

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, April 20, 2011, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Kelly Gibson at 9:07 a.m.

Pledge of Allegiance:

Chairman Kelly Gibson led the pledge of allegiance.

Members Present:

Lt. Kelly Gibson, Chairman (Lafayette)
Sgt. (Ret.) Larry Reech, Vice Chairman (New Orleans)
Capt. Henry Dean (New Orleans)
Chief Christopher Elg (West Monroe)
Chief K.P. Gibson (Crowley)
Capt. (Ret.) Willie Joe Greene (Shreveport)
Cpl. Mark Huggins (Monroe)
Chief Dwayne Munch (Westwego)

Members Absent:

Chief Stephen Caraway (Kenner)
Representative Kevin Pearson, Ex-officio
Senator D.A. "Butch" Gautreaux, Ex-officio

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. Charles Hall, Actuary
Mr. Brett Hazen, Segal Advisors
Ms. Lauren Bailey, Attorney, Senate Retirement Committee
Mr. Matt Tessier, Attorney, House Retirement Committee
Mr. Ben Chavarria, Olde Oaks & Stonebridge Golf Clubs
Mr. Chad King, Baton Rouge Police Department
Mr. Bill Grayson, Principal Global Investors
Ms. Jaime Morgan, Principal Global Investors
Mr. John Berg, Principal Global Investors
Mr. Robert Guesnon, New Orleans Police Department
Mr. David Bergman, GTS Advisors

Public Comment

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

Approval of minutes:

Motion by Mr. Dean seconded by Mr. Reech to approve the minutes of the meeting held March 16, 2011 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Dean seconded by Mr. Greene 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>
James Cromer, Jr.	Shreveport	03/01/11	15.57	2a
Keith Delaney	Alexandria	03/21/11	25.11	3a
Lynn Fletcher	New Orleans	04/01/11	22.52	2a
Timmy Ridgel	Ponchatoula	03/17/11	27.74	Max
Donald Thompson	Opelousas	02/07/11	27.48	Max
Jim Tullos	Amite	03/24/11	12.01	Max

Motion by Mr. Reech seconded by Mr. K.P. Gibson 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>
Richard Carroll	Shreveport	03/01/11	22.48	02
Robin Ernest	New Orleans	02/08/11	12.51	Max
Salvador Gonzales	Springhill	03/01/11	28.82	Max
Gary Greer	Lake Charles	02/26/11	25.21	02
Edwin Hosli	New Orleans	01/04/11	30.00	2a
Lawrence Linson	Monroe	03/01/11	25.62	2a
Paul McCaskell	New Orleans	02/20/11	29.09	Max
Jimmy Muller	Shreveport	03/01/11	26.05	02
Jimmy Ray	Shreveport	03/01/11	14.99	02
Jerry Stansbury	West Monroe	02/17/11	30.00	2a
Jeffrey Winn	New Orleans	03/01/11	25.76	2a
Patrick Young	New Orleans	02/06/11	30.02	2a

Motion by Mr. Huggins seconded by Mr. Munch 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>
Allen Boudreaux	Lake Charles	03/05/11	34.37	Max
Angel Braun	Ponchatoula	04/03/11	24.80	2a
Neal Charles	New Orleans	04/15/11	27.32	03
Dennis Moran	Baton Rouge	04/14/11	29.37	2a
Darrell Newsom	Ruston	05/01/11	30.00	2a
Carl Perilloux	New Orleans	03/19/11	30.24	Max
Glenn Tate	New Orleans	03/27/11	28.28	Max
Thomas Taylor	Alexandria	03/15/11	24.50	3a

Disability Retirement:

Mr. Robert Guesnon (New Orleans) attended the board meeting to provide information relative to his application for disability retirement. Chairman Gibson advised Mr. Guesnon that he had the option of having his application discussed in open session or executive session. Mr. Guesnon opted for executive session.

Motion by Mr. Reech seconded by Mr. K.P. Gibson to go into executive session at 9:09 a.m. to discuss Mr. Robert Guesnon's disability application. Without objection the motion carried.

Back to regular session at 9:17 a.m.

Motion by Mr. Reech seconded by Mr. Elg to approve Mr. Robert Guesnon's (New Orleans) duty related disability application as submitted. With Mr. Dean abstaining, the motion carried.

Investment Managers Presentation:

Motion by Mr. Dean seconded by Mr. Reech to amend agenda to take up #11 Principal Global Advisors. Without objection the motion carried.

Mr. Bill Grayson, Mr. John Berg and Ms. Jaime Morgan represented Principal Global Investors to present their annual report. The portfolio value as of March 31, 2011 was \$75,694,502.

Motion by Mr. Dean seconded by Mr. Reech to return to the regular order of business. Without objection the motion carried.

Review of Touchstone Golf contract:

Mr. Roche provided a copy of the proposed Management Agreement between MPERS and Touchstone Golf, LLC for review.

