition. A copy of this budget report is attached and made part of these minutes.

The Board asked for Ms. LaGarde to present a budget report in a different format next month.

Ms. LaGarde presented the 9/30/2016 ACT 1004 summary report, the minimum cash balance report, and the cash flow report to the Board.

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

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Upon Mr. Sands' recommendation, Mayor Jones moved to defer the revision of the personnel policy to the Personnel Committee for review; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

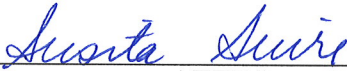
Ms. Vice moved to have legislation drafted to change the vacant Trustee seat to a retiree seat; the motion was seconded by Mayor Jones. The motion carried without objection or opposition.

Mr. Ponder updated the Board that there is a general bill being drafted to include all the retirement systems that will correct the errors pertaining to members being enrolled in the incorrect retirement systems.

Susita Suire will return to the Board with more information on updating the retirement system's website.

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

  
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APPROVED

  
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ATTEST