MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF LOUISIANA

MINUTES OF THE MEETING
OF THE BOARD OF TRUSTEES — MAY 17, 2018

The Board of Trustees of the Municipal Employees' Retirement System of Louisiana met in regular session on Thursday, May 17, 2018 at 9:00 A.M. at the Municipal Employees' Retirement System, 7937 Office Park Boulevard, Baton Rouge, Louisiana.

PRESENT:

Mayor Donald Villere, Vice Chairman
Ms. Mary O. Vice, Trustee
Mr. Mike Sands, Trustee
Mayor Raymond Harris, Trustee
Ms. Susan Percle, Trustee
Mayor Greg Jones, Trustee
Mr. James Mack, State Treasurer's Office
Ms. Desiree Thomas, Commissioner of Administration's Office

UNABLE TO ATTEND:

Ms. Andrea Mahfouz, Chairman
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
Aaron Lally, Investment Consultant
Gary Curran, G.S. Curran Actuary

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 April 18 & 19, 2018.

Mr. Vice moved that the minutes of the meeting held on April 18 & 19, 2018 be approved; the motion was seconded by Ms. Percle. 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 Mayor Jones. Ms. Suire will have the survivors separated from the regular retirees with both member and survivor information for future retirement reports. The motion carried without objection or opposition.

Mr. Lally presented the Board with a comparison of four (4) managers in the system's Emerging Markets Equity Manager search. After a lengthy discussion, Ms. Vice moved to have Meketa bring GQG Partners and Artisan Partners to next month's Board meeting to give presentations; the motion was seconded by Mr. Mack. The motion carried without objection or opposition.

Mr. Lally presented the Board with a copy of the Preliminary Performance Report for the month of April 30, 2018. The performance of the portfolio as of April 30, 2018, were down -0.2%. Domestic equities were down -0.2%, developed equities were up 1.0%, emerging market equity was down -0.8%, and U.S. core bonds were down -0.7%. Treasury inflation protected securities were down -0.1%, foreign bonds were down -2.1%, and high yield bonds were down -0.4%. Core real estate, natural resources, private equity, and non-core real estate remained flat. Private debt was up 0.3%. A copy of this report is attached and made part of these minutes.

Mr. Saik presented the Act 1004 comparison report as of March 31, 2018.

Mr. Saik presented the investment cash flow report as of April 30, 2018.

Mr. Sands, Chairman of the Personnel Committee, gave the Board a report with recommendations from the meeting held May 11, 2018. Mayor Jones moved to accept the Personnel Committee's report; the motion was seconded by Ms. Percle. The motion carried without objection or opposition.

Mr. Sands moved to approve the G.S. Curran Actuarial contract for fiscal year 6-30-19; the motion was seconded by Ms. Percle. The motion carried without objection or opposition. A copy of this contract is attached and made part of these minutes.

Mr. Curran, Ms. LaGarde, and Mr. Ponder discussed with the Board the potential cost for additional actuarial services related to the LA Legislative Auditors requests.

Mr. Sands moved to approve the engagement of Hawthorne, Waymouth & Carroll to perform the financial audit and GASB 67 & 68 reporting for fiscal year ending 6-30-18; the motion was seconded by Mayor Jones. The motion carried without objection or opposition.

Ms. Vice moved to adopt the resolution that the Board received and adopted the system survey and compliance questionnaire as part of the audit of the financial statements of MERS as of June 30, 2018; the motion was seconded by Mr. Sands. The motion carried without objection or opposition.

Mr. Ponder presented the proposed July 1, 2018 – June 30, 2019 operating budget to the Board.

Ms. LaGarde presented a budget report through April 30, 2018 detailing the budgeted amount.

Ms. LaGarde presented the cash flow report as of April 30 2018.

Ms. Suire updated the Board that she gave member presentations at the Town of Baldwin last week.

Ms. Suire updated the Board that the Town of Slaughter is up to date with submitting contributions, but the system is still waiting on the enrollment of two (2) full-time employees.

Ms. Suire gave an update on the Town of Lecompte and the City of Winnsboro.

Mr. Ponder updated the Board that the contract with Empower Retirement for the DROP funds is almost complete.

Mr. Ponder updated the Board that all of MERS' bills passed and were waiting for the Governor's signature except for one that has already been signed.

Mr. Ponder reminded the Board that each Trustee cannot accept anything of economic value from a vendor unless the thing of value is food, drink, or refreshments consumed while in their presence during an educational or professional development seminar or conference.

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

Andrea Markham
APPROVED

Juanita Suire
ATTEST

Municipal Employees' Retirement System of Louisiana

Performance Analysis – Impact of Write-downs

MEKETA INVESTMENT GROUP
5200 BLUE LAGOON DRIVE SUITE 120 MIAMI FL 33126
305 341 2900 www.meketagroup.com

Performance Analysis

- In the past ten years the Retirement System has written down $179 million in value on illiquid investments. Each investment was made prior to 2013.
- We estimate this has detracted 2.4% per year from Retirement System's over the last ten years.
- The impact has been more severe over the past five years. The impact is -3.6% per year over the trailing five year period.
- Below is the estimated impact per year, from the asset write downs.

Trailing Impact of Write-downs as of March 31, 2018[1]

	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Impact of Write-downs on Total System	-4.7	-2.5	-3.6	-2.4

[1] Calculated by adding each year's write-downs back into the system at the end of the fiscal year and comparing the time-weighted performance with the actual time-weighted performance of the Retirement System. The analysis assumes the written-down assets generate a zero return in the System.

