

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES

OCTOBER 19, 2017

The Board of Trustees of the Municipal Employees' Retirement System of Louisiana met in regular session on Thursday, October 19, 2017 at 9:00 A.M. at the Municipal Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, Louisiana.

PRESENT:

Ms. Andrea Mahfouz, Chairman
Mayor Donald Villere, Vice Chairman
Ms. Mary O. Vice, Trustee
Mr. Mike Sands, Trustee
Mayor Raymond Harris, Trustee
Mayor Greg Jones, Trustee
Ms. Susan Percle, Trustee
Representative J. Kevin Pearson, Chairman,
House Retirement Committee
Mr. James Mack, 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
Gustavo Bikkesbakker, Investment Consultant
Greg Curran, G.S. Curran Actuary
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.

The Chairman asked for certification of the election results held on October 11, 2017.

Mayor Harris moved to certify the election results held on October 11, 2017 naming Susan E. Percle as the retired Trustee on the Board; the motion was seconded by Mayor Jones. The motion carried without objection or opposition.

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The Chairman asked for approval of the minutes of the meeting held on September 17, 2017.

Mayor Villere moved that the minutes of the meeting held on September 17, 2017 be approved; the motion was seconded by Ms. Vice. The motion carried without objection or opposition. A copy is 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. Vice moved that the Plan A and Plan B retirements be approved; the motion was seconded by Ms. Guedry. The motion carried without objection or opposition.

Gustavo Bikkesbakker presented the Board with a copy of the Preliminary Performance Report for the month of September 30, 2017. The performance of the portfolio as of September 30, 2017, was up 1.0%. Domestic equities were up 4.0%, developed equities were up 1.4%, emerging market equity was down -1.2%, and U.S. core bonds were down -0.5%. Treasury inflation protected securities were down -0.6%, foreign bonds were down -0.4%, and high yield bonds were up 0.5%. Core real estate, natural resources, private debt, private equity, hedge funds, and non-core real estate remained flat. A copy of this report is attached and made part of these minutes.

Ms. Vice moved to take item 4 before the completion of the CIO's report; the motion was seconded by Mayor Villere. The motion carried without objection or opposition.

Mr. Ponder swore in the newly elected Trustee, Ms. Susan Percle. Mr. Ponder welcomed Ms. Percle to the Board.

Christopher Saik presented the investment cash flow report as September 30, 2017.

Ms. LaGarde presented a budget report through September 30, 2017 detailing the budgeted amount.

Ms. LaGarde presented the cash flow report as of September 30, 2017.

Ms. LaGarde updated the Board on the draft of financial statements in the upcoming audit. She also updated the Board on estimated adjustments on the mitigation bank funds.

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

Ms. Vice moved to take item 13 after the CFO report; the motion was seconded by Mayor Villere. The motion carried without objection or opposition.

David Waltemath gave an update to the Board on the Bedico Creek property.

Camm Morton gave the Board an update on the estimated appraised value of the Bedico Creek property and his recommendation on an exit strategy.

After a lengthy discussion, Ms. Vice moved to sell parcel 13 from Bedico Creek Preserve to Bedico Interest LLC; the motion was seconded by Mayor Jones. The motion carried without objection or opposition.

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Ms. Vice moved to allow staff to negotiate an exit strategy with David Waltemath on the Bedico Creek property; the motion was seconded by Mayor Harris. The motion carried without objection or opposition.

Ms. Suire updated the Board that she visited the City of Vidalia to help train staff on the retirement system, which was an all day training session.

The MERS' auditors completed their GASB 68 testing at the Town of Lake Providence and found members tested were contributing on overtime wages. Lake Providence will send in corrected reports for all members that have contributed on overtime wages.

