

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES

APRIL 18 & 19, 2018

The Board of Trustees of the Municipal Employees' Retirement System of Louisiana met in regular session on Wednesday, April 18, 2018 at 1:00 P.M. and Thursday, April 19, 2018 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
Mr. Mike Sands, Trustee
Mayor Raymond Harris, Trustee
Ms. Mary O. Vice, Trustee
Mayor Greg Jones, Trustee
Ms. Susan Percle, Trustee
Mr. James Mack, 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
Chris Saik, Chief Investment Officer
Nancy LaGarde, Chief Financial Officer
Gustavo Bikkesbakker, Investment Consultant

The Chairman called the meeting to order.

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

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

Stewart Chesters and Robert Meyers gave an update on the Republic Business Credit (RBC) investment with education to the Board.

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

Amanda Baron gave an update on the First Eagle Investment Management Fund with education to the Board.

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

MINUTES
APRIL 18 & 19, 2018
PAGE TWO

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

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Nancy LaGarde, Chief Financial Officer
Christopher Saik, Chief Investment Officer
Gustavo Bikkesbakker, Investment Consultant
Greg Curran, G.S. Curran Actuary

The Chairman asked for approval of the minutes of the meeting held on March 15, 2018.

Ms. Vice moved that the minutes of the meeting held on March 15, 2018 be approved; the motion was seconded by Mayor Villere. 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).

Mr. Sands 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.

Mr. Bikkesbakker presented the Board with a copy of the Preliminary Performance Report for the month of March 31, 2018. The performance of the portfolio as of March 31, 2018, was down -0.3%. Domestic equities were down -1.4%, developed equities were down -0.3%, emerging market equity was down -0.9%, and U.S. core bonds were up 0.6%. Treasury inflation protected securities were up 1.1%, foreign bonds were up 1.3%, and high yield bonds were up 0.4%. Core real estate, natural resources, private equity, and non-core real estate remained flat. Private debt was up 0.5%. A copy of this report is attached and made part of these minutes.

MINUTES
APRIL 18 & 19, 2018
PAGE THREE

Mr. Bikkesbakker presented a five-year progress report to the Board.

Mr. Saik presented the investment cash flow report as of March 31, 2018.

Mr. Saik and Mr. Ponder updated the Board on Gainesville Vision.

Ms. LaGarde presented a budget report through March 31, 2018 detailing the budgeted amount.

Ms. LaGarde presented the cash flow report as of March 31, 2018.

Ms. LaGarde updated the Board on the status of the MIP General Ledger implementation and the pension administration software search.

Mr. Ponder discussed items to be presented on the five-year budget at next month's meeting.

Ms. Suire updated the Board that she gave member presentations at the City of Leesville and New Roads. She also had a booth set up at the City of Gretna's benefits fair.

Ms. Suire updated the Board on the status of contribution reporting from the Town of Lecompte.

Ms. Suire updated the Board that several members were enrolled in MPERS in error. Ms. Suire will have a meeting with Greg Curran, Ben Huxen, and Warren Ponder to discuss how to handle these members.

Mr. Ponder updated the Board that all HB 28 and HB 29 passed in the Senate Retirement Committee and will be heard next on the Senate Floor.

Mr. Ponder reminded the Board that their Tier 2.1 financial disclosures are due no later than May 15, 2018.

Mr. Ponder reminded the Board that the Special Joint Board Meeting with MPERS and FRS will be held at 1:30 p.m. on Tuesday, July 10, 2018 at the LMA building. The Legislative Auditor will bring in their consulting actuary to discuss the reasons to reduce the actuarial assumed rate of return to 5.75%.

Connie Stevens with Empower Retirement gave a presentation to the Board on their program for DROP members.

Mayor Villere moved to have staff enter into an agreement with Empower Retirement to manage the DROP funds for all members offering a money market fund and a self-directed fund; the motion was seconded by Ms. Vice. The motion carried without objection or opposition.

