

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, April 17, 2013, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Mark Huggins at 9:03 a.m.

Pledge of Allegiance:

Chairman Mark Huggins led the pledge of allegiance.

Oath of Office:

Mr. Roche administered the Oath of Office to Chief Scott Ford to serve a term from April 1, 2013 through June 30, 2017.

Mr. Roche administered the Oath of Office to Mayor Donald Villere to serve a term from April 1, 2013 until replaced by Louisiana Municipal Association.

Members Present:

Cpl. Mark Huggins, Chairman
Capt. Kelly Gibson, Vice Chairman
Chief Stephen Caraway
Cdr. Henry Dean
Chief Scott Ford
Chief K. P. Gibson
Capt. (Ret.) Willie Joe Greene
Mayor Joey Normand
Mayor Donald Villere

Members Absent:

Chief Dwayne Munch
Sgt. (Ret.) Larry Reece
Mr. John Kennedy
Ms. Kristy Nichols
Senator Elbert Guillory
Representative Kevin Pearson

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. Gary Curran, GS Curran & Company, Ltd
Mr. Greg Curran, GS Curran & Company, Ltd
Mr. David Barnes, NEPC
Mr. Richard Hartzell, JPMorgan
Ms. L.A. Tucker, Monroe Police Department
Mr. Michael Calloway, Monroe Police Department
Mr. Pdraig Sheehy, Kleinwort Benson Investors
Mr. Jeff Gallahue, Kleinwort Benson Investors
Mr. John McLaughlin, William Blair
Mr. Marty Howell, Hilda Allen Real Estate
Ms. Marcia Mayes, Hilda Allen Real Estate

Public Comment:

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

Approval of minutes:

Motion by Mr. Dean seconded by Mr. K.P. Gibson to approve the minutes of the meeting held March 20, 2013 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Dean seconded by Mr. Greene 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>
Eric Berger	New Orleans	02/12/13	25.16	Max
Kirk Bouyelas	New Orleans	02/03/13	30.01	2a
Brenda George	Bastrop	02/15/13	18.50	Max
Larry Lewis	Baton Rouge	02/26/13	27.93	3a
Randy Lewis	New Orleans	02/06/13	25.06	02
Randy Rufty	Bossier City	03/01/13	30.14	02
Sandra Smith	Monroe	02/15/13	13.46	2a
Mason Suell	New Orleans	02/27/13	23.37	2a

Motion by Mr. Caraway seconded by Mr. K.P. Gibson 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>
Ronald Bertucci	Kenner	04/15/13	20.00	2a
Royce Chapman	Bossier City	04/20/13	30.76	3a
Paula Gieron	Baton Rouge	04/26/13	28.98	Max
Debbie Glover	Shreveport	04/16/13	25.10	Max
John Hall, Jr.	New Orleans	04/01/13	27.09	Max
Isidro Magana, Jr.	New Orleans	03/20/13	25.61	Max
Mary Quinn	Shreveport	04/01/13	12.66	2a
Dane Roy	Abbeville	04/18/13	25.00	02
Danny Williamson	Baton Rouge	04/26/13	28.98	3a

Investment Managers Presentation:

Kleinwort Benson Investors:

Mr. Pdraig Sheehy and Mr. Jeff Gallahue represented Kleinwort Benson Investors to present their annual report. The portfolio value as of March 31, 2013 was \$72,687,000.

William Blair & Company:

Mr. John McLaughlin represented William Blair & Company to present the annual report. Market value as of March 31, 2013 was \$211,561,571.

NEPC:

Mr. David Barnes represented NEPC. Mr. Barnes presented the Investment Market Update and Market Environment Overview. The total market value was \$1,553,506,963 and performance was 1.8 % as of March 31, 2013.

Mr. Barnes advised that BMO Asset Management announced that Dan Sido, a member of the portfolio management team will be retiring effective May 1, 2013 after 19 years with the firm. NEPC recommends no client action at this time.

Mr. Barnes advised that Post Advisory Group announced on April 1, 2013 that Nippon Life Insurance (a Japanese insurance company) will purchase a 20% stake in Post Advisory. Currently, Post Advisory is 100% owned by Principal Global Investors. NEPC recommends no client action at this time.

Mr. Barnes advised that in the process of collecting data for the asset liability study, they contacted the system's Actuary Gary Curran and discovered that they are planning on recommending a forecast valuation product to MPERS within the next year. The forecast valuation would provide NEPC with a more accurate cash flow of data which would improve the asset liability study. Mr. Barnes recommends postponing the asset liability study until after the actuary completes the forecast valuation and allow NEPC to provide a full asset allocation study in July 2013.

Mr. Gary Curran discussed the typical yearly valuation provided is a snapshot of the system's liabilities and assets to determine the proper level of contributions due the system. Mr. Curran explained that a series of forecast valuations is not just looking at where the system is today but where the expectations will be in the next 10 years.

Motion by Mr. Dean seconded by Mr. Caraway to accept Mr. Barnes recommendation to provide a full asset allocation study in July 2013 and provide an asset liability study after the actuary conducts a forecast valuation. Without objection the motion carried.

Custodian Search:

Mr. Barnes advised that NEPC will present a summary report of responses and fee proposals from the custodian banks for the board to review.

Custodian Report by JPMorgan:

Mr. Richard Hartzell represented JPMorgan. Total market value as of March 3, 2013 was \$1,528,013,218.

Real Estate Update:

Motion by Mr. Dean seconded by Mr. Caraway to go into executive session at 10:45 a.m. to discuss the offer for the real estate. Without objection the motion carried.

Returned to regular business at 11:00 a.m.

