

## MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, August 20, 2014, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

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

### Pledge of Allegiance:

Chairman Huggins led the pledge of allegiance.

### Members Present:

Cpl. Mark Huggins, Chairman  
Maj. Raymond Burkart, Jr.  
Chief Carl Dabadie  
Chief Scott Ford  
Capt. (Ret.) Willie Joe Greene  
Ms. Ashlee McNeely  
Chief Dwayne Munch  
Mayor Joey Normand  
Ms. Lori Pierce  
Sgt. (Ret.) Larry Reech  
Chief Michael Suchanek  
Mayor Donald Villere

### Members Absent:

Maj. Kelly Gibson, Vice Chairman  
Senator Elbert Guillory  
Representative Kevin Pearson

### Others Present:

Ms. Kathy Bourque, Director  
Ms. Daphne Rusk, Administrative Assistant  
Ms. Kelli Rogers, CFO  
Mr. Randy Roche, General Counsel  
Mr. Rhett Humphreys, NEPC  
Mr. Greg Curran, Actuary, G. S. Curran & Co.  
Ms. L. A. Huggins, Monroe Police Department  
Mr. Michael Calloway, Monroe Police Department  
Mr. Timothy Stewart, Bogalusa Police Department  
Mr. Paul Samples, Pineville Police Department  
Ms. Margaret Corley, Attorney Senate Retirement  
Ms. Michelle Cunningham, DHHM, Auditors  
Mr. John Grybauskas, Standard Life Investments  
Mr. Terence St. Germain, NOPD, Active  
Mr. Michael Rice, NOPD (Retiree)  
Mr. George Buisson, NOPD (Retiree)  
Mr. Cliff Maher, NOPD (Retiree)  
Ms. Debra Traigle  
Mr. James Gallagher, NOPD (Retiree)  
Mr. Gus Krinke, NOPD (Retiree)  
Mr. Stanley Joachim, NOPD (Retiree)  
Mr. Herbert Bovia, NOPD (Retiree)  
Mr. John Taylor, NOPD (Retiree)  
Mr. Robert J. O'Brien, Sr., NOPD (Retiree)  
Mr. Stephen Villere, NOPD (Retiree)  
Mr. Aaron Blackwell, NOPD (Retiree)

Ms. Julie Jones, NOPD (Retiree)  
Ms. Stephanie Landry, City of New Orleans  
Mr. Roy Guercio, City of New Orleans  
Mr. Norman Foster, City of New Orleans

Interviews for Emerging Markets Debt – Local Currency Manager:

Interviews proceeded as follows:

Ashmore Group plc  
Mark Weiller

Investec Asset Management Limited  
Peter Eerdmans  
Eric Maskalunas

Pictet  
Jean-Pierre Gemme  
Andrew Grijns

Stone Harbor Investment Partners LP  
Thomas K. Flanagan

Motion by Mr. Reech seconded by Mr. Dabadie to move out of order to item number nine on the agenda, investment manager's presentation by Standard Life Investments. Without objection the motion carried.

Investment Manager's Presentation:

Standard Life Investments:

Mr. John Grybauskas represented Standard Life Investments to present their annual report. The market value as of June 30, 2014 was \$78,180,750.

Mr. Joey Normand arrived at the meeting.

Recessed for lunch at 11:30 a.m. until 12:17 p.m.

Motion by Mr. Reech seconded by Mr. Ford to move out of order to item number eight on the agenda, investment consultant's report by NEPC. Without objection the motion carried.

Investment Consultant's Report:

NEPC:

Emerging Markets Debt – Local Currency

Mr. Rhett Humphreys represented NEPC. After a recap of all presentations, Mr. Humphreys advised that NEPC's recommendation would be to hire Investec Asset Management as the Emerging Markets Debt manager.

Motion by Mr. Greene seconded by Mr. Villere to hire Investec Asset Management as recommended by NEPC. Without objection the motion carried.

Mr. Humphreys presented the second quarter performance review. As of June 30, 2014, the total market value was \$1.82 billion, an increase of \$61 million during the

quarter, including net investment gains of \$63.4 million. The System posted a 3.7 % return (net of fees) during the quarter, ranking in the 27<sup>th</sup> percentile of public funds. For the trailing one year, the System returned 18.5% (net of fees), ranking in the 7<sup>th</sup> percentile of public funds.

Mr. Humphreys presented the Investment Market Update for the System. The total market value as of July 31, 2014 was \$1,812,952,177 and performance was -1.1% for the month of July 2014.

Motion by Mr. Ford seconded by Mr. Munch to move to item number seven on the agenda, Consideration of Disability Retirement Applications. Without objection the motion carried.

#### Disability Retirement:

Mr. Paul Samples (Pineville) attended the board meeting to provide information relative to his non duty-related disability application. Chairman Huggins advised Mr. Samples that he had the option of having his application discussed in open session or executive session. Mr. Samples opted for executive session.

Motion by Mr. Munch seconded by Mr. Reech to go into executive session at 1:01 p.m. to discuss Mr. Paul Samples' disability application. Without objection the motion carried.

Back in regular session at 1:13 p.m.

Motion by Mr. Suchanek seconded by Mr. Burkart to approve the non duty-related disability application submitted by Mr. Paul Samples. Without objection the motion carried.

Mr. Timothy Stewart (Bogalusa) attended the board meeting to provide information relative to his duty-related disability application. Chairman Huggins advised Mr. Stewart that he had the option of having his application discussed in open session or executive session. Mr. Stewart opted for executive session.