Hypothetical Performance with No Write-downs

- If the System had no impairment on the written down assets (i.e. if you add back the effect of the write-downs) the System is matching a 60/40 global equity/bond asset mix over the 10 year period and trailing the median peer plan by 90 basis points.

Actual Performance with Write-downs as of March 31, 2018

	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Actual Net Retirement System Performance	3.1	1.5	3.1	2.9
60% MSCI ACWI / 40% Barclays Universal	*9.4*	*5.7*	*6.5*	*5.3*
InvestorForce $250 mm - $1 bb All Public DB - Net	*10.1*	*6.1*	*7.4*	*6.2*

Hypothetical Performance with No Write-downs as of March 31, 2018[1]

	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Hypothetical Net Retirement System Performance with No Write-downs	7.7	4.0	6.7	5.3
60% MSCI ACWI / 40% Barclays Universal	*9.4*	*5.7*	*6.5*	*5.3*
InvestorForce $250 mm - $1 bb All Public DB - Net	*10.1*	*6.1*	*7.4*	*6.2*

[1] Calculated by adding each year's write-downs back into the system at the end of the fiscal year. The analysis assumes the written-down assets generate a zero return in the System (i.e. no write-down occurred, but those assets were not invested elsewhere).

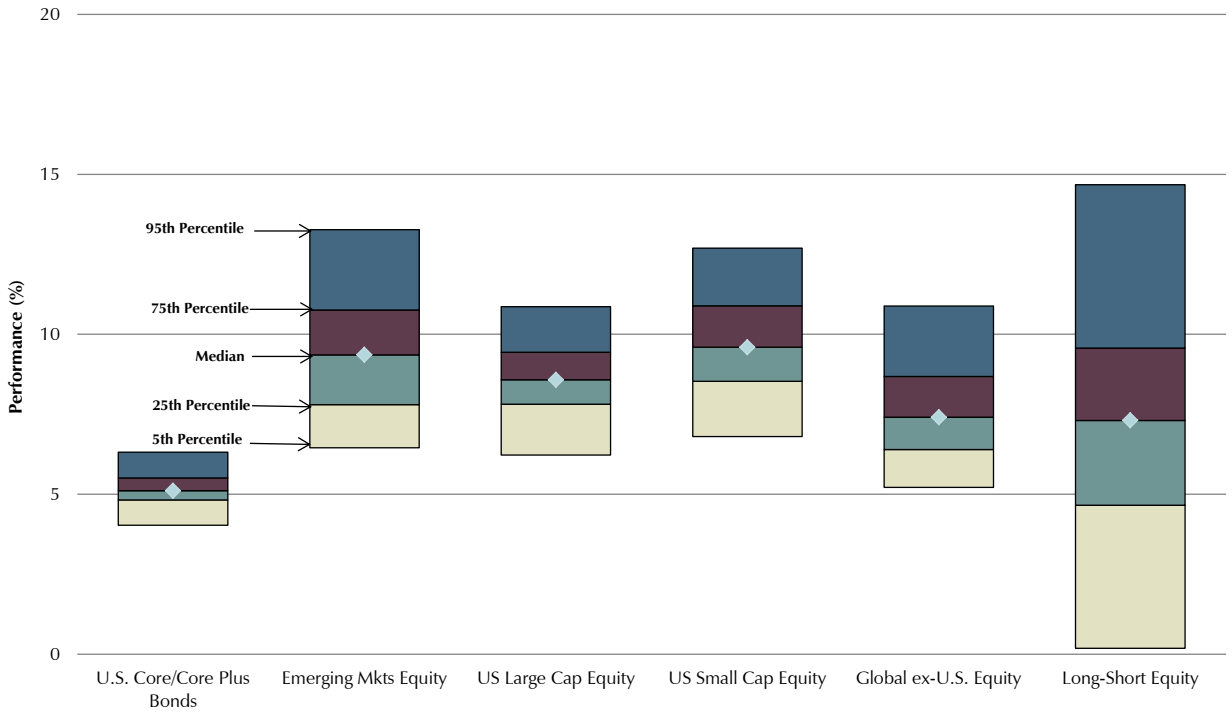
Annual Breakdown

- All of the investments were made prior to 2013, but 79% of the write-downs occurred during fiscal year 2013-2017.

Fiscal Year	Amount Written Down	Impact
6/30/2008	- $0.5 mm	- 0.09%
6/30/2009	- $1.6 mm	- 0.33%
6/30/2010	- $14.9 mm	- 2.59%
6/30/2011	- $6.3 mm	- 0.97%
6/30/2012	- $14.3 mm	- 2.10%
6/30/2013	- $56.6 mm	- 6.99%
6/30/2014	- $23.8 mm	- 2.77%
6/30/2015	- $20.8 mm	- 2.51%
6/30/2016	- $2.4 mm	- 0.31%
6/30/2017	- $37.6 mm	- 4.51%
Total	- $178.8 mm	- 26.8%[1]

[1] Calculated by compounding the 2.4% annualized impact for ten years.