Ms. Suire updated the Board that she will be giving 3 presentations to the members of the City of Monroe next week. She will also visit the Town of Vivian and City of Winnsboro to train staff. Ms. Suire will be giving a presentation on Tuesday at the Clerks' Institute,

Ms. Vice moved to approve the following Board policy:

If an employee hired by a municipality's police or fire department is not eligible to be a member of FRS or MPERS due to age, those employees have an option to enter MERS or only pay Social Security. The option must be chosen on their hire date and is irrevocable.

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

Ms. Vice moved to accept the 2018 Board meeting dates to be held on the third (3rd) Thursday of each month, with no meeting during the month of September and November; the motion was seconded by Mayor Jones. The motion carried without objection or opposition. A copy of this meeting schedule is attached and made part of these minutes.

Mayor Jones moved to enter 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 and discuss potential litigation involving retiring member; the motion was seconded by Mayor Villere. The motion carried without objection or opposition.

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

Mr. Ponder updated the Board that there will be an increase in the Vantage Insurance policy effective January 1, 2018. This policy is carried on retirees from the MERS staff that are 65 years or older.

Mayor Harris moved to adjourn; the motion was seconded by Mayor Jones. The motion carried without objection or opposition.

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Andrea Mahfouz
APPROVED

Susita Seure
ATTEST

Bedico Creek

A Conservation Community



COMMERCIAL DEVELOPMENTS

CLASSIC PROPERTIES



English Turn Golf & Country Club, New Orleans, LA



Holiday Office/Retail Park
New Orleans, LA
50,000 square feet

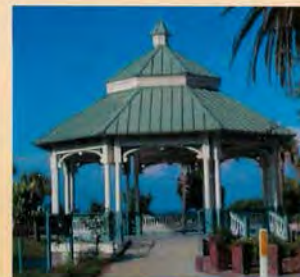


Timbers Office Park, New Orleans, LA
300,000 square foot "Class A" office.

PUBLIC / PRIVATE



Aquarium of the Americas, New Orleans, LA



Punta Gorda Harbor, Punta Gorda, FL
30 acre mixed-use waterfront development.

CLASSIC PROPERTIES

RESIDENTIAL COMMUNITIES



English Turn, New Orleans, LA
600 Homesites



The Highlands of Santa Maria, Baton Rouge, LA
150 Homesites



"The Cabin"
The Highlands Lending Library

Awarded: 2005 "Best New Residential Community "
Baton Rouge Growth Coalition



The Estates of Northpark, Covington, LA
300 Homesites



Green Trails at Shenandoah, Baton Rouge, LA
300 Homesites

A Conservation Community

Bedico Creek

a lifestyle preserve

Rebrand and Reassure



A David L. Waltemath Neighborhood

- 377-Acre Nature Preserve
- 200 Acres of Parks & Green Space
- 20 Acres of Large Lakes & Ponds

504-364-2350

www.LiveBedico.com



Existing Amenities

- Upgraded landscaped entry
- Gated community
- Two Pools and Pavilions
- Lakes 20+acres
- 375 acres nature preserve
- Up to 200 acres of Parks
- 3.5 miles of concrete hike/bike trails
- Endless nature trails / Fishing / camping
- I-12 corridor location- minutes from all the shopping, miles from all the traffic
- Great Schools
- Disc Golf and Cart friendly community



Bedico Park & Bike Paths





Neighborhoods / Price Ranges

Bedico Creek offers “A Collection of Neighborhoods” ; so pick the neighborhood that fits you best!

There were three neighborhoods complete in Bedico Creek when we started

Neighborhood	Lot Price Range
Estates	\$85,000-\$100,000
Manors	\$100,000-\$130,000
Gardens	\$40,000-\$60,000

Eight new neighborhoods are now complete or in the development stage.

