

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, August 18, 2010, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Kelly Gibson at 9:11 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)
Chief Stephen Caraway (Kenner)
Capt. Henry Dean (New Orleans)
Chief K.P. Gibson (Crowley)
Capt. (Ret.) Willie Joe Greene (Shreveport)
Cpl. Mark Huggins (Monroe)

Members Absent:

Chief Dwayne Munch (Westwego)
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. Eddie Guerra, Mercer
Mr. Ben Chavarria, Olde Oaks Golf Club and Stonebridge Golf Club
Mr. James Percy, Jones Walker
Ms. Lauren Bailey, Attorney, Senate Retirement Committee
Mr. Warren T. DeKinder, INTECH
Ms. Jennifer Pedigo, Harris Investments
Mr. Dan Sido, Harris Investments
Ms. Mary Bellow, Lafayette Police Department
Mr. Patrick Rose, New Orleans Police Department

Oath of Office:

Mr. Roche administered the Oath of Office to Mr. Kelly Gibson (Lafayette) to serve a term from July 1, 2010 thru June 30, 2015.

Approval of minutes:

Motion by Mr. Greene seconded by Mr. Reech to approve the minutes of the meeting held June 16, 2010 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. K.P. Gibson seconded by Mr. Caraway 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>
David Brashier	Baton Rouge	07/28/10	25.09	Max
Walter Daisey*	Walker	08/01/10	14.80	2a

*converted from non-duty related disability				
Michael Guynes*	Oakdale	08/09/10	14.70	2a
*converted from non-duty related disability				
Kenneth Goulart	West Monroe	08/12/10	12.81	2a
Luke Landry	Gonzales	06/30/10	26.01	2a
Donald Van Norman	Baton Rouge	06/11/10	20.00	Max

Motion by Mr. Reech seconded by Mr. Huggins 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>
Steven Andry	New Orleans	06/07/10	25.00	2a
Michael Banks	Morgan City	05/03/10	26.44	2a
Alfred Bickham	Shreveport	06/01/10	25.30	Max
James Blair	Morgan City	06/01/10	25.02	2a
Johnny Coffey	Shreveport	07/01/10	27.40	02
Christopher Culotta	Slidell	05/21/10	25.08	2a
Candace Graham	Baton Rouge	06/21/10	28.44	Max
Derek Gray	New Orleans	07/01/10	25.08	2a
Kenneth Hamm	Bossier City	06/16/10	25.77	Max
Charles Helton	Bogalusa	06/01/10	20.00	2a
Lester Marshall	New Orleans	05/22/10	25.83	3a
Gregory McGaa	Lake Charles	06/12/10	20.00	2a
Bradley Rhodes	New Orleans	05/07/10	30.25	2a
Fred Thompson	New Orleans	07/01/10	25.14	2a
Willie Turner	Baton Rouge	05/10/10	26.81	3a
Clinard Walker, III	New Orleans	06/26/10	26.06	2a

Motion by Mr. Greene 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>
Lou Breaux	Lafayette	06/05/10	29.67	Max
Cecil Chappell	West Monroe	07/17/10	30.00	2a
Bruce Cole	Lake Charles	06/15/10	25.59	3a
Raymond Cole	Eunice	07/07/10	25.00	Max
Alvin Doucette, III	New Orleans	07/08/10	25.14	02
Sharon Evans	Bogalusa	07/01/10	28.54	Max
Jewel Gipson	Baton Rouge	06/19/10	30.21	2a
Michael Godwin	Bogalusa	07/01/10	26.36	2a
Ken M. Halphen	Bossier City	07/13/10	25.00	02
Dennis Hartnett	Lake Charles	07/03/10	30.19	Max
Paul Herrington	Bogalusa	07/01/10	26.06	2a
John Jeter, Jr.	Bossier City	08/01/10	26.01	Max
Carl Kelley, Jr.	Baton Rouge	07/27/10	28.67	Max
Stephen Kennon	Bossier City	08/01/10	20.91	2a
Daniel Mack	New Orleans	07/01/10	40.72	Max
Albert Molitar	Lake Charles	07/03/10	28.17	Max
John Parker, Jr.	New Orleans	07/01/10	28.44	Max
Stephen Perry	Kaplan	06/30/10	25.25	2a
Stanley Rabalais	Slidell	07/01/10	12.60	2a
David Sansone	Baton Rouge	07/23/10	26.57	2a
Chad Stokes	New Orleans	07/15/10	25.09	02
Charles Tabor	Slidell	07/01/10	12.80	02
Larry Vaughn	Natchitoches	08/01/10	28.80	03
Mary Welch	Monroe	09/01/10	23.06	Max
David Wortmann	Slidell	07/01/10	21.43	Max

Disability Retirement:

Ms. Mary Bellow (Lafayette) attended the meeting to provide information relative to her application for disability retirement.

