

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, September 10, 2014, at The Marriott, Salons B-C, 3rd Floor, River Tower Side, 555 Canal Street, New Orleans, Louisiana.

The meeting was called to order by Chairman Huggins at 9:06 a.m.

Pledge of Allegiance:

Chairman Huggins led the pledge of allegiance.

Members Present:

Cpl. Mark Huggins, Chairman
Maj. Kelly Gibson, Vice Chairman
Mr. John Broussard
Maj. Raymond Burkart, Jr.
Capt. (Ret.) Willie Joe Greene
Ms. Ashlee McNeely
Chief Dwayne Munch
Sgt. (Ret.) Larry Reech
Chief Michael Suchanek

Members Absent:

Chief Carl Dabadie
Chief Scott Ford
Senator Elbert Guillory
Mayor Joey Normand
Representative Kevin Pearson
Mayor Donald Villere

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Ms. Kelli Rogers, CFO
Mr. Randy Roche, General Counsel
Mr. David Barnes, NEPC
Mr. Greg Curran, Actuary, G. S. Curran & Co.
Mr. Michael Calloway, Monroe Police Department
Mr. Keith Bruch, LSV Asset Management
Mr. Harold Hand, NOPD, (Retiree)
Mr. Dave Lentz, NOPD (Retiree)
Mr. Cliff Maher, NOPD (Retiree)
Mr. Henry Davies, NOPD (Retiree)
Mr. Daniel J. Mack, NOPD (Retiree)
Mr. Gary Gremillion, NOPD (Retiree)
Mr. Billy Ceravolo, NOPD (Retiree)
Mr. Michael Sauter, NOPD (Retiree)
Mr. Chris Landry, NOPD (Active)
Ms. Stephanie Landry, City of New Orleans
Mr. Roy Guercio, City of New Orleans

Public Comment:

Chairman Huggins called for public comment. There was no comment from the public in attendance.

Approval of minutes:

Motion by Mr. Greene seconded by Mr. Munch to approve the minutes of the meeting held August 20, 2014 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Gibson seconded by Mr. Burkart to approve the applications for Regular Retirement. Without objection the motion carried.

| <u>NAME</u> | <u>CITY/TOWN</u> | <u>EFF. DATE</u> | <u>YEARS OF SERVICE</u> | <u>PLAN</u> |
|---------------------|------------------|------------------|-------------------------|-------------|
| Frankie Crooks, Jr. | Alexandria | 09/17/14 | 15.99 | 2a |
| Edward Eichaker | New Orleans | 07/22/14 | 21.37 | 02 |
| Spencer Smith | New Orleans | 07/10/14 | 21.19 | Max |

Motion by Mr. Gibson seconded by Mr. Munch to approve the applications for DROP. Without objection the motion carried.

| <u>NAME</u> | <u>CITY/TOWN</u> | <u>EFF. DATE</u> | <u>YEARS OF SERVICE</u> | <u>PLAN</u> |
|-------------------------|------------------|------------------|-------------------------|-------------|
| Michael Brenckle | New Orleans | 07/11/14 | 25.00 | Max |
| Jeardine Daniels-Sparks | New Orleans | 07/25/14 | 19.88 | Max |
| Edward Delery | New Orleans | 07/25/14 | 20.00 | 02 |
| Clifford Gatlin | Alexandria | 07/14/14 | 30.00 | 2a |
| Kevin Imbraguglio | New Orleans | 06/11/14 | 21.17 | Max |
| Landries Jackson | New Orleans | 06/09/14 | 25.04 | Max |
| Dennis Laurie, Sr. | New Orleans | 06/01/14 | 24.02 | 2a |
| Kenneth Secoy | Pineville | 08/01/14 | 25.04 | Max |
| Glenell Sentino | New Orleans | 07/19/14 | 25.02 | Max |
| Donny Watson | New Orleans | 05/04/14 | 21.59 | 03 |
| Arnold Williams | New Orleans | 07/11/14 | 25.00 | 2a |

Motion by Mr. Greene seconded by Mr. Reech to approve the applications for DROP to Regular Retirement. Without objection the motion carried.

| <u>NAME</u> | <u>CITY/TOWN</u> | <u>EFF. DATE</u> | <u>YEARS OF SERVICE</u> | <u>PLAN</u> |
|--------------------|------------------|------------------|-------------------------|-------------|
| Joseph Catalanotto | New Orleans | 09/06/14 | 26.19 | 2a |
| Patrick Conaghan | New Orleans | 07/27/14 | 25.90 | 02 |
| Johnnie Cook | Shreveport | 10/01/14 | 25.08 | Max |
| Cornel Day | New Orleans | 07/12/14 | 26.37 | 2a |
| Glenda Odom | Oakdale | 07/24/14 | 23.55 | Max |

Motion by Mr. Gibson seconded by Mr. Munch to move out of order to item number seven on the agenda, Investment Manager's presentation by LSV Asset Management. Without objection the motion carried.