Neighborhood	Lot Price Range
Preserve	\$80,000-\$90,000
Longview	\$65,000-\$80,000
Cypress Crossing	\$50,000
Audubon Way	\$175,000-\$200,000
Deer Park	\$38,500
Heron Point	\$100,000-\$250,000
LakeView	\$65,000-\$100,000
Heron Lake	\$60,500

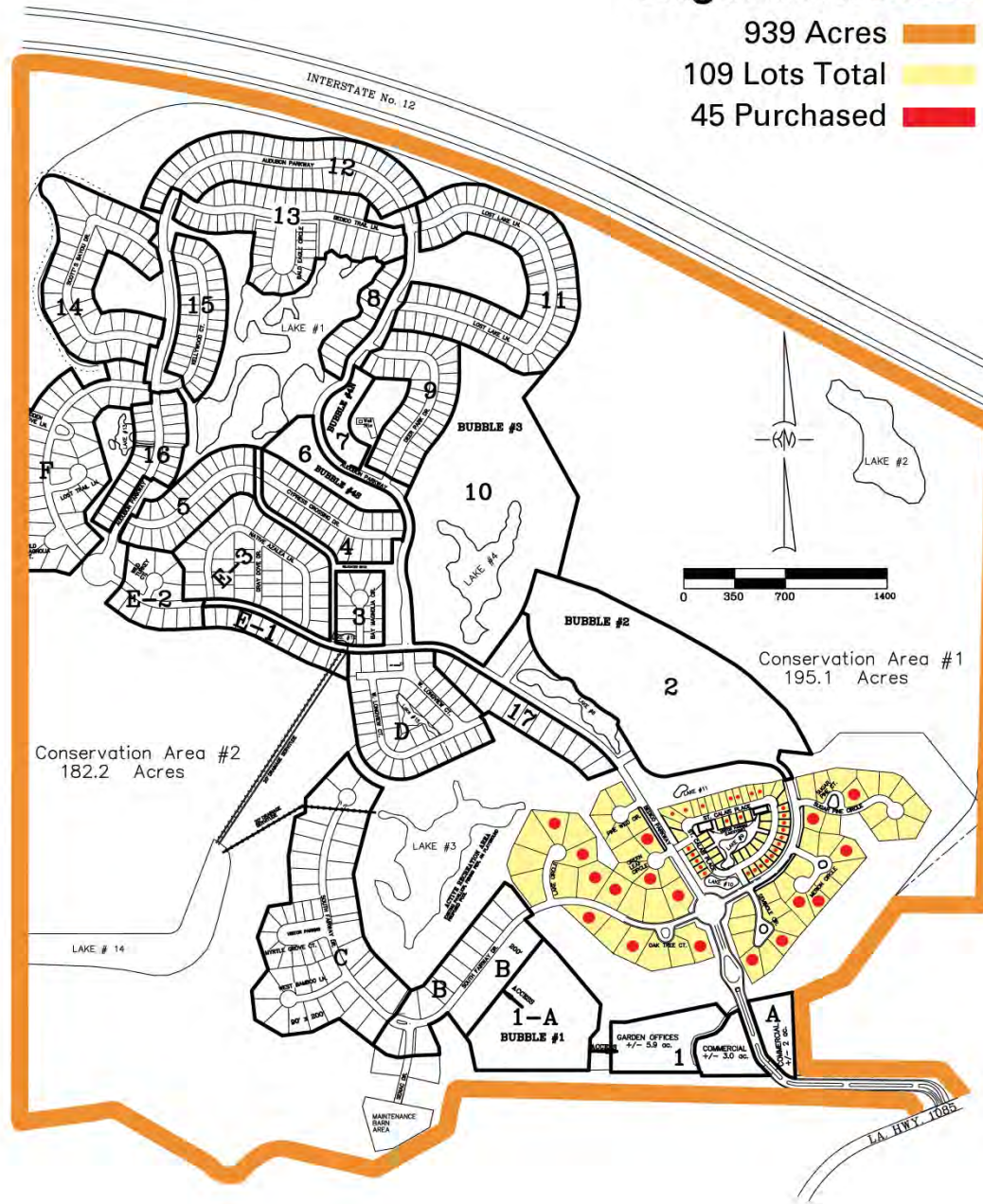
So if it is a \$250,000 Home, or a \$250,000 LOT you want, Bedico has a neighborhood for you!