Motion by Reech seconded by Mr. Greene to go into executive session at 1:16 p.m. to discuss Mr. Timothy Stewart's disability application. Without objection the motion carried.

Back in regular session at 1:23 p.m.

Motion by Mr. Reech seconded by Mr. Suchanek to approve the duty-related disability application submitted by Mr. Timothy Stewart. Without objection the motion carried.

#### Public Comment:

Chairman Huggins called for public comment. Mr. James Gallagher, Secretary Treasurer, FOP in New Orleans and NOPD retiree, addressed the board regarding cost of living adjustments, payout of monthly retirement and refund checks, and allowing public comments on each agenda item.

Mr. Gallagher expressed that there are 6,000 FOP members throughout the state of Louisiana and 1,950 members in the New Orleans lodge. Their main concern at this time is when the retirees of MPERS will be granted a Cost of Living Adjustment (COLA). He asked the board to explain at what point does a positive rate of return on investments transfer into raises on benefit payments. He also asked what could FOP do to influence legislators to action and does it take legislative action to implement raises.

Mr. Gallagher also expressed concern about the processing of new retiree benefits and refund of contributions for New Orleans members since the payroll information has been delayed due to a new payroll system. He offered the help of the FOP in getting information and funds if necessary.

Mr. Gallagher suggested changing the agenda process as to allow public comments after each agenda item.

In conclusion, Mr. Gallagher stated that since the September meeting will be held in New Orleans, many FOP members will attend and want to be helpful in getting retired police officers to live above the poverty level.

Approval of minutes:

Motion by Mr. Munch seconded by Mr. Greene to approve the minutes of the meeting held July 16, 2014 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Reech seconded by Mr. Villere 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>
George Skinner	Slidell	07/25/14	14.60	2a
Nolvey Stelly, Jr.	Lafayette	07/23/14	25.05	2a
Alice Warren	Baker	08/03/14	15.96	Max

Motion by Mr. Munch seconded by Mr. Ford 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 Dove	Natchitoches	06/22/14	25.23	2a
Belva Graham	West Monroe	06/27/14	23.43	Max
Stephen Henley	Pineville	06/02/14	26.89	2a
John Murnane	Baton Rouge	06/02/14	29.00	3a

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>
John Attuso	Baton Rouge	08/23/14	28.73	02
Louis Banks, Jr.	Zachary	08/01/14	29.34	3a
Betty Briley	Bastrop	07/22/14	12.20	Max
Kenneth Corkern	Hammond	07/28/14	33.08	2a
Bryan Fleetwood	New Orleans	08/04/14	25.03	2a
Nicholas Hugh, III	Kenner	08/09/14	25.28	03
Marilyn Jerkins	Monroe	09/01/14	12.00	Max
Christopher Lang	Covington	08/17/14	30.01	2a
William Offer	Shreveport	08/16/14	28.01	2a
Kenneth Polite	New Orleans	06/04/14	28.91	2a
Ronald Serpas	New Orleans	08/19/14	24.15	2a
Gilbert Slaughter, Jr.	Baton Rouge	08/15/14	26.59	2a
Rosemary Turner	Monroe	09/01/14	18.29	Max
Connie Willis	Alexandria	07/02/14	27.52	3a
Edmund Worthy	New Orleans	09/01/14	30.41	2a

Mr. Burkart advised that as representative of the active members in New Orleans, he has received numerous inquiries regarding Mr. Serpas' application. Many believe that his application was back dated and he was allegedly in two retirement systems at the same time, one in Nashville and one in New Orleans. Additionally, the prospect of him being fifty years of age, if the back dating had not occurred, would make him ineligible.

Mr. Burkart asked for the MPERS Board to open an investigation into the matter.

Ms. Bourque explained that in 2010 when Superintendent Serpas' application was received by MPERS it was certified from the City of New Orleans with a beginning date of May 6, 2010. This date of employment has no bearing on the fact of his eligibility and being over age 50 when enrolled, due to the fact that he already had credit established in the system and had never applied for a retirement benefit.

Mr. Burkart again requested for the MPERS Board to open an investigation as to how the application was filed and whether or not a criminal act has been committed.

Mr. Roche explained it is not the place of the MPERS Board to file a complaint or request an investigation with the Attorney General's Office but it would not be inappropriate for the FOP or some other organization to do so.

Mr. Burkart said he thought the board would be remiss if they didn't call attention to this matter and clear the air once and for all.

Ms. Corley explained that essentially when a member enters DROP he is considered retired and since he has been in DROP for the past thirteen months this is not the correct time for the Board to intervene because the Board has already certified that he is eligible for the benefit by paying the DROP deposits.

Mr. Munch and Mr. Villere expressed that they do not believe it is up to the MPERS Board to request an ethics investigation into wrong doing and would rather place that in the hands of people who can.

Ms. Bourque explained that each city is required to certify the accuracy of enrollment forms prior to submission to the retirement system.

Mr. Normand expounded he was in agreement that the Board would be overstepping its bounds by requesting an investigation. However, if an investigation is performed at the request of someone else and wrong doing is found, then the Board can take appropriate action at that time.

Motion by Mr. Reech seconded by Mr. Ford to approve the application 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>
Troy Williams	New Orleans	06/02/14	20.00	02

Mr. Dabadie and Mr. Villere left the meeting.

#### New Orleans contribution reporting

Ms. Bourque described the issues with receiving complete and accurate monthly payroll information, along with corresponding contribution funds, from the City of New Orleans since their implementation of the City's new payroll system in May 2014. Inaccurate and incomplete information has caused stress