MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES — JUNE 29, 2017

The Board of Trustees of the Municipal Employees' Retirement System of Louisiana met in regular session on Thursday, June 29, 2017 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 Raymond Harris, Trustee
Mayor Donald Villere, Trustee
Ms. Mary O. Vice, Trustee
Mayor Greg Jones, Trustee
Representative J. Kevin Pearson, Chairman,
House Retirement Committee
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
Christopher Saik, Chief Investment Officer
Aaron Lally, Investment Consultant
Gary Curran, G.S. Curran Actuary
Margaret Corley, Senate 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.

The Chairman asked for approval of the minutes of the meeting held on May 25, 2017.

Ms. Vice moved that the minutes of the meeting held on May 25, 2017 be approved; the motion was seconded by Mayor Jones. 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. Mahfouz 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.

Aaron Lally presented the Board with an updated Investment Policy. Ms. Vice moved to adopt the updated Investment Policy with the addition of the inflation assumption to appendix B; the motion was seconded by Mayor Jones. The motion carried without objection or opposition. A copy of this policy is attached and made part of these minutes.

The Investment Policy will be presented and reviewed to the Board on an annual basis.

Aaron Lally presented the Board with a copy of the Preliminary Performance Report for the month of May 2017. The performance of the portfolio as of May 31, 2017, was up 0.8%. Domestic equities remained flat, developed equities were up 3.2%, emerging market equity was up 2.4%, and U.S. core bonds were up 0.8%. Treasury inflation protected securities remained flat, foreign bonds were up 1.6%, and high yield bonds were up 0.9%. Core real estate, natural resources, private debt, private equity, and non-core real estate remained flat, and hedge funds were down -1.0%. A copy of this report is attached and made part of these minutes.

Mayor Jones moved to accept the investment report by Meketa Investment Group; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

Christopher Saik presented the Board with an update of investment fees as of 3/31/13 and 3/31/17.

Upon Mr. Saik's recommendation, Ms. Vice moved to utilize Pavilion, a transition manager, on a case by case basis to sell bonds for the retirement system; the motion was seconded by Mayor Jones. The motion carried without objection or opposition.

Mr. Sands presented to the Board the following recommendations from the Personnel Committee which met on Friday, June 23rd:

1. Adopt job descriptions with amendments (job descriptions attached).
2. Adopt pay ranges for all positions of the retirement system (attached).
3. Adopt the authority & responsibilities of the Executive Director with amendments (attached).
4. No increase for the Executive Director for fiscal year
5. Approve a 2% increase in the salary budget for fiscal year ending 6//30/18.
6. Approve an Office Assistant position.
7. Approve the phase out of the 100% insurance reimbursement over a five (5) year period effective January 1, 2018. The employee will share in insurance premiums by 5% each year for five (5) years at which the final year will be a cost share of 25%/75% for employee and family coverage.

Ms. Mahfouz moved to approve the above recommendations from the Personnel Committee; the motion was seconded by Mayor Jones. The motion carried without objection or opposition.

Mr. Sands nominated and named Mary Vice as the third Personnel Committee member to replace Mayor Fields.

Mr. Ponder presented the proposed July 1, 2017 – June 30, 2018 operating budget, capital budget, budget narrative, and the budget planning and monitoring policy. Mayor Villere moved to accept the proposed July 1, 2017 – June 30,2018 operating and capital budget with amendments to salaries as recommended by the Personnel Committee; the motion was seconded by Mayor Jones. The motion carried without objection or opposition. A copy of these budgets are attached and made part of these minutes.

Mayor Villere requested that Ms. LaGarde distribute the budget calendar to the Board in March of each year.

Mayor Villere moved to approve the Hawthorne, Waymouth & Carroll contract to perform the audit of financial statements and GASB 67 & 68 reporting for fiscal year ending 6-30-2017; the motion was seconded by Mayor Jones. The motion carried without objection or opposition. A copy of this contract is attached and made part of these minutes.

Ms. LaGarde presented a budget report through May 31, 2017 detailing the budgeted amount.

Ms. Mahfouz moved to increase the office equipment and maintenance budget by $6,500; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

Ms. LaGarde presented the cash flow report as of May 31, 2017.

Ms. LaGarde presented the Board with a detail of the Fletcher legal expenses and reimbursements.

Ms. Suire updated the Board that she gave presentations to the members in Baker, Hammond and the Opelousas City Court. She will be making a member presentation to the members at the City of Thibodaux in September.

Ms. Suire updated the Board that she and Mr. Ponder met with the Mayor and clerk with the Town of Cheneyville. The Mayor will be asking his council to approve membership in MERS. The Village of Florien asked for membership information, but the Mayor decided against it because his employees will be paying both retirement and social security.

Ms. Suire updated the Board that since ACT 23 was passed by the Legislature to add a retiree to the Board of Trustees, MERS will hold an election.

Ms. Mahfouz moved to have ten (10) nomination signatures for a candidate to run for the retiree seat on the Board; the motion was seconded by Mayor Harris. The motion passed with opposition from Mayor Villere and Mayor Jones.

Ms. Vice moved to adopt the election policy for active members; the motion was seconded by Ms. Mahfouz. The motion passed without objection or opposition. A copy of this policy is attached and made part of these minutes.

Ms. Vice moved to adopt the election policy for retired members with the amendment made to the number of nomination signatures required.; the motion was seconded by Ms. Mahfouz. The motion passed with opposition by Mayor Jones.

Mayor Villere moved to accept the election memorandum with amendments to the dates and the number of nomination signatures needed; the motion was seconded by Ms. Mahfouz. The motion passed without objection or opposition. A copy of this memorandum is attached and made part of these minutes.

Mayor Jones moved to enter executive session to discuss Fletcher Investment, United States District Court Middle District of Louisiana Civil Action NO. 3:13-CV-00373 Firefighters' Retirement System, *ET AL Versus* Citco Group Limited, *ET AL*; the motion was seconded by Ms. Mahfouz. The motion carried without objection or opposition.

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

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

ACT 314 that will allow retirees to return to work full-time, have their benefit suspended, and earn a supplemental benefit with a minimum of one year is effective 7/1/17. MERS will not allow purchase of prior service credit for retirees working full-time with their benefit suspended under ACT 314 unless ordered by the court or if future legislation is passed to allow this type of purchase.

ACT 285 corrects members enrolled in the wrong retirement system. This act only corrects errors made on or after July 1, 2017.

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

Andrea Mahfouz
APPROVED

Sunita Sciri
ATTEST