Original Purchase

939 Acres

109 Lots Total

45 Purchased

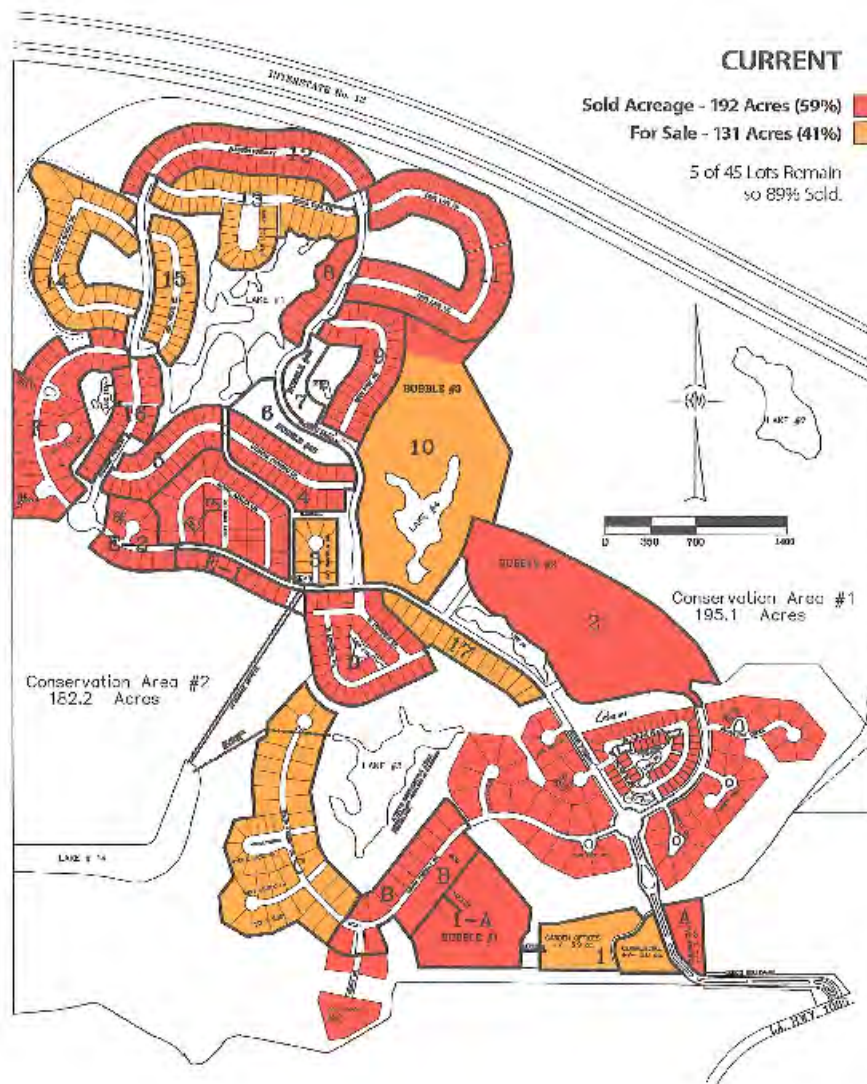


Sales Potential

320 Acres + 45 Lots

Parks & Conservation 
Lakes 





Bedico Creek

Objectives

1) **A good investment**

Minimal risk to MERS by:

Not opening Golf Course
Not developing lots

2) Local Economic Development

3) Build a great community

Economic Impact

939 Homes with a conservative average of \$360,000 = 's \$338,000,000 of home value!!

- From <20 homes to 375+ current complete or under const.
- From 109 lots complete to 514 complete or UC (max.939)