Motion by Mr. Dean seconded by Mr. Caraway to authorize Mr. Roche to re-negotiate the sale of Olde Oaks Golf Club, Stonebridge Golf Club and Olde Oaks Development with Mr. Ji and negotiate the mineral rights. Without objection the motion carried.

2013 Legislative Update:

Mr. Roche gave an update on 2013 Legislation that would affect MPERS:

HB 58 by Representative Foil – allows Baton Rouge legal investigators who were merged into MPERS in February 26, 2000 to remain members of MPERS.

HB 60 by Representative Talbot – suspends retirement benefits for a member who retires on or after July 1, 2013 and subsequently returns to employment which would make him eligible to participate in any state or statewide retirement system. Also prohibits the individual from participating in the retirement plan during the period of employment.

Motion by Mr. K.P. Gibson seconded by Mr. Kelly Gibson to oppose HB 60 and authorize Mr. Roche to send a letter of opposition to Representative Talbot. Without objection the motion carried.

HB 61 by Representative Badon – provides for a divided benefit calculation when a member's actual earnings in a calendar month are 30% more than the average monthly earnings for the immediately preceding 12 months. This bill affects all state and statewide retirement systems.

Motion by Mr. Dean seconded by Mr. Kelly Gibson to oppose HB 61. Without objection the motion carried.

HB 156 by Representative Schexnayder – repeals the Funding Review Panel.

Motion by Mr. Dean seconded by Mr. K.P. Gibson to support HB 156. Without objection the motion carried.

SB 7 by Senator Peacock – implements a sixty month final average compensation for all members of LASERS, Teachers, School Employees, State Police, Assessors, Parochial, Sheriffs, Municipal Police and Firefighters.

Motion by Mr. Dean seconded by Mr. Caraway to oppose SB 7 and authorize Mr. Roche to send a letter of opposition to Senator Peacock. With Mr. Normand and Mr. Villere objecting, the motion carried.

SB 10 by Senator Guillory – provides alternative method for statewide retirement systems to grant COLA's to retirees. The Board will make an irrevocable decision on or before 12/31/13 whether they will utilize the COLA provisions contained within this bill. The frequency that a Board can grant a COLA is determined by the funded status of the plan. Plans that are 90% or more funded could grant a COLA every other year. The funding deposit account must contain sufficient funds to grant the COLA.

Motion by Mr. Normand seconded by Mr. K.P. Gibson to remain neutral on SB 10. With Mr. Kelly Gibson objecting, the motion carried.

SB 14 by Senator Martiny - This bill affects all state and statewide plans. It amends the transfer provisions to permit a member to elect to upgrade the accrual rate on transferred service to the accrual rate of the receiving system. The cost of the upgrade is at actuarial cost.

Motion by Mr. Dean seconded by Mr. Kelly Gibson to support SB 14. Without objection the motion carried.

SB 159 by Senator Morrell – Required income from any detail or secondary employment administered or managed by the city of New Orleans or by the New Orleans Police Department to be included in the employee's benefits.

Motion by Mr. K.P. Gibson seconded by Mr. Kelly Gibson to oppose SB 159 and authorize Mr. Roche to send a letter of opposition to Senator Morrell. Without objection the motion carried.

Actuary Comments:

Mr. Gary Curran and Mr. Greg Curran discussed their concerns about the payment structure for the systems' unfunded accrued liability. The current payment structure as

defined by statute requires amortization of actuarial gains and losses over a thirty year period. The deferral of payments can lead to an ever increasing unfunded liability which can ultimately place the solvency of the fund in jeopardy. For this reason, Mr. Curran recommends that the payment structure of the system's unfunded liability be revised in two ways. First, they recommend that the existing set of UAL amortization schedules be combined and offset to a single payment set amortized as level payments over twenty years. Secondly, they recommend that all future gains and losses or changes in benefits or assumptions be amortized over a period of fifteen years with level payments. Mr. Curran believes that restructuring of the UAL payment schedule would be a first step in dealing with the structural problems faced by the system.

Mr. Curran advised that legislation would be required in order to change the payment structure of the system's unfunded accrued liability.

Election Schedule for Chief District I and Chief District II:

Ms. Bourque advised that both Chief Caraway's term and Chief K.P. Gibson's term expires June 30, 2013. Chief K.P. Gibson announced that he will not seek re-election.

Motion by Mr. Dean seconded by Mr. Normand to accept the election schedule for Chief District I and Chief District II as presented. Without objection the motion carried.

<u>April 26, 2013</u>	Election Schedule, Rules and Petitions mailed to eligible voting members
<u>May 13, 2013</u>	Petitions due in the post office box of Hawthorn, Waymouth & Carroll by 4:30 p.m.
<u>May 15, 2013</u>	Nominations accepted by Board of Trustees
<u>May 24, 2013</u>	Ballots mailed to eligible voting members
<u>June 14, 2013</u>	Ballots due in the post office of Hawthorn, Waymouth & Carroll by 4:30 p.m.
<u>June 18, 2013</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 19, 2013</u>	Board accepts certified ballot count and publishes results
<u>July 1, 2013</u>	Elected trustee takes office

Other Business:

Summit Partners:

Mr. Roche reported on funds transferred to Summit Partners. The auditors discovered a difference in the amount transferred to Summit Partners and the amount credited the account. As a result Summit Partners was contacted regarding the difference and explained that as other investors placed their funds earlier there was a charge to cover the difference in the earnings of the funds.

Motion by Mr. Dean seconded by Mr. K.P. Gibson to adjourn the meeting at 12:23 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 17, 2013.

Mark Huggins, Chairman

Kathy Bourque, Director