

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, April 15, 2015, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

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

Pledge of Allegiance:

Chairman Huggins led the pledge of allegiance.

Members Present:

Cpl. Mark Huggins, Chairman
Capt. (Ret.) Willie Joe Greene, Vice Chairman
Mr. John Broussard
Maj. Raymond Burkart, Jr.
Chief Carl Dabadie
Chief Scott Ford
Chief Dwayne Munch
Mayor Joey Normand
Sgt. (Ret.) Larry Reech
Chief Michael Suchanek
Mayor Donald Villere

Members Absent:

Senator Elbert Guillory
Ms. Ashlee McNeely
Representative Kevin Pearson

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. Jacob Putnam, Actuary
Ms. L. A. Huggins, Monroe Police Dept.
Mr. Jeff Gallahue, Kleinwort Benson Investors
Mr. Padraig Sheehy, Kleinwort Benson Investors
Mr. John McLaughlin, William Blair
Ms. Stephanie Braming, William Blair

Public Comment:

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

Approval of minutes:

Motion by Mr. Ford seconded by Mr. Reech to approve the minutes of the meetings held February 18, 2015 and March 18, 2015 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Greene seconded by Mr. Suchanek 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>
Raymond Brashier	Baton Rouge	01/12/15	28.99	2a
John Colter	Baton Rouge	02/23/15	26.98	2a
Sylvia Martin	New Orleans	02/16/15	26.60	2a
Kenneth Miestchovich	New Orleans	02/13/15	30.01	3a
Chris Rushing	Baton Rouge	01/12/15	29.00	2a
Lee Scott	Shreveport	03/01/15	21.44	2a
Duane Scrantz	Baton Rouge	01/12/15	28.99	2a
Philip Scroggins	Shreveport	03/01/15	24.26	3a
Karl Wilson, Jr.	Baton Rouge	01/26/15	29.03	2a

Motion by Mr. Reech seconded by Mr. Dabadie 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>
Fred Austin	New Orleans	02/21/15	29.64	Max
Anthonor Bradford, Jr.	Baton Rouge	04/24/15	25.98	2a
Kenneth Brown	Baton Rouge	03/26/15	26.17	Max
Gregory Clay	New Orleans	01/25/15	27.94	2a
Ernest Crayton III	New Orleans	05/01/15	25.26	2a
Jimmy Crockett	Monroe	05/01/15	30.21	2a
Antoinette Deshotel	New Orleans	05/01/15	23.43	2a
John Deshotel	New Orleans	05/01/15	25.11	2a
Menard Dillard	Baton Rouge	03/27/15	27.01	2a
Kyle Garrison	Baton Rouge	05/01/15	27.02	Max
Kelly Gibson	Lafayette	02/15/15	27.23	Max
Bruce Little	New Orleans	02/12/15	30.26	Max
Anthony Mitchell	New Orleans	03/16/15	12.05	2a
Gwendolyn Murdock	Alexandria	03/27/15	31.77	2a
Shelby Nation	Pineville	04/01/15	31.50	2a
William Nelson	Shreveport	04/01/15	30.16	Max
Michael Reed	Westlake	03/01/15	31.99	2a
Waldon Robert	Baton Rouge	04/24/15	27.08	3a
Cheryle Robertson	Sarepta	05/01/15	12.50	3a
Patricia Tauzin	Baton Rouge	02/21/15	36.87	Max

Motion by Mr. Reech seconded by Mr. Dabadie 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>
Tony Blake	Ruston	02/01/15	25.00	Max
John Chapman	Houma	02/27/15	22.87	Max
Mark Francis	Lafayette	01/10/15	25.00	02
Andres Landor	Lafayette	01/05/15	25.01	2a
James Lee	Shreveport	01/16/15	30.41	Max
Jude LeMaire	New Iberia	02/25/15	14.42	2a
Michael Lestage	Ruston	01/17/15	25.02	Max
Cornell Montgomery	Lafayette	01/10/15	29.33	2a