*** Yearly Tax revenue to St Tammany**

Investment Summary

Max. Investment - \$7,168,683

Returned to date - \$5,250,000

+/- \$1,061,745 to be paid +/- 12/31

6/30/17 – Members Equity \$7,955,557

Ownership Structure

Bedico Creek Preserve LLC

80% MERS	Provide Capital to purchase land
20% Waltemath	As manager to sell the parcels

Bedico Interest LLC

100% Waltemath

Set up to purchase the Parcels from BCP and to develop into lots

The following risks are limited to Bedico Interest:

- Construction

- Bank Debt

- Lot sales / Inventory carry

- Home Owners Association

PROJECTIONS and Issues for Discussion

2017 Pro-forma projected \$6.9 Million of Net Cash Flow

Order of Cash Distribution

- 1) MERS 10% Preferred Return
- 2) Next to MERS as a return of allocated Cost Basis
- 3) Next to Manager equal to 10% of #1 above
- 4) Then 80/20

Probability of getting to #3 above is low, meaning:

- 1) On a Cash basis MERS invested \$7.168 Million and will receive a total of \$14,068,000 back (\$7.168 + \$6.9 million)
- 2) Waltemath will receive no benefit from the 20% ownership but receives benefits from the management fee and the development in BI LLC

Open for Discussion

MERS INVESTMENT CASH FLOWS

September 2017

CASH ACTIVITY

DESCRIPTION	AMOUNT
Northern Trust Beginning Cash Balance	9,898,512
INVESTMENT TRANSFERS IN	
Interest Income	1,363
Kline Hill Transaction*	3,533,109
Liquidation of internal fixed income holdings	114,706
SUBTOTAL TRANSFERS IN	3,649,178
INVESTMENT TRANSFERS OUT	
Kean Miller Invoices - Kline Hill*	(3,847)
BlueBay Capital Call - Sept 8	(1,945,583)
BlueBay Capital Call - Sept 29	(1,932,020)
SUBTOTAL TRANSFERS OUT	(3,881,450)
OTHER INCOME/TRANSFERS IN	
Miscellaneous Investment Income	13,372
SUBTOTAL OTHER INCOME	13,372
OTHER EXPENSES/TRANSFERS OUT	
Northern Trust Sweep Fee	(1,395)
Barrow Hanley Quarterly Management Fee	(72,520)
Northern Trust Custody Fee	(18,125)
SUBTOTAL OTHER EXPENSES	(92,040)
Northern Trust Ending Balance	9,587,572

Note: \$7,500,000 excess cash swept into NTAM Agg Bond fund per board-approved target allocations

*Pertains to sale of Compass Island, Greenspring, and Louisiana Fund I

MERS CASH SUMMARY

FYE 2018

ACCOUNT BALANCE SUMMARY

DATE	DESCRIPTION	AMOUNT
SYSTEM CASH		
10/12/2017	Northern Trust Cash Balance	\$5,729,920
10/12/2017	Capital One Operating Account Cash Balance	\$171,511
10/12/2017	Capital One Retirement Payroll Cash Balance - Plan A	\$11,449,516
10/12/2017	Capital One Retirement Payroll Cash Balance - Plan B	\$4,102,215
SUBTOTAL SYSTEM CASH		\$21,453,162
DROP ACCOUNTS		
10/12/2017	Capital One Drop Balance -Plan A	\$20,307,766
10/12/2017	Capital One Drop Balance -Plan B	\$4,741,260
SUBTOTAL DROP ACCOUNTS		\$25,049,026