Asset Class Efficiency



	U.S. Core/ Core Plus Bonds	Emerging Market Equity	U.S. Large Cap	U.S. Small Cap	Global ex-U.S. Equity	Long-Short Equity
95th Percentile (%)	6.3	13.3	10.9	12.3	10.9	14.7
75th Percentile (%)	5.5	10.8	9.4	10.9	8.7	9.6
Median Return (%)	5.1	9.4	8.6	9.6	7.4	7.3
25th Percentile (%)	4.8	7.7	7.8	8.5	6.4	4.7
5th Percentile (%)	4.0	6.5	6.2	6.8	5.2	0.2

LOUISIANA RETIREMENT SYSTEMS
ACT 1004 QUARTERLY REPORT SUMMARY
PERIOD ENDING 3/31/2018

		CURRENT ASSET ALLOCATION			TOTAL FUND RETURNS					
RETIREMENT SYSTEM	**AUM**	**EQUITY**	**FIXED**	**ALTERN.**	**QTLY**	**FYTD**	**1 YEAR**	**3 YEAR**	**5 YEAR**	**10 YEAR**
TEACHERS	$ 20,022,822,963	51%	18%	31%	1.9%	9.8%	15.4%	9.4%	9.8%	6.9%
STATE POLICE	$ 853,629,620	64%	18%	13%	0.6%	8.6%	12.6%	6.9%	8.5%	6.6%
LASERS	$ 11,580,429,744	60%	14%	26%	0.5%	8.8%	12.6%	7.2%	7.9%	6.7%
PAROCHIAL	$ 4,119,144,660	56%	34%	10%	0.4%	0.4%	11.8%	7.2%	8.2%	7.2%
SHERIFFS	$ 3,542,801,138	62%	25%	13%	-0.04%	7.6%	11.0%	6.9%	8.5%	6.8%
MUNI POLICE	$ 2,104,329,012	56%	23%	20%	-0.20%	7.9%	11.0%	6.3%	7.8%	5.6%
FIREFIGHTERS	$ 1,651,313,749	59%	21%	20%	-0.27%	7.1%	10.3%	5.9%	5.3%	4.1%
MUNI EMPLOYEES	**$ 845,140,020**	**54%**	**34%**	**12%**	**-0.30%**	**6.3%**	**3.1%**	**1.5%**	**3.1%**	**2.9%**
REGISTRARS	$ 96,731,418	61%	22%	17%	-0.31%	6.1%	9.1%	5.3%	6.2%	3.9%
ASSESSORS	$ 382,243,643	60%	30%	10%	-0.62%	2.8%	9.8%	5.8%	7.2%	6.8%
SCHOOL EMPLOYEES	$ 1,911,398,226	57%	29%	14%	-0.62%	6.7%	10.3%	6.9%	8.2%	7.1%
CLERKS	$ 588,721,670	57%	19%	24%	-0.89%	6.5%	9.5%	6.8%	7.9%	6.4%
DISTRICT ATTORNEY	$ 398,816,677	64%	27%	8%	-1.04%	5.8%	7.7%	4.1%	6.6%	6.2%
LOUISIANA AVERAGE	**$ 3,699,809,426**	**58%**	**24%**	**17%**	**-0.07%**	**6.5%**	**10.3%**	**6.2%**	**7.3%**	**5.9%**
STATEWIDE AVERAGE	**$ 1,525,471,332**	**59%**	**26%**	**15%**	**-0.37%**	**5.6%**	**9.3%**	**6.0%**	**6.7%**	**5.8%**

Statewide: Assessors, Clerks, District Attorneys, Firefighters, Muni Employees, Muni Police, Parochial, Registrars, Sheriffs
Assessors fiscal year end Sept 30
Parochial fiscal year end Dec 31

LOUISIANA RETIREMENT SYSTEMS
ACT 1004 QUARTERLY REPORT SUMMARY
PERIOD ENDING 3/31/2018

	EQUITY RETURNS				
RETIREMENT SYSTEM	**FYTD**	**1 YEAR**	**3 YEAR**	**5 YEAR**	**10 YEAR**
TEACHERS	13.0%	18.5%	9.9%	11.1%	7.3%
MUNI POLICE	11.9%	17.0%	8.5%	10.4%	6.7%
STATE POLICE	11.9%	17.4%	9.2%	11.2%	8.1%
MUNI EMPLOYEES	**11.2%**	**14.6%**	**8.2%**	**9.8%**	**7.1%**
SCHOOL EMPLOYEES	11.0%	16.1%	9.0%	10.7%	8.3%
SHERIFFS	10.8%	15.8%	9.3%	11.9%	--
CLERKS	10.7%	14.0%	10.2%	13.1%	9.4%
LASERS	10.4%	14.9%	8.3%	9.4%	6.7%
REGISTRARS	10.0%	14.3%	7.2%	9.0%	6.1%
FIREFIGHTERS	9.4%	13.8%	7.8%	9.5%	6.9%
DISTRICT ATTORNEY	8.4%	11.7%	7.7%	12.5%	8.0%
ASSESSORS	4.3%	13.7%	7.8%	10.2%	7.7%
PAROCHIAL	-0.15%	16.4%	9.1%	10 .52%	7.9%
LOUISIANA AVERAGE	**9.5%**	**15.2%**	**8.6%**	**10.7%**	**7.5%**
STATEWIDE AVERAGE	**8.5%**	**14.6%**	**8.4%**	**9.6%**	**7.5%**

Statewide: Assessors, Clerks, District Attorneys, Firefighters, Muni Employees, Muni Police, Parochial, Registrars, Sheriffs
Assessors fiscal year end Sept 30
Parochial fiscal year end Dec 31