Motion by Mr. Reech seconded by Mr. Huggins to approve the non-duty related disability application as submitted by Ms. Mary Bellow (Lafayette). Without objections the motion carried.

Motion by Mr. Huggins seconded by Mr. Reech to approve the duty related disability application as submitted by Mr. Mark Bonvillian (New Orleans). Without objections the motion carried.

Motion by Mr. Reech seconded by Mr. Caraway to approve the duty related disability application as submitted by Mr. Patrick Rose (New Orleans). Without objections the motion carried.

Real Estate Update:

Boot Ranch Update:

Motion by Mr. Reech seconded by Mr. K.P. Gibson to go into executive session at 9:16 a.m. to discuss pending or threatened litigation in matters involving Boot Ranch Development and North Louisiana golf courses and development with Mr. James Percy. Without objection the motion carried.

Returned to regular session at 10:57 a.m.

Motion by Mr. Reech seconded by Mr. Caraway to authorize Mr. Randy Roche, upon consulting with the Chairman, to hire additional outside counsel to represent MPERS in outstanding litigation. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. K.P. Gibson to authorize Jones Walker to research and investigate the possibility of ad valorem taxes for Olde Oaks Development, Olde Oaks Golf Club and Stonebridge Golf Club. Without objections the motion carried.

Motion by Mr. K.P. Gibson seconded by Mr. Reech to initiate an exit strategy for finding a company to analyze, operate and/or market the real estate investments in North Louisiana. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Greene to authorize Mr. Randy Roche to hire additional outside counsel to represent MPERS in the lawsuit filed by Mr. Gasper Dipaola against the system, and to investigate and file a suit if warranted against CPERS for individuals who were improperly merged into MPERS from CPERS. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Huggins to authorize Mr. Roche to hire outside counsel to file suit against Sligo Water Plant for improper business practices.

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

Motion by Mr. Dean seconded by Mr. Roche to contact the Public Service Commission relative to the business practices of Sligo Water Company and its officers. If it is determined that there are any violations that have affected the Olde Oaks Development to institute suit on those matters. Without objection the motion carried.

Custodian Report by JPMorgan:

Mr. Mike Gallagher represented JPMorgan at the meeting. Total market value as of June 30, 2010 was \$1,138,295,590.

Securities Lending Report:

	<u>Fixed Income</u>	<u>Equities</u>
Current Month	\$ 8,426.25	\$ 37,578.47
Calendar Year	\$ 34,474.73	\$177,440.84

Motion by Mr. Dean seconded by Mr. Reech to move to investment manager's presentations on the agenda. Without objection the motion carried.

Investment Manager's Report:

Harris Investment Management

Ms. Jennifer Pedigo and Mr. Daniel Sido represented Harris Investment Management, Inc. to present their annual report. The portfolio market value as of July 31, 2010 was \$58,967,714.

Performance as of July 31, 2010:

	<u>3 Mos.</u>	<u>YTD</u>	<u>Since Inception*</u>
MPERS	-7.00%	0.30%	- 8.85%
Russell 1000 Value	-7.52%	1.31%	- 6.76%

*September 1, 2008

INTECH Investment Management

Mr. Warren DeKinder represented INTECH to present their annual report. The portfolio market value as of July 31, 2010 was \$53,604,756.

Performance as of July 31, 2010:

	<u>3 Mos.</u>	<u>1 Year</u>	<u>Since Inception*</u>
MPERS	- 5.72%	15.53%	- 0.79%
Russell 1000 Growth Index	- 6.50%	13.65%	- 3.57%

*November 1, 2000

Real Estate Update:

Olde Oaks and Stonebridge Golf:

Mr. Ben Chavarria presented profit and loss statements for Stonebridge and Olde Oaks Golf Club for the month ending July 31, 2010. Mr. Chavarria reported that the Jonas accounting system went live July 1, 2010. Mr. Chavarria issued a check to MPERS in the amount of \$10,000.00 from Pro Shop profits for repayment of Pro Shop merchandise.

Mr. Chavarria reported that the payoff of \$71,300 for the old cart lease was paid out of the reserves at Olde Oaks Golf Club. The balance in the reserve account at Olde Oaks Golf Club is \$9,000.00. Mr. Chavarria advised that beginning in November 2010 Olde Oaks Golf Club will have to begin using money from the reserve account for operations and the \$9,000.00 balance will not be enough to last throughout the winter season.

Motion by Mr. Dean seconded by Mr. K.P. Gibson to hold off adding additional funds to the reserve account at Olde Oaks Golf Club at this time. Without objection the motion carried.

Investment Consultant's Report:

Mr. Eddie Guerra represented Mercer Investment Consulting at the meeting.