Cam Morton presented a proposal from David Waltemath to purchase MERS' interest in Bedico Creek.

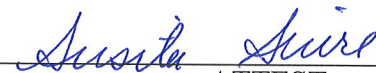
MINUTES
FEBRUARY 18 & 19, 2018
PAGE FOUR

Ms. Vice moved to accept the offer from David Waltemath to purchase MERS' interest in Bedico Creek; the motion was seconded by Mr. Mack. The motion carried without objection or opposition. A copy of this offer is attached and made part of these minutes.

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



APPROVED



ATTEST

**Proposed Deal Structure for the Sale
Bedico Creek Preserve, LLC - 80% Interest
April 19, 2018**

David Waltemath, the current owner of the 20% interest of Bedico Creek Preserve(BCP) proposes to purchase the 80% interest in BCP currently owned by MERS on the following terms and conditions:

<u>Offer:</u>	\$4,250,000
<u>Cash:</u>	\$3,150,000
<u>Seller Financing:</u>	\$1,100,000
<u>Closing:</u>	On or Before - June 30, 2018

Terms of the Seller Financing(Loan)

Term: 1 Year due in full on or before June 29, 2019

Rate: 5.5% Fixed

Security:

- **Second Mortgage:** A second mortgage in favor of MERS on Parcels that are currently being seller financed by BCP. Those parcels are currently:
 - Parcel 12
 - Parcel C-1
 - Parcel 2-1
 - Parcel 13
- **Second Mortgage:** A second mortgage in favor of MERS on the balance or the land owned by BCP which is approximately 103 acres.
- **Payments:** Interest only paid Quarterly. No prepayment penalty. Loan may be paid off or down at anytime during the Term.

Additional Conditions:

Waltemath agrees that in partial consideration for the purchase of MERS interest, that the HOA, which is controlled by him, will not do anything to harm the value of any land that may reacquired in order to satisfy a default on the Loan and will make every effort to be cooperative with the new owner of that reacquired land.

System of Releases of parcels so that Waltemath can sell them must be worked out to make the process smooth.

MERS INVESTMENT CASH FLOWS

March 2018

CASH ACTIVITY

DESCRIPTION	AMOUNT
Northern Trust Beginning Cash Balance	5,641,127
INVESTMENT TRANSFERS IN	
GoldenTree Offshore - side pocket realization	29,750
SMH Liquidation Payment	99,128
Kleinwort Benson Investors Water Fund - tax reclaims/income	37,599
Interest Income	11
SUBTOTAL TRANSFERS IN	166,488
INVESTMENT TRANSFERS OUT	
BlueBay Capital Call	(584,951)
SUBTOTAL TRANSFERS OUT	(584,951)
OTHER INCOME/TRANSFERS IN	
Miscellaneous Investment Income	6,095
SUBTOTAL OTHER INCOME	6,095
OTHER EXPENSES/TRANSFERS OUT	
Preis Gordon (Fletcher)	(71,160)
Northern Trust Quarterly Custody Fee	(18,125)
Campbells (Fletcher)	(1,043)
Kean Miller ^	(713)
SUBTOTAL OTHER EXPENSES	(91,040)
Northern Trust Ending Balance	5,137,719

^ Sale of Capital Springs LLC and Capital Springs Finance Company to Landmark

MERS CASH SUMMARY

FYE 2018

ACCOUNT BALANCE SUMMARY

DATE	DESCRIPTION	AMOUNT
SYSTEM CASH		
4/6/2018	Northern Trust Cash Balance	\$7,557,868
4/6/2018	Capital One Operating Account Cash Balance	\$286,958
4/6/2018	Capital One Retirement Payroll Cash Balance - Plan A	\$10,599,110
4/6/2018	Capital One Retirement Payroll Cash Balance - Plan B	\$6,015,164
SUBTOTAL SYSTEM CASH		\$24,459,101
DROP ACCOUNTS		
4/6/2018	Capital One Drop Balance -Plan A	\$20,209,913
4/6/2018	Capital One Drop Balance -Plan B	\$5,086,691
SUBTOTAL DROP ACCOUNTS		\$25,296,603