LOUISIANA RETIREMENT SYSTEMS
ACT 1004 QUARTERLY REPORT SUMMARY
PERIOD ENDING 3/31/2018

	FIXED INCOME RETURNS				
RETIREMENT SYSTEM	**FYTD**	**1 YEAR**	**3 YEAR**	**5 YEAR**	**10 YEAR**
FIREFIGHTERS	4.5%	6.3%	3.0%	1.2%	--
TEACHERS	3.6%	6.2%	3.7%	2.4%	4.0%
LASERS	3.3%	5.4%	4.3%	3.7%	6.7%
MUNI POLICE	2.6%	4.4%	3.5%	3.2%	6.2%
SCHOOL EMPLOYEES	2.3%	3.8%	3.6%	2.9%	4.6%
STATE POLICE	1.7%	4.2%	2.8%	2.9%	5.0%
MUNI EMPLOYEES	**1.3%**	**2.8%**	**1.3%**	**-6.5%**	**-1.5%**
PAROCHIAL	0.9%	5.6%	4.1%	3.4%	6.0%
CLERKS	0.8%	2.4%	2.7%	2.8%	4.9%
SHERIFFS	0.7%	2.2%	2.2%	2.4%	--
DISTRICT ATTORNEY	0.6%	0.8%	1.4%	2.0%	4.2%
REGISTRARS	0.6%	1.8%	2.3%	2.3%	4.4%
ASSESSORS	-0.6%	2.4%	2.1%	2.4%	5.4%
LOUISIANA AVERAGE	**1.7%**	**3.7%**	**2.8%**	**2.6%**	**5.1%**
STATEWIDE AVERAGE	**1.3%**	**3.2%**	**2.5%**	**2.2%**	**3.9%**

Statewide: Assessors, Clerks, District Attorneys, Firefighters, Muni Employees, Muni Police, Parochial, Registrars, Sheriffs
Assessors fiscal year end Sept 30
Parochial fiscal year end Dec 31

LOUISIANA RETIREMENT SYSTEMS
ACT 1004 QUARTERLY REPORT SUMMARY
PERIOD ENDING 12/31/2017

	ALTERNATIVE RETURNS				
RETIREMENT SYSTEM	**FYTD**	**1 YEAR**	**3 YEAR**	**5 YEAR**	**10 YEAR**
LASERS	8.0%	11.4%	6.2%	6.9%	5.2%
TEACHERS	7.4%	15.3%	12.0%	12.4%	8.3%
FIREFIGHTERS	7.4%	11.1%	8.2%	-1.50%	0.7%
REGISTRARS	6.1%	9.1%	5.3%	6.2%	3.9%
SHERIFFS	5.2%	6.4%	5.1%	5.3%	
STATE POLICE	4.5%	6.0%	4.9%	6.6%	2.3%
ASSESSORS	3.4%	6.6%	3.6%	0.2%	1.9%
MUNI POLICE	2.4%	2.4%	3.3%	4.9%	10.1%
PAROCHIAL	1.2%	8.0%	7.8%	8.7%	2.8%
CLERKS	0.8%	1.4%	3.2%	5.7%	4.2%
SCHOOL EMPLOYEES	0.5%	3.3%	7.1%	9.2%	4.2%
MUNI EMPLOYEES	**0.1%**	**-28.9%**	**-13.0%**	**-7.6%**	**-3.3%**
DISTRICT ATTORNEY	0.0%	0.0%	0.0%	0.0%	0.0%
LOUISIANA AVERAGE	**3.6%**	**6.8%**	**5.6%**	**5.4%**	**4.0%**
STATEWIDE AVERAGE	**3.0%**	**5.0%**	**4.0%**	**3.3%**	**3.0%**

Statewide: Assessors, Clerks, District Attorneys, Firefighters, Muni Employees, Muni Police, Parochial, Registrars, Sheriffs
Assessors fiscal year end Sept 30
Parochial fiscal year end Dec 31

LOUISIANA RETIREMENT SYSTEMS
ACT 1004 QUARTERLY REPORT SUMMARY
PERIOD ENDING 3/31/2018

RETIREMENT SYSTEM	3 YEAR	5 YEAR	10 YEAR
TEACHERS	9.4%	9.8%	6.9%
SHERIFFS	6.9%	8.5%	6.8%
STATE POLICE	6.9%	8.5%	6.6%
PAROCHIAL	7.2%	8.2%	7.2%
SCHOOL EMPLOYEES	6.9%	8.2%	7.1%
LASERS	7.2%	7.9%	6.7%
CLERKS	6.8%	7.9%	6.4%
MUNI POLICE	6.3%	7.8%	5.6%
ASSESSORS	5.8%	7.2%	6.8%
MUNI EMPLOYEES Hypothetical	**4.0%**	**6.7%**	**5.3%**
DISTRICT ATTORNEY	4.1%	6.6%	6.2%
REGISTRARS	5.3%	6.2%	3.9%
FIREFIGHTERS	5.9%	5.3%	4.1%
MUNI EMPLOYEES	**1.5%**	**3.1%**	**2.9%**

LOUISIANA AVERAGE	**6.2%**	**7.3%**	**5.9%**
STATEWIDE AVERAGE	**6.0%**	**6.7%**	**5.8%**

MERS INVESTMENT CASH FLOWS

April 2018

CASH ACTIVITY

DESCRIPTION	AMOUNT
Northern Trust Beginning Cash Balance	**5,137,719**
INVESTMENT TRANSFERS IN	
Scoggin Audit Holdback	722,472
Sentinel Quarterly Distribution	184,614
Republic Business Credit Quarterly Interest Payment	362,571
Republic Business Credit Quarterly Distribution	101,170
SUBTOTAL TRANSFERS IN	**1,370,827**
INVESTMENT TRANSFERS OUT	
SUBTOTAL TRANSFERS OUT	**-**
OTHER INCOME/TRANSFERS IN	
Miscellaneous Investment Income	7,174
SUBTOTAL OTHER INCOME	**7,174**
OTHER EXPENSES/TRANSFERS OUT	
Northern Trust Monthly Sweep Fee	(469)
Preis Gordon (Fletcher)	(93,639)
Meketa Quarterly Consulting Fee	(51,250)
Barrow Hanley Quarterly Management Fee	(80,199)
Kean Miller ^	(1,539)
SUBTOTAL OTHER EXPENSES	**(227,096)**
Northern Trust Ending Balance	**6,288,624**