First Quarter Update:

The MPERS Plan totaled \$1,138.3 billion as of June 30, 2010. This represents a decrease of \$82.5 million from the end of the first quarter of 2010, which totaled \$1,220.8 billion. The decrease in Place value was due to Investment losses of \$75.4 million coupled with \$7.1 in net cash flows to fund Plan obligations.

At the end of the quarter, the Plan's asset allocation was generally in line with the targets outlined in the investment policy statement. The Plan ended the quarter underweight to international small cap and emerging markets; however, both of these investments remained within the allowable investment ranges and the Plan also gains exposure to these segments of the market through the developed international managers. The Plan was also underweight to hedge funds; however, as previously mentioned, the Committee recently decided to invest in two new hedge fund managers, Entrust and Permal, which were funded at the beginning of April 2010.

The Plan returned -6.4%, net of fees, which led the benchmark yet placed in the bottom quartile of the Russell Mellon Universe of Public Plans. Strong relative results from the international equity and real estate portfolios were slightly offset by weak performance within the domestic small cap equity and fixed income portfolios. While a modest overweight to fixed income added value relative to the target benchmark, the Plan's fixed income allocation was below the peer median which weighed on relative results amid the falling equity markets. The Plan's longer-term results were disappointing relative to the benchmark and ranked in the bottom quartile of its peer group.

Mr. Guerra advised that Mercer will be meeting with Alliance Bernstein next week and recommends that Alliance Bernstein stay on watch for another quarter.

Motion by Mr. Reech seconded by Mr. Dean to keep Alliance Bernstein on watch for another quarter as recommended by Mercer. Without objection the motion carried.

Mr. Guerra recommends that Principal Global Advisors be removed from watch due to a turnaround in their performance.

Motion by Mr. Reech seconded by Mr. K.P. Gibson to remove Principal Global Advisors from watch as recommended by Mercer. Without objection the motion carried.

Mr. Guerra reported that KBC Asset Management International recently requested, and was granted, approval to invest up to 12% of its portfolio in emerging market stocks. He presented an Addendum to Statement of Investment Policy for KBC Asset Management International for approval.

Motion by Mr. Dean seconded by Mr. Reech to approve the Addendum to Statement of Investment Policy for KBC Asset Management International as presented by Mercer. Without objection the motion carried.

Proposed Engagement Letters:

Motion by Mr. Dean seconded by Mr. Reech to approve the year ended June 30, 2010 audit engagement letters submitted by Duplantier, Hrapmann, Hogan and Maher CPA's. Without objection the motion carried.

Compliance Questionnaire:

Motion by Mr. Reech seconded by Mr. Dean to adopt a resolution authorizing the Chairman of the Board and the System's Director to execute the Annual Systems Survey and Compliance Questionnaire as of June 30, 2010 as required by statute. Without objection the motion carried.

Election Schedule:

Motion by Mr. Dean seconded by Mr. Reech to adopt the election schedule for Chiefs District I. Without objection the motion carried.

August 25, 2010 Election Schedule, Rules and Petitions mailed to eligible voting members
Sept. 16, 2010 Petitions due in the post office box of Hawthorn, Waymouth & Carroll by 4:30 p.m.
Sept. 21, 2010 Nominations accepted by Board of Trustees
Sept. 28, 2010 Ballots mailed to eligible voting members
Oct. 15, 2010 Ballots due in the post office of Hawthorn, Waymouth & Carroll by 4:30 p.m.
Oct. 19, 2010 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
Oct. 20, 2010 Board accepts certified ballot count and publishes results
Nov. 1, 2010 Elected trustee takes office

Other Business:

Motion by Mr. Reech seconded by Mr. Caraway to terminate Mr. Randy Zinna's employment with MPERS. Without objection the motion carried.

Motion by Mr. Huggins seconded by Mr. Reech to authorize Mercer to conduct an asset liability study as proposed. With Mr. Greene objecting, the motion carried.

Mr. Charles Hall presented the projected employer contribution rate for the next years based on the last actuarial valuation dated June 30, 2009. These figures are only estimates of the future employer contributions. The projections assume that the current (7/1/09 – 6/30/10 fiscal year and future) investment returns equals the actuarial valuation rate of 7.5% and all other actuarial assumptions are realized without deviation.

2011-12	27.00%	2015-16	35.00%
2012-13	31.00%	2016-17	35.25%
2013-14	31.50%	2017-18	32.00%
2014-15	33.50%		

Motion by Mr. Huggins seconded by Mr. K.P. Gibson to send a memo advising of the projected employer contribution rate to all municipalities and police departments. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Dean to send a memo advising of the projected employer contribution rate to the Louisiana Municipal Association and post the memo on MPERS' website. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. K.P. Gibson to adjourn the meeting at 12:46 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 August 18, 2010.

Kelly Gibson, Chairman

Kathy Bourque, Director