Austin Provost III	Lafayette	02/01/15	25.06	02
Russell Ross	Shreveport	02/01/15	21.31	Max
Charles Welch	Lake Charles	02/28/15	25.48	Max

Motion by Mr. Greene seconded by Mr. Ford to approve the applications for Early 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>
Michael Dickerson	Westlake	02/05/15	20.01	02
Michael Strother	Sulphur	02/13/15	20.00	3a

Investment Consultant's Report:

Mr. Barnes presented the Investment Market Update for the system. The total market value as of March 31, 2015 was \$1,827,434,943 and performance was -0.3% for the month and 1.1% for the fiscal year to date.

Mr. Barnes reminded everyone of NEPC's recommendation at the prior board meeting to rebalance funds within the portfolio in order to move closer to MPERS' investment policy targets. The recommendation is to move 1% of portfolio funds (\$18 million) out of large cap US stocks and into the international equity portfolio, specifically Kleinwort Benson Investors.

Motion by Mr. Reech seconded by Mr. Burkart to transfer \$18 million from large cap US stocks and into international equities with Kleinwort Benson Investors. Without objection the motion carried.

Mr. Barnes updated the board on their directive at the prior meeting to negotiate fees with three current managers, namely, Sterling Capital, Standard Life and Energy Opportunities Capital. As a result of the negotiations, Sterling Capital lowered their fees to 72 bps at a savings of \$24,000 per year which puts them in the 24th percentile of lowest fees. Standard Life offered a reduction in fees that equates to 75 bps at a savings of \$54,000 per year. The combined savings between these two managers totals to \$78,000 per year.

Energy Opportunities Capital would like to propose an alternate fee schedule and is requesting to present this to the Board of Trustees at the May 20, 2015 board meeting. Chairman Huggins advised that MPERS will place Energy Opportunities on the May 20, 2015 board meeting agenda.

Mr. Barnes advised that MPERS' private equity manager, Summit Partners, is planning on proposing an opportunity to change the fund into a business development company. After discussions on the opportunity, the board decided to reject that offer.

Mr. Barnes provided information relative to a private equity program review and a 2015 strategic investment plan. Currently, MPERS has 2% of the portfolio in one private equity fund however, the target allocation is 3%.

NEPC's recommendation is a \$30 million allocation into private equities program for vintage year 2015 and to revisit the asset class every year making rolling commitments. The recommendation is to start with a \$15 million dollar commitment to a secondaries manager and then move forward with another \$15 million dollar commitment with a fund of funds manager. These funds will come from the US S&P index fund.

Motion by Mr. Ford seconded by Mr. Burkart to accept NEPC's recommendation to move forward with a search to hire a private equity secondaries manager and fund the account with \$15 million. Without objection the motion carried.

Motion by Mr. Normand seconded by Mr. Dabadie to move to item #8 on the agenda. Without objection the motion carried.

William Blair:

Ms. Stephanie Braming represented William Blair to present their annual report. The market value was \$195,853,730 as of March 31, 2015.

Kleinwort Benson Investors:

Mr. Pdraig Sheehy represented Kleinwort Benson Investors to present their annual report. The market value was \$85,072,908 as of March 31, 2015.

Actuary Comments

Mr. Jacob Putnam provided a handout regarding R.S. 11:221 pertaining to disability offsets to excess earnings. Outside earnings, including any pay from a source other than the MPERS disability benefit, must be reported to the system annually by all disabled retirees under the age of 62. In addition, if a disabled retiree receives a financial award (or legal settlement) related to their disability, the whole life annuity equivalent of the financial award is treated as outside earnings each year until the earlier of the date on which the disabled retiree converts to a normal retirement benefit or their date of death.

Motion by Mr. Reech seconded by Mr. Greene to adopt the following resolution. Without objection the motion passed.