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

Performancet Pay Guidechart proposed for 2018 - using 3% of payroll

	New - Training	Average - Above	Top Contributor
Above Midpoint	0 to 2%	2 to 3.5 %	3.5 to 5 %
Below Midpoint	2 to 3 %	3 to 4.5 %	4.5 to 6 %

Pay Range Assignments (adopted 2017)

		Minimum	Midpoint	Maximum	
130	Director	116,264	145,330	174,396	32.12%
125	**Chief Financial Off, Chief Inv Off**	88,000	110,000	132,000	33.43%
106		65,953	82,441	98,929	1.11%
95	Benefits Adm	65,227	81,533	97,840	33.87%
81	Benefits Analyst	48,725	60,907	73,088	9.69%
77	Accountant, Benefits Payable Officer	44,422	55,527	66,632	15.29%
71		38,530	48,163	57,795	15.29%
66		33,419	41,774	50,129	15.31%
61		28,982	36,227	43,472	15.35%
56		25,125	31,406	37,687	15.41%
52	Office Assistant	21,769	27,212	32,654	

Apply 15% Midpt progression to Ben Analyst, and 2 % increase to all midpoints - 04/17/18

130	Director	118,589	148,236	185,296	32.12%
125	Chief Financial Off, Chief Inv Off	89,760	112,200	140,250	17.02%
106	0	76,704	95,880	119,849	15.29%
95	Benefits Adm	66,531	83,164	103,955	27.36%
81	Benefits Analyst	52,238	65,297	81,622	15.29%
77	Accountant, Benefits Payable Officer	45,310	56,638	70,797	15.29%
71	0	39,301	49,126	61,407	15.29%
66	0	34,088	42,610	53,262	15.31%
61	0	29,561	36,952	46,189	15.35%
56	0	25,627	32,034	40,043	15.41%
52	Office Assistant	22,205	27,756	34,695	

Consumer Price Index Overview Table – Southeast

Consumer Price Index for All Urban Consumers, all items, in the U.S., South, and selected metropolitan areas, not seasonally adjusted
(1982-84=100 unless otherwise noted)

Area (Links provide news releases)	Back data	Annual average 2017	Mar 2018	Apr 2018	Percent change: Annual average 2016 to 2017	Percent change: 12 months ended Mar 2018	Percent change: 12 months ended Apr 2018
U.S. City Average		245.120	249.554	250.546	2.1	2.4	2.5
South region(1)		237.456	241.595	242.486	2.0	2.3	2.4
South City Size Class (population)							
A (over 2.5 million)		240.890	245.334	246.305	2.2	2.6	2.7
B/C (2.5 million or less)(2)		150.334	152.888	153.429	2.1	2.1	2.3
South divisions							
South Atlantic(3)(4)			101.575	101.795			
East South Central(3)(5)			101.314	101.786			
West South Central(3)(6)			100.762	101.371			
Metropolitan areas							
Atlanta-Sandy Springs-Roswell, GA(7)		232.887		237.417	3.3		2.8
Miami-Fort Lauderdale-West Palm Beach, FL(7)		256.681		264.696	2.8		3.5
Tampa-St. Petersburg-Clearwater, FL(7)(8)			223.157				

Footnotes
(1) The South includes Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.
(2) December 1996=100.
(3) December 2017=100.
(4) The South Atlantic division includes Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, South Carolina, Virginia, and West Virginia.
(5) The East South Central division includes Alabama, Kentucky, Mississippi, and Tennessee.
(6) The West South Central division includes Arkansas, Louisiana, Oklahoma, and Texas.
(7) Published in alternate months.
(8) 1987=100

Source: Consumer Price Index
The Consumer Price Index (CPI) measures changes in prices of all goods and services purchased for consumption by urban households.

Schedule of Upcoming Releases for the Consumer Price Index

PROFESSIONAL SERVICES AGREEMENT BY AND BETWEEN

Municipal Employees' Retirement System
AND
G. S. CURRAN & COMPANY, LTD.

RELATING TO ACTUARIAL SERVICES FOR
Municipal Employees' Retirement System

WHEREAS THIS AGREEMENT, entered into this _____, by and between G. S. CURRAN & COMPANY, LTD. (hereinafter designated as "Actuary") and the Municipal Employees' Retirement System (hereinafter designated as the "System") evidences a contract requiring Actuary to render certain technical and professional services, hereinafter described.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

I.

Employment of Actuary. The System hereby agrees to engage the Actuary, and the Actuary hereby agrees to perform the services hereinafter set forth. The agreement for services is exclusively between G. S. Curran & Company, Ltd. and the "System", and all services performed under the contract shall be considered as provided by the corporation and not the employees of the corporation. The actuaries employed by G. S. Curran & Company, Ltd. are members of the American Academy of Actuaries and meet the qualification standards of the American Academy of Actuaries to render the actuarial opinions in communications and reports to the System.

II.

Basic Services. The Actuary agrees to provide the following services and reports for the System.