Investment Manager's Presentation:

LSV Asset Management:

Mr. Keith Bruch represented LSV Asset Management to present their annual report. The market value as of August 31, 2014 was \$38,304,372.

Investment Consultant's Report:

NEPC:

Mr. David Barnes represented NEPC and presented the Investment Market Update for the system. The total market value as of August 31, 2014 was \$1,841,061,403 and performance was 1.9% for the month of August 2014 and 0.8% for the FYTD.

Mr. Barnes explained that four managers will be interviewed for the High Yield Fixed Income fund at the October 15, 2014 meeting. The interview schedule will follow the format of the interviews from the prior month and will start at 9:00 a.m. with the regular board meeting to follow immediately after interviews.

New Orleans contribution reporting:

Ms. Bourque stated she met again with City of New Orleans finance representatives regarding the issues with receiving complete and accurate monthly payroll information, along with corresponding contribution funds, from the city since their implementation of their new payroll system in May 2014. Ms. Bourque and Ms. Stephanie Landry agreed that considerable progress has been made since last meeting. Ms. Landry mentioned that the City of New Orleans is working to provide a full time person to handle all retirement issues.

Ms. Bourque stated that all retirees are receiving benefits and all refund requests are being issued.

Actuarial Comments:

Mr. Curran reported that he received the end of fiscal year data file from the MPERS staff and is working according to plan on the 2014 actuarial valuation.

Update on Cost of Living Adjustments:

Mr. Roche explained that in January 2014, MPERS requested an attorney general's opinion relative to Act 112 of 2008 regarding granting COLAs. Act 112 of 2008 provides authority to grant a one-time permanent COLA using excess interest earnings on investments. Based upon that authorization there was discussions on how MPERS could grant that COLA with respect to individual members such as people below the poverty level.

The opinion from the attorney general stated that if the board chose to grant a COLA, it must be granted to all eligible retirees and beneficiaries and there is no statutory authority to distinguish certain groups of retirees and beneficiaries such as below poverty level recipients.

Mr. Curran reported that the 2013 actuarial report specified that MPERS had enough excess earnings to grant a COLA for the first time since the 2008 statute was enacted. Therefore, since the system does not meet the other requirements for COLAs, they could use this one-time available authority measure to grant a COLA at this time. The lifetime cost of the COLA would be \$33 million which is within the 2008 statute. The effect on the employer rate could be instead of a reduction down to 28.75% the employer rate could be closer to 31%. Mr. Curran warned that this percentage estimate is his best assumption without making a complete evaluation of payroll for the current year which will be confirmed after the 2014 evaluation is complete in November.

Mr. Roche asked if MPERS granted a COLA this year, how long would it be before MPERS could grant another COLA. Mr. Curran stated that according to current statute, MPERS would have to wait a minimum of 3 years before it can grant another COLA.

Motion by Mr. Greene seconded by Mr. Burkart to authorize granting a 3% one-time permanent COLA based on Act 113 of 2008 to all eligible benefit recipients. The 3% COLA shall be based on current benefit with a minimum of \$20 per month. After a roll call vote, the motion carried unanimously.

Motion by Mr. Munch seconded by Mr. Greene for the COLA to be effective and paid on November 1, 2014 benefit payments to all eligible benefit recipients retired on or before November 1, 2013. Without objection the motion carried.

Other Business:

Ms. Rogers explained the IRS code section 401(A)(9) regarding Required Minimum Distribution or RMD on money in DROP/IBO accounts for members age 70 ½. In the past 3 years, MPERS has had 47 members who have not taken the RMD from their DROP/IBO accounts. To ensure that MPERS meets IRS qualification provisions, these members need to be corrected and the required minimum distribution withdrawn.

To make the correction, it is recommended the retirement system enter into the IRS voluntary compliance program as provided for in Rev. Proc. 2013-12. In addition, the system's policy will be updated to include 1) MPERS providing members with notification once they reach age 70 ½ (or upon retirement) of the required minimum distribution rules and amount he/she is required to take, 2) Each year on or before December 1, MPERS will provide notification to members of the RMD for the next calendar year, 3) If a member has not taken the total amount of the annual RMD before December 1, MPERS will make an automatic distribution to the member of any shortfall.

Motion by Mr. Broussard seconded by Mr. Reech to enter into the voluntary compliance program with the IRS and authorize Ms. Rogers to develop a formal policy for MPERS on the Required Minimum Distributions. With no objection the motion carried.

Motion by Mr. Munch seconded by Mr. Greene to adjourn the meeting at 10:28 a.m. Without objection the motion carried.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held September 10, 2014.

Mark Huggins, Chairman

Daphne Rusk, Administrative Assistant