The Board of Trustees of the Municipal Police Employees' Retirement interprets R.S. 11:221(D)(1) in the following manner: Any disabled retiree under the age of 62 who receives a financial award will be required to provide proof of the gross financial award along with all legal and court costs associated with the settlement. The system staff will ask the system's actuary to convert the lump sum financial award (net of any related legal and court costs) into a whole life annuity equivalent using the system's valuation interest rate as certified by the most recent Board approved actuarial valuation and a unisexed disabled lives mortality table based upon 70% of the male disabled lives mortality table and 30% of the female disabled lives mortality table certified by the most recent Board approved actuarial valuation. The recipient's disability benefit will be offset by an amount equal to the difference between the inflation-adjusted final average compensation used to determine the former member's disability benefit and the sum of the former member's maximum monthly benefit, whole life annuity equivalent, and other outside earnings determined pursuant to the rules set forth in R.S. 11:221. Disabled retiree benefits will be reviewed annually for offset until the earlier of the retiree's date of death or date of conversion to regular retirement benefit.

Review of Disability Laws authorizing members to receive 100% of FAC

Mr. Roche provided the board with the statues outlining the requirements that must be met to receive the 100% Final Average Compensation disability benefit. Currently, the system has about 10 members receiving this type of disability benefit and he advised that these members will be reviewed. The system has the right to review the status of disability recipients every three years and it has been well past the three year period since this review has been administered. The findings of this review will be presented in executive session because of privacy laws regarding medical evaluations.

Review of staff job descriptions

Discussion regarding staff job descriptions was held and a committee was formed to review the duties of the Chief Financial Officer. Chairman of the committee is Mr. Reech and other members of the committee include Mayor Villere and Mr. Burkart.

Election schedule for Non Chief District II:

Ms. Bourque presented the election schedule for Non Chief District II.

<u>April 24, 2015</u>	Election Schedule, Rules and Petitions mailed to eligible voting members
<u>May 11, 2015</u>	Petitions due in the post office box of Hawthorn, Waymouth & Carroll by 4:30 p.m.
<u>May 20, 2015</u>	Nominations accepted by Board of Trustees
<u>May 22, 2015</u>	Ballots mailed to eligible voting members
<u>June 15, 2015</u>	Ballots due in the post office of Hawthorn, Waymouth & Carroll by 4:30 p.m.
<u>June 16, 2015</u>	Ballots counted and verified beginning at 2:00 p.m.at the office of Hawthorn, Waymouth & Carroll, 8555 United Plaza Blvd., Baton Rouge, LA 70809
<u>June 17, 2015</u>	Board accepts certified ballot count and publishes results
<u>July 1, 2015</u>	Elected trustee takes office

Motion by Mr. Reech seconded by Mr. Ford to accept the election schedule for Non Chief District II. Without objection the motion carried.

Other Business:

Motion by Mr. Reech seconded by Mr. Burkart to obtain an Attorney General's Opinion on R.S. 42:3.2 and whether it pertains to term limits for MPERS' Board of Trustees. Without objection the motion passed.

Mr. Roche reminded the board that the deadline to file their financial disclosures report is May 15, 2015.

Mr. Burkart advised that Senator J. P. Morrell has introduced SB 164 which creates a commission to study the feasibility of a merger of New Orleans Police Department and

Orleans Parish Sheriff's Department. Mr. Burkart suggested that a member from MPERS Board be appointed to that commission.

Motion by Mr. Burkart seconded by Mr. Greene to have Mr. Roche send a letter to Senator Morrell to request a representative from MPERS Board be assigned a seat on that commission. Without objection the motion passed.

Mr. Ford made a request to add an agenda item each month to include Director's Report, in order to keep the board informed of any activity that she feels necessary.

Motion by Mr. Reech seconded by Mr. Ford to adjourn the meeting at 12:42 p.m. Without objection the motion carried.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held April 15, 2015.

Mark Huggins, Chairman

Daphne Rusk, Administrative Assistant