(1) Perform an annual valuation of the plan assets and liabilities at the end of the fiscal year setting forth therein:

(a) Summary statistics such as number of active, disabled, terminated and retired members with liabilities for each group,
(b) Valuation methods including all assumptions used and a detailed example of all mortality, disability, termination, retirement and salary scale rates used.

For the purposes of determining:
(c) the normal cost,
(d) the unfunded accrued liability,
(e) the annual contributions, expressed both in a dollar amount and as a percentage of salaries, needed to liquidate the unfunded liability of the retirement system over the amortization period as set forth in the statutes.

(2) Explain the results of the annual valuation to the Board of Trustees.

(3) Discuss and explain the results of the annual valuation to any actuary employed by the Legislature, or to any actuary, as requested by the Board of Trustees.

(4) Provide a continuous review of plan experience for the purpose of selecting appropriate actuarial assumptions for:

(a) investment yields,
(b) salary growth,
(c) retirement rates,
(d) death rates,
(e) disability rates,
(f) withdrawal rates.

(5) Provide consultative and technical assistance for the Administrator in all matters of an actuarial nature relative to the administration of the System.

(6) Prepare and/or revise tables for use in determining the appropriate reduction factors for optional benefits.

(7) Make standard calculations of actuarial cost and equivalence as required for special options. (Unusually complex calculations or additional option table construction will be billed at the hourly rates stipulated in paragraph X.)

(8) Attend up to 12 regularly scheduled meetings of the Board of Trustees.

(9) Provide standard calculations related to transfers or purchases of service credit for members of the System as specified in R.S. 11:143, R.S. 11:153, and R.S. 11:158.

(10) Provide analysis of cost and effects of plan benefit changes sponsored by the Board of Trustees.

(11) Provide consulting advice regarding effects of changes in plan structure and design.

(12) Provide technical and consulting advice in the drafting of plan amendments.

(13) Provide expert testimony before the appropriate legislative committees on legislation proposed by the Board of Trustees.

(14) Provide a review of retirement benefit calculation sheets as needed, as well as provide calculations related to offsets of disability benefits due to outside earnings.

(15) Preparation of an annual accounting valuation report to contain sufficient information as required under the Governmental Accounting Standards Board Statements 67 and 68 for the System's auditor to complete the System's annual audit report, including the following:

(a) Perform an annual review of System cash flows (including projected assets and benefit payments) in accordance with Governmental Accounting Standards Board Statement 67 (hereinafter referred to as GASB 67) in order to assess whether the System will reach a "crossover point".

(b) Calculation, if necessary, of a blended rate equivalent to a combination of the long-term expected rate of return on pension plan investments and a yield or index rate for 20 year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

(c) Performance of annual accounting valuations in accordance with GASB 67 at the appropriate discount (or blended) rate and at a discount rate 1% above and 1% below the appropriate discount rate.

(d) Calculation of the service cost and average service life of members.

(e) Allocation of net pension liability and net pension expense to each employer.

(f) Determination of funded ratios based on GASB liability calculations.

(g) Setup of amortization schedules for gains and losses, changes in assumptions, and changes in allocation fractions for each employer.

III.

Litigation. Consulting and technical advice related to litigation and expert witness testimony will be billed in accordance with the hourly fees stipulated in paragraph X plus travel expenses in accordance with the System's policy on travel and actual additional expenses incurred.

IV.

Extended Valuation Services and Extraordinary Plan Analysis. Re-runs of valuation programs and/or data auditing programs which are required as a result of extensive data errors submitted to our office by the System will be billed at the hourly rates detailed in paragraph X. In addition, studies of extraordinary changes to the System's benefit structure will be billed at the hourly rates detailed in paragraph X.

and

Actuarial Notes. Development of actuarial notes to be submitted to the Legislature and/or Legislative Actuary's Office will be separately billed at the rate given in paragraph X.

V.

Special Purchases or Transfers. The computation of any "air time" purchases or the computation of any hypothetical transfers or purchases of service credit for persons who are not active contributing members of the System shall be

assessed fees at the hourly rates detailed in paragraph X, subject to a minimum charge of $150 per calculation. The computation of group purchases where three or more individuals apply for purchases of credit or transfers arising from similar circumstances from the same employer will be assessed at the hourly rates detailed in paragraph X, subject to a minimum charge of $150 per calculation.

VI.

Board Education on Actuarial Topics. The Actuary shall provide up to two hours of actuarial education within Board meetings on topics requested by the System. In addition, the Actuary will provide up to two additional hours of actuarial education within its webinar training series (through either a live or pre-recorded webinar) on topics selected by the Actuary. Education on topics other than actuarial science will be charged based on the advertised charge for the webinar or in accordance with the hourly rates detailed in paragraph X.

VII.

Additional Services. As may be directed by the System or its Administrator, and in addition to such other duties as may be within the basic services to be performed by the Actuary under paragraph II hereof, the Actuary shall provide additional services including but not limited to attendance at extraordinary meetings, calculations for special mergers and plan restructuring or extraordinary plan amendments, analysis of cash flow, liability projections, forecast valuations, and portfolio immunization analysis to be charged on a project basis as mutually agreed to or at the hourly fees stipulated in paragraph X.

VIII.

Estimates and Special Calculations. Benefit Estimates, special Option 4 calculations, or new forms of benefits due to statutory revisions, requiring the

development of additional annuity factors, formulas, or tables will be billed at the hourly rates detailed in paragraph X, subject to a minimum charge of $150 per calculation. The determination of benefits in excess of IRS Section 415 limits will be billed at a rate of $400 per calculation.