Mr. Ben Chavarria reviewed the Management Agreement between MPERS and Touchstone Golf, LLC and gave his analysis of the agreement.

Motion by Mr. Dean seconded by Mr. Reech to approve the Management Agreement between MPERS and Touchstone Golf, LLC. Without objection the motion carried.

Olde Oaks and Stonebridge Golf:

Mr. Ben Chavarria presented profit and loss statements for Stonebridge and Olde Oaks Golf Club for the month ending February 2011.

Mr. Chavarria advised that he reviewed the proposed Lease Agreement with Touchstone Golf, LLC and had several questions.

Custodian Report by JPMorgan:

Ms. Bourque advised that Mr. Mike Gallagher is no longer employed by JPMorgan. Mr. Gallagher's replacement will be Mr. Richard Hartzell who is located in the Columbus, Ohio office.

Mr. Dean instructed Ms. Bourque to send JPMorgan a letter requesting local representation and that the representative attend MPERS' monthly meetings.

Investment Consultant's Report:

Mr. Brett Hazen represented Segal Advisors at the meeting.

Markets: Stock markets recovered most of the losses due to the unrest in Libya and Japan's natural disasters. Bond markets continue to feel pressure as creditworthiness and future interest rates levels factor into the equation. Both stocks and real estate market indices finished the quarter with attractive returns while bonds remained fairly flat for the three month period.

Returns: Overall returns remain strong for the fiscal year to date period. For the month of March and the first quarter, results among managers are mixed relative to their respective benchmarks but one-year performance for most managers is ahead of their benchmarks.

Transition: All of Mercer's historical data has been imported; there are a couple of areas that are lacking, namely historical cash flows and detailed fee information. Further information is being requested from Mercer and Summit to reconcile the deficiency and expect all data to be in for a full quarterly report in May.

Asset Liability Study: The study is on schedule and the initial data for the study has been received.

PRISA II: The fund is currently open to new capital commitments to raise \$750 million of new money. Commitments from existing investors will be accepted through April 30th. MPERS preferred commitment amount is \$3,684,402 and additional commitments will be accepted depended on the amount raised.

Motion by Mr. Reech seconded by Mr. Dean to allocate up to \$3.7 million over a period of 3 years to PRISA II as recommended by Segal. Without objection the motion carried.

Mr. Greene explained to Mr. Hazen that \$35 million was originally allocated to Energy Opportunities but only \$25 million was funded. Mr. Greene asked Mr. Hazen if he had an opportunity to look at Energy Opportunities because they are performing well and he would like to allocate the additional \$10 million.

Mr. Dean advised that MPERS originally funded Energy Opportunities with \$5 million then Mercer recommended funding an additional \$17 million which increased to \$22 million and now the market value is \$36 million.

2011 Legislation:

Mr. Roche handed out a packet of 2011 Legislation affecting MPERS.

HB 152 Pugh Relative to the Municipal Police Employees' Retirement System (MPERS), allows certain individuals employed by the City of Hammond to rescind their participation in the Deferred Retirement Option Plan (DROP) subject to certain conditions.

Motion by Mr. Dean seconded by Mr. Greene to oppose HB 152. Without objection the motion carried.

HB 213 Doerge Requires the repayment of refunds prior to approval of disability retirement as relates to Municipal Police Employees' Retirement System.

Motion by Mr. Dean seconded by Mr. K.P. Gibson to support HB 213. Without objection the motion carried.

HB 214 Dixon Allows a member to designate a trustee for survivor benefits payable to a child as relates to the Municipal Police Employees' Retirement System.

Motion by Mr. Dean seconded by Mr. Reech to take no position on HB 214 unless clarification on safeguards that should be included in the bill. Without objection the motion carried.

Mr. Matt Tessier would like to be advised as soon as possible of the technical amendments that need to be added to HB 214.

HB 314 Howard Provides relative to the Municipal Police Employees' Retirement System, allows a retiree to change his designated beneficiary from a former spouse to a current spouse.

Motion by Mr. Dean seconded by Mr. Reech to oppose HB 314. Without objection the motion carried.

HB 332 Pearson Relative to the Municipal Employees' Retirement System (MERS), the Municipal Police Employees' Retirement System (MPERS), and the Firefighters Retirement System (FRS), implements the recommendations of the Funding Review Panel.

Motion by Mr. Dean seconded by Mr. Huggins to support HB 332. After a roll call vote, Mr. Greene and Mr. Reech opposed, the motion carried.

HB 377 Pearson Provides to state and statewide retirement systems provides with respect to earnable compensation and service credit for any member of such a system elected to the legislature.

Motion by Mr. Dean seconded by Mr. K.P. Gibson to remain neutral on HB 377. Without objection the motion carried.

SB 4 Shaw Provides relative to employee and employer contributions under certain circumstances as relates to the Municipal Police Employees' Retirement System (MPERS).