MERS CONTRIBUTION SUMMARY

FYE 2018

CONTRIBUTION ACTIVITY

MONTH	EMPLOYER CONTRIBUTIONS	MEMBER CONTRIBUTIONS	NET TRANSFERS IN/OUT	REFUNDS	TOTAL ACTIVITY
PLAN A					
Jul-17	3,588,923	1,406,477	(328,513)	363,671	5,030,558
Aug-17	3,259,308	1,315,427	107,639	442,680	5,125,054
Sep-17	3,092,485	1,215,759	(115,793)	(272,234)	3,920,217
Oct-17					
Nov-17					
Dec-17					
Jan-18					
Feb-18					
Mar-18					
Apr-18					
May-18					
Jun-18					
SUBTOTAL PLAN A	\$9,940,715	\$3,937,663	(\$336,667)	\$534,117	\$14,075,828
PLAN B					
Jul-17	712,241	307,165	(131,274)	85,429	973,562
Aug-17	785,409	282,854	0.00	86,112	1,154,375
Sep-17	758,887	326,718	0	(123,616)	961,990
Oct-17					
Nov-17					

Dec-17					
Jan-18					
Feb-18					
Mar-18					
Apr-18					
May-18					
Jun-18					
SUBTOTAL PLAN B	\$2,256,538	\$916,738	(\$131,274)	\$47,925	\$3,089,926
TOTAL SYSTEM	\$12,197,253	\$4,854,401	(\$467,941)	\$582,041	\$17,165,754

MERS RETIREMENT BENEFITS SUMMARY

FYE 2018

RETIREMENT BENEFITS ACTIVITY

MONTH	RETIREMENT PAYROLL	DROP PAYROLL	TRANSFERS TO DROP	TOTAL ACTIVITY
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PLAN A

Jul-17	5,075,496	440,391	395,911	5,911,798
Aug-17	5,063,498	189,160	194,417	5,447,074
Sep-17	5,087,840	608,704	411,557	6,108,101
Oct-17	5,112,582	442,748	483,463	6,038,793
Nov-17				
Dec-17				
Jan-18				
Feb-18				
Mar-18				
Apr-18				
May-18				
Jun-18				

SUBTOTAL PLAN	\$20,339,415	\$1,681,003	\$1,485,349	\$23,505,766
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PLAN B

Jul-17	902,673	142,083	0	1,044,756
Aug-17	936,382	155,381	55,810	1,147,573
Sep-17	924,799	20,133	49,982	994,913
Oct-17	931,349	110,861	121,704	1,163,915
Nov-17				
Dec-17				

Jan-18				
Feb-18				
Mar-18				
Apr-18				
May-18				
Jun-18				
SUBTOTAL PLAN	\$3,695,203	\$428,459	\$227,495	\$4,351,157
TOTAL SYSTEM	\$24,034,618	\$2,109,461	\$1,712,844	\$27,856,923



**HAWTHORN
WAYMOUTH
& CARROLL, L.L.P.**
Certified Public Accountants

Louis C. McKnight, III, CPA
Charles R. Pevey, Jr., CPA
David J. Broussard, CPA
Neal D. King, CPA
Karin S. LeJeune, CPA
Alyce S. Schmitt, CPA

October 11, 2017

Municipal Employees' Retirement System of Louisiana
7937 Office Park
Baton Rouge, Louisiana 70809

Re: 2017 Retired Member Trustee
Run-Off Election

Board of Trustees:

The results of the run-off election are as follows:

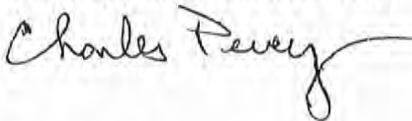
Ballots received for Municipal Employees' Retirement System of Louisiana 2017 Retired Member Trustee Run-off Election

Dudley R. Dixon	399
Susan E. Percle	499

Please contact our office if you need any additional information concerning the election results.

Thank you for allowing Hawthorn, Waymouth & Carroll, L.L.P. to perform election services for your retirement system.

Yours truly,
Hawthorn, Waymouth & Carroll, L.L.P.