IX.

Experience Studies. The Actuary shall complete an extensive review and study of the System's financial and demographic assumptions at least once in each five-year period. The Actuary shall provide a report of its findings and recommendations with regard to assumptions as a result of such study. These studies will be charged on a project basis as mutually agreed to or at the hourly fees stipulated in paragraph X.

X.

Compensation. In consideration for the services required of the Actuary whereunder, the Actuary shall be entitled to receive a fee of $96,120.00 each installment being $8,010.00 payable monthly, in arrears on the last day of each calendar month as part payment of such fee. The System also agrees to pay Actuary approved travel expenses in accordance with the Board of Trustees' Policy and Procedure for travel outside of East Baton Rouge Parish or the System's annual conference. Hourly services rendered under the provisions of paragraphs III, IV, V, VI, VII, VIII, or IX shall be billed as follows:

Senior Consulting Actuary:	$260/hour
Consulting Actuary:	$235/hour
Senior Actuarial Analyst:	$180/hour
Actuarial Analyst/Pension Administration Analyst:	$125/hour
Senior Benefits Analyst:	$125/hour
Benefits Analyst:	$95/hour
Administrative Support Staff:	$65/hour

XI.

Limitation of Liability. With the exception of willful misconduct, gross negligence, and fraud, the liability of the firm for the services provided shall be limited to the fees charged for such services. The Actuary agrees to maintain an errors and omissions policy with a face amount of at least $1,000,000 (one million dollars).

XII.

Changes. The System may, from time to time, require changes in the scope or duration of the services of the Actuary to be performed herein. Such changes, including any increase or decrease in the amount of the Actuary's compensation, beyond that described in this contract shall be incorporated in written amendments to this Contract.

XIII.

Termination of Contract. Either party hereto may terminate this Contract at any time giving written notice to the other party of such termination, and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination.

XIV.

Payment of Taxes. The Actuary hereby agrees that the responsibility for payment of taxes from the funds received under this agreement shall be said Actuary's obligation and identified under tax identification number 72-1084093.

XV.

Term. The Contract term shall be for the period of one year beginning July 1, 2018.

IN WITNESS WHEREOF, the System and the Actuary have executed this agreement as of the date given below.

***

Municipal Employees' Retirement System

_____ _____

Warren Ponder, Executive Director Date

***

G. S. Curran & Company, Ltd.

_____ _____

Gregory M. Curran, President Date

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
BUDGET FYE 2019

EXPENSES	BUDGET FYE 2018	PROPOSED FYE 2019	% INCREASE/ (DECREASE)	$ INCREASE/ (DECREASE)
Personnel Expenses				
Salaries	$790,000.00	$790,000.00	0%	$0.00
Employer Retirement	$185,000.00	$185,000.00	0%	$0.00
Health Insurance	$79,700.00	$139,000.00	74%	$59,300.00
Professional Development	$31,000.00	$31,000.00	0%	$0.00
Subtotal Personnel Expenses	**$1,085,700.00**	**$1,145,000.00**	**5%**	**$59,300.00**
Operating Expenses				
Building & Ground Maintenance	$36,500.00	$38,500.00	5%	$2,000.00
Office Equipment & Maintenance	$94,000.00	$104,000.00	11%	$10,000.00
Office Expense	$103,100.00	$83,000.00	-19%	($20,100.00)
Telecommunications/Utilities	$32,800.00	$35,000.00	7%	$2,200.00
Insurance	$79,100.00	$80,000.00	1%	$900.00
Subtotal Operating Expenses	**$345,500.00**	**$340,500.00**	**-1%**	**($5,000.00)**
Professional Services				
Audit	$100,000.00	$100,000.00	0%	-
Professional Services	$85,000.00	$65,000.00	-24%	($20,000.00)
Actuarial	$91,620.00	$96,120.00	5%	$4,500.00
Legal-Administrative	$10,000.00	$20,000.00	100%	$10,000.00
Legal-Securities Litigation	$350,000.00	$600,000.00	71%	$250,000.00
Subtotal Professional Services	**$636,620.00**	**$881,120.00**	**38%**	**$244,500.00**
Travel Expenses				
Travel - Staff	$15,000.00	$20,000.00	33%	$5,000.00
Travel - Board Meetings & Conventions	$35,000.00	$35,000.00	0%	$0.00
Subtotal Travel Expenses	**$50,000.00**	**$55,000.00**	10%	**$5,000.00**
OPERATING EXPENSES	**$2,117,820.00**	**$2,421,620.00**	**14%**	**$303,800.00**

CAPITAL BUDGET				
	FYE 2018	**FYE 2019**		
Capital Purchases	$64,346.00	$3,055,000.00		
CAPITAL EXPENSES	**$64,346.00**	**$3,055,000.00**		
TOTAL ADMINISTRATIVE EXPENSES	**$2,182,166.00**	**$5,476,620.00**	**151%**	**$3,294,454.00**

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
PROPOSED CAPITAL BUDGET FYE 2018 - 2022