Motion by Mr. Dean seconded by Mr. Munch to oppose SB 4. Without objection the motion carried.

SB 12 Gautreaux B Provides relative to eligibility and benefit calculation for state and statewide retirement systems.

Motion by Mr. Huggins seconded by Mr. K.P. Gibson to oppose SB 12. Without objection the motion carried.

Mr. Hall advised that the major retirement systems have already reviewed SB 12 are taking no position at this time. The reason is that there are significant problems with the bill relative to qualification status which have been referred to the systems' tax attorneys for input. Mr. Hall suggested that MPERS take no position on SB 12 until feedback is received from the major retirement systems' tax attorneys.

Election Schedule for Non Chief District I:

Motion by Mr. Dean seconded by Mr. Greene to adopt the election schedule for Non Chief District I. Without objection the motion carried.

<u>April 27, 2011</u>	Election Schedule, Rules and Petitions mailed to eligible voting members
<u>May 16, 2011</u>	Petitions due in the post office box of Hawthorn, Waymouth & Carroll by 4:30 p.m.
<u>May 18, 2011</u>	Nominations accepted by Board of Trustees
<u>May 27, 2011</u>	Ballots mailed to eligible voting members
<u>June 10, 2011</u>	Ballots due in the post office of Hawthorn, Waymouth & Carroll by 4:30 p.m.
<u>June 14, 2011</u>	Ballots counted and verified beginning at 10:00 a.m. at the office of Hawthorn, Waymouth & Carroll, 8555 United Plaza Blvd., Baton Rouge, LA 70809
<u>June 15, 2011</u>	Board accepts certified ballot count and publishes results
<u>July 1, 2011</u>	Elected trustee takes office

Presentation by GTS Advisors:

Mr. David Bergman represented GTS Advisors at the meeting. GTS Advisors is an Independent Brokerage Consulting firm established in 2004 to reduce transaction costs. Services include day to day trading and event based trading. GTS Advisors would provide a dedicated team, decision analysis, and education/research for selecting a broker for all trades.

Mr. Hazen advised that a number of companies offer the same type of service as GTS Advisors and that a number of his clients use these types of companies. Mr. Hazen said that he does not know of any other firms like GTS Advisors that provide the same exact third party basis. Every other transition manager that Segal works with is in the brokerage business.

Motion by Mr. Reech seconded by Mr. Dean to hire GTS Advisors as an Independent Brokerage Consultant at no cost to MPERS. Without objections the motion carried.

Other Business:

Mr. Roche advised that the system received additional information regarding Ms. Malinda Holden's (New Orleans) disability application.

Motion by Mr. Reech seconded by Mr. Dean to go into executive session at 11:42 a.m. to discuss Ms. Malinda Holden's disability application. Without objection the motion carried.

Back to regular business at 11:52 a.m.

Motion by Mr. Huggins seconded by Mr. K.P. Gibson to deny Ms. Malinda Holden's disability application as presented. Without objection the motion carried.

Mr. Hall's resignation:

Mr. Hall advised that after 30 years of working for MPERS he felt that it is time to step down as the system's actuary effective June 30, 2011.

Hiring a CIO and Attorney:

Mr. Dean stated that MPERS should hire a Chief Investment Officer (CIO) along with an additional attorney to work with Mr. Roche. Mr. Dean has spoken to Mr. Hazen regarding hiring a CIO and Mr. Hazen advised that he would help develop the criteria for the CIO.

Motion by Mr. Dean seconded by Mr. Greene to begin a search for a Chief Investment Officer (CIO).

Mr. Dean withdrew his motion and Mr. Greene withdrew second.

Motion by Mr. Reech seconded by Mr. Huggins to develop the criteria for a CIO along with advantages and disadvantages of hiring a CIO. Without objections the motion carried.

Beneficiaries receiving DROP funds:

Mr. Reech advised that it has come to his attention that upon the death of a retiree who selected the Maximum Plan and participated in DROP, the beneficiary must receive a lump sum of the DROP balance since she/he is not receiving a monthly survivor benefit. Mr. Reech said that he believes that all survivors should be treated the same.

Mr. Roche clarified that the law states that if there is no designated beneficiary, a lump sum payment of the retiree's DROP account shall be paid to his estate. The definition of a designated beneficiary is a person who receives a monthly benefit.

Motion by Mr. Reech seconded by Mr. Dean to draft legislation to change the law to allow persons to leave the DROP balance on deposit at MPERS if the retiree selected the Maximum Plan. Without objection the motion carried.

ITB for Actuary:

Motion by Mr. Reech seconded by Mr. K.P. Gibson to conduct an Invitation to Bid (ITB) for an Actuary. With Mr. Greene objecting, the motion carried.

Motion by Mr. Dean seconded by Mr. Greene not to accept Mr. Charles Hall's resignation. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Greene to adjourn the meeting at 12:29 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 20, 2011.

Kelly Gibson, Chairman

Kathy Bourque, Director