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)	4,303,216
Aug-17	3,259,308	1,315,427	107,639	(442,680)	4,239,694
Sep-17	3,580,050	1,295,569	(331,343)	(491,956)	4,052,320
Oct-17	4,322,833	1,546,879	23,774	(399,263)	5,494,223
Nov-17	3,248,659	1,169,550	0.00	(417,727)	4,000,482
Dec-17	3,756,737	1,357,388	50,257	(434,143)	4,730,239
Jan-18	4,211,463	1,511,721	641,886	(156,368)	6,208,701
Feb-18	3,593,981	1,301,934	186,654	(272,358)	4,810,211
Mar-18	3,512,759	1,267,685	3,966	(388,277)	4,396,133
Apr-18					
May-18					
Jun-18					
SUBTOTAL PLAN A	\$33,074,713	\$12,172,630	\$354,319	(\$3,366,442)	\$42,235,220
PLAN B					
Jul-17	712,241	307,165	(131,274)	(85,429)	802,704
Aug-17	785,409	282,854	0.00	(86,112)	982,151
Sep-17	757,250	269,431	0.00	(151,746)	874,935
Oct-17	815,352	290,412	0.00	(147,736)	958,028
Nov-17	798,985	281,211	0.00	(99,822)	980,374

Dec-17	812,015	287,432	0.00	(70,108)	1,029,339
Jan-18	901,606	322,649	0.00	(54,185)	1,170,070
Feb-18	769,682	276,569	(18,699)	(77,795)	949,758
Mar-18	774,468	276,888	(109,168.07)	(51,614)	890,574
Apr-18					
May-18					
Jun-18					
SUBTOTAL PLAN B	\$7,127,007	\$2,594,612	(\$259,140)	(\$824,546)	\$8,637,933
TOTAL SYSTEM	\$40,201,721	\$14,767,243	\$95,179	(\$4,190,988)	\$50,873,154

MERS RETIREMENT BENEFITS SUMMARY

FYE 2018

RETIREMENT BENEFITS ACTIVITY

MONTH	RETIREMENT PAYROLL	DROP PAYROLL	TRANSFERS TO/(FROM) DROP	TOTAL ACTIVITY
PLAN A				
Jul-17	5,062,470	440,391	113,353	5,616,215
Aug-17	5,061,552	189,160	39,216	5,289,927
Sep-17	5,089,394	608,704	(94,947)	5,603,151
Oct-17	5,112,582	442,748	60,210	5,615,540
Nov-17	5,118,404	276,935	315,602	5,710,941
Dec-17	5,125,872	419,351	198,981	5,744,204
Jan-18	5,121,641	288,583	256,350	5,666,575
Feb-18	5,181,959	1,073,973	(521,308)	5,734,624
Mar-18	5,287,904	662,661	619,534	6,570,099
Apr-18	5,213,345	459,668	132,000	5,805,013
May-18				
Jun-18				
SUBTOTAL PLAN	\$51,375,124	\$4,862,175	\$1,118,990	\$57,356,289
PLAN B				
Jul-17	899,973	142,083	(74,985)	967,072
Aug-17	936,226	155,381	(3,363)	1,088,244
Sep-17	926,303	20,133	29,860	976,296
Oct-17	931,349	110,861	113,083	1,155,294
Nov-17	936,879	15,833	18,929	971,641
Dec-17	934,088	64,184	0.00	998,272

Jan-18	939,150	139,799	96,309	1,175,257
Feb-18	950,060	78,846	13,266	1,042,172
Mar-18	958,818	90,911	65,074	1,114,803
Apr-18	954,119	46,086	308,822	1,309,027
May-18				
Jun-18				
SUBTOTAL PLAN	\$9,366,964	\$864,118	\$566,996	\$10,798,078
TOTAL SYSTEM	\$60,742,089	\$5,726,292	\$1,685,986	\$68,154,367