DESCRIPTION	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022
FYE 2018					
General Ledger Software	$35,000.00	$0.00	$0.00	$0.00	$0.00
Administrative Furniture	$6,000.00	$0.00	$0.00	$0.00	$0.00
CMA Server & Install	$13,346.00	$0.00	$0.00	$0.00	$0.00
Office Renovation - CIO Office	$10,000.00	$0.00	$0.00	$0.00	$0.00
Capital Expenditures 2018	**$64,346.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
FYE 2019					
Generator	$0.00	$40,000.00	$0.00	$0.00	$0.00
Paint Building	$0.00	$15,000.00	$0.00	$0.00	$0.00
Pension System	$0.00	$3,000,000.00	$0.00	$0.00	$0.00
Capital Expenditures 2019	**$0.00**	**$3,055,000.00**	**$0.00**	**$0.00**	**$0.00**
FYE 2020					
Patio Covering - Parking	$0.00	$0.00	$50,000.00	$0.00	$0.00
Capital Expenditures 2020	**$0.00**	**$0.00**	**$50,000.00**	**$0.00**	**$0.00**

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
ADMINISTRATIVE BUDGET
AS OF APRIL 30, 2018

EXPENSES	ANNUAL BUDGET	YTD ACTUAL	YTD DIFFERENCE $	YTD %	MTH OF APRIL ACTUAL	
Personnel Expenses						
Salaries	$790,000	$622,533	$167,467	79%	$62,253	
Employer Retirement	$185,000	$154,077	$30,923	83%	$15,408	
Health Insurance	$79,700	$58,281	$21,419	73%	$6,461	
Professional Development	$31,000	$7,779	$23,221	25%	$1,020	1
Subtotal Personnel Expenses	**$1,085,700**	**$842,671**	**$243,029**	**78%**	**$85,142**	
Operating Expenses						
Building & Ground Maintenance	$36,500	$23,185	$13,315	64%	$4,127	
Office Equipment & Maintenance	$94,000	$85,110	$8,890	91%	$6,473	2
Office Expense	$103,100	$53,942	$49,158	52%	$2,748	
Telecommunications/Utilities	$32,800	$21,616	$11,184	66%	$2,026	
Insurance	$79,100	$63,982	$15,118	81%	$0	
Subtotal Operating Expenses	**$345,500**	**$247,835**	**$97,665**	**72%**	**$15,374**	
Professional Services						
Audit	$100,000	$98,850	$1,150	99%	$0	
Professional Services	$85,000	$40,631	$44,369	48%	$9,701	3
Actuarial	$91,620	$76,350	$15,270	83%	$7,635	
Legal-Administrative	$10,000	$4,351	$5,649	44%	$428	4
Legal-Securities Litigation	$350,000	$724,755	($374,755)	207%	$109,215	5
Subtotal Professional Services	**$636,620**	**$944,938**	**($308,318)**	**148%**	**$126,978**	
Travel Expenses						
Travel - Staff	$15,000	$10,496	$4,504	70%	$359	
Travel - Board Meetings & Conventions	$35,000	$13,329	$21,671	38%	$2,218	

Subtotal Travel Expenses	**$50,000**	**$23,825**	**$26,175**	**48%**	**$2,577**
TOTAL OPERATING EXPENSES	$2,117,820	$2,059,268	$58,552	97%	$230,071
Capital Equipment & Services	$64,346	$20,836	$43,510	32%	$0
TOTAL ADMINISTRATIVE EXPENSES	**$2,182,166**	**$2,080,104**	**$102,062**	**95%**	**$230,071**

1 Staff education - Microsoft Excel & Access classes.

2 At 91% due to non-capital items that were budgeted for office expense were reclassified to office equipment & maintenance expense.

3 Program changes to benefits and retirement calculation software.
2 months of charges for Faulk & Winkler.

4 Roedel Parsons - Survivor Overpayment ($428 potential legal action)

5 Roedel Parsons - Mitigation Banks ($14,036.25)
Preis Gordon - Fletcher ($93,639.34)
Kean Miller - Landmark Sale ($1,539)

MERS CASH SUMMARY

FYE 2018

ACCOUNT BALANCE SUMMARY

DATE	DESCRIPTION	AMOUNT
	SYSTEM CASH	
5/7/2018	Northern Trust Cash Balance	$8,931,261
5/7/2018	Capital One Operating Account Cash Balance	$147,860
5/7/2018	Capital One Retirement Payroll Cash Balance - Plan A	$9,941,392
5/7/2018	Capital One Retirement Payroll Cash Balance - Plan B	$6,044,916
.	**SUBTOTAL SYSTEM CASH**	$25,065,429
	DROP ACCOUNTS	
5/7/2018	Capital One Drop Balance -Plan A	$20,043,649
5/7/2018	Capital One Drop Balance -Plan B	$5,192,376
	SUBTOTAL DROP ACCOUNTS	$25,236,025

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	4,353,378	1,577,019	50,711	(418,291)	5,562,817
May-18					
Jun-18					
SUBTOTAL PLAN A	**$37,428,091**	**$13,749,649**	**$405,030**	**($3,784,734)**	**$47,798,037**
			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	903,060	317,220	0	(105,364)	1,114,916
May-18					
Jun-18					
SUBTOTAL PLAN B	**$8,030,068**	**$2,911,832**	**($259,140)**	**($929,910)**	**$9,752,849**
TOTAL SYSTEM	**$45,458,159**	**$16,661,481**	**$145,890**	**($4,714,644)**	**$57,550,886**

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	5,245,771	279,888	138,362	5,664,021
Jun-18				
SUBTOTAL PLAN	**$56,620,895**	**$5,142,062**	**$1,257,352**	**$63,020,310**
		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	960,124	8,635	109,875	1,078,634
Jun-18				
SUBTOTAL PLAN	**$10,327,088**	**$872,752**	**$676,871**	**$11,876,712**
TOTAL SYSTEM	**$66,947,983**	**$6,014,815**	**$1,934,224**	**$74,897,022**