By: 

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LA

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM ADMINISTRATIVE BUDGET AS OF SEPTEMBER 30, 2017

EXPENSES	ANNUAL BUDGET	YTD ACTUAL	YTD DIFFERENCE \$	YTD %	MTH OF SEPTEMBER ACTUAL
Personnel Expenses					
Salaries	\$790,000.00	\$186,760.08	\$603,239.92	23.64%	\$62,253.36
Employer Retirement	\$185,000.00	\$46,223.16	\$138,776.84	24.99%	\$15,407.72
Health Insurance	\$79,700.00	\$20,331.08	\$59,368.92	25.51%	\$5,803.96
Professional Development	\$31,000.00	\$2,110.00	\$28,890.00	6.81%	\$1,215.00
Subtotal Personnel Expenses	\$1,085,700.00	\$255,424.32	\$830,275.68	23.53%	\$84,680.04
Operating Expenses					
Building & Ground Maintenance	\$36,500.00	\$6,076.10	\$30,423.90	16.65%	\$1,993.30
Office Equipment & Maintenance	\$94,000.00	\$34,089.01	\$59,910.99	36.26%	\$5,655.32
Office Supplies	\$103,100.00	\$28,933.23	\$74,166.77	28.06%	\$8,632.33
Telecommunications/Utilities	\$32,800.00	\$6,551.74	\$26,248.26	19.97%	\$2,188.57
Insurance	\$79,100.00	\$51,715.00	\$27,385.00	65.38%	\$51,715.00
Subtotal Operating Expenses	\$345,500.00	\$127,365.08	\$218,134.92	36.86%	\$70,184.52
Professional Services					
Audit	\$100,000.00	\$0.00	\$100,000.00	0.00%	-
Professional Services	\$85,000.00	\$9,712.80	\$75,287.20	11.43%	\$1,991.60
Actuarial	\$91,620.00	\$22,905.00	\$68,715.00	25.00%	\$7,635.00
Legal-Administrative	\$10,000.00	\$227.50	\$9,772.50	2.28%	\$157.50
Legal-Securities Litigation	\$350,000.00	\$193,188.95	\$156,811.05	55.20%	\$68,662.23
Subtotal Professional Services	\$636,620.00	\$226,034.25	\$410,585.75	35.51%	\$78,446.33

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MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LA

Travel Expenses						
Travel - Staff	\$15,000.00	\$6,255.09	\$8,744.91	41.70%	\$4,292.60	4
Travel - Board Meetings & Conventions	\$35,000.00	\$5,881.08	\$29,118.92	16.80%	\$2,959.06	4
Subtotal Travel Expenses	\$50,000.00	\$12,136.17	\$37,863.83	24.27%	\$7,251.66	
TOTAL OPERATING EXPENSES	\$2,117,820.00	\$620,959.82	\$1,496,860.18	29.32%		
Capital Equipment & Services	\$64,346.00	\$0.00	\$64,346.00	0.00%	-	
TOTAL ADMINISTRATIVE EXPENSES	\$2,182,166.00	\$620,959.82	\$1,561,206.18	28.46%	\$240,562.55	

1 DMS Mail Management - Election \$3,000

2 Daul Insurance - D&O and Fiduciary Liability Insurance.

3 Preis Gordon - Fletcher (\$64,284), Kean Miller - Kline Hill (\$3,847),
Tarcza - audit confirmation letter (\$455)

4 LAPERS Convention - Board & Staff

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
2018 BOARD MEETINGS

The following are the dates for Board Meetings for the year 2018. All Board Meetings will begin at 9:00 A.M., unless otherwise stated.

January 17, 2018 – Education	Wednesday
January 18, 2018	Thursday

February 15, 2018	Thursday
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March 15, 2018	Thursday
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April 18, 2018 – Education	Wednesday
April 19, 2018	Thursday

May 17, 2018	Thursday
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June 21, 2018	Thursday
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July 18, 2018 – Education	Wednesday
July 19, 2018	Thursday

August 16, 2018	Thursday
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September	No Meeting
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October 17, 2018 – Education	Wednesday
October 18, 2018	Thursday

November	No Meeting
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December 13, 2018	Thursday
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LAPERS – September 16th – 18th