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATIVE BUDGET
AS OF March 31, 2018

EXPENSES	ANNUAL BUDGET	YTD ACTUAL	YTD DIFFERENCE \$	YTD %	MTH OF MARCH ACTUAL	
Personnel Expenses						
Salaries	\$790,000.00	\$560,280.14	\$229,719.86	70.92%	\$62,253.32	
Employer Retirement	\$185,000.00	\$138,669.74	\$46,330.26	74.96%	\$15,407.71	
Health Insurance	\$79,700.00	\$52,576.53	\$27,123.47	65.97%	\$2,454.52	
Professional Development	\$31,000.00	\$6,759.00	\$24,241.00	21.80%	\$700.00	1
Subtotal Personnel Expenses	\$1,085,700.00	\$758,285.41	\$327,414.59	69.84%	\$80,815.55	
Operating Expenses						
Building & Ground Maintenance	\$36,500.00	\$19,058.05	\$17,441.95	52.21%	\$1,688.75	
Office Equipment & Maintenance	\$94,000.00	\$78,636.70	\$15,363.30	83.66%	\$8,491.93	2
Office Supplies	\$103,100.00	\$51,194.22	\$51,905.78	49.65%	\$3,531.77	
Telecommunications/Utilities	\$32,800.00	\$19,590.50	\$13,209.50	59.73%	\$2,098.83	
Insurance	\$79,100.00	\$63,981.60	\$15,118.40	80.89%	(\$1,564.00)	3
Subtotal Operating Expenses	\$345,500.00	\$232,461.07	\$113,038.93	67.28%	\$14,247.28	
Professional Services						
Audit	\$100,000.00	\$98,850.00	\$1,150.00	98.85%	\$0.00	
Professional Services	\$85,000.00	\$30,930.21	\$54,069.79	36.39%	\$4,686.83	4
Actuarial	\$91,620.00	\$68,715.00	\$22,905.00	75.00%	\$7,635.00	
Legal-Administrative	\$10,000.00	\$3,923.75	\$6,076.25	39.24%	\$3,696.25	5
Legal-Securities Litigation	\$350,000.00	\$615,540.44	(\$265,540.44)	175.87%	\$73,527.83	6
Subtotal Professional Services	\$636,620.00	\$817,959.40	(\$181,339.40)	128.48%	\$89,545.91	
Travel Expenses						
Travel - Staff	\$15,000.00	\$10,137.40	\$4,862.60	67.58%	\$853.87	
Travel - Board Meetings & Conventions	\$35,000.00	\$11,111.14	\$23,888.86	31.75%	\$1,431.61	

Subtotal Travel Expenses	\$50,000.00	\$21,248.54	\$28,751.46	42.50%	\$2,285.48	
TOTAL OPERATING EXPENSES	\$2,117,820.00	\$1,829,954.42	\$287,865.58	86.41%	\$186,894.22	
Capital Equipment & Services	\$64,346.00	\$20,836.00	\$43,510.00	32.38%	\$7,090.00	6
TOTAL ADMINISTRATIVE EXPENSES	\$2,182,166.00	\$1,850,790.42	\$331,375.58	84.81%	\$193,984.22	

- 1 LAPERS membership fees.
- 2 2 months of expenses for filebound imaging system.
- 3 Refund from LUBA workers compensation audit.
- 4 Tarcza - tax issues (\$350); Roedel Parsons - Survivor overpayment - potential legal action (\$3,346)
- 5 Roedel Parsons - RES (\$613)
Kean Miller - Landmark Sale (\$713)
Campbell's - Fletcher (\$1,043)
Preis Gordon - Fletcher (\$71,160)
- 6 Partial payment for general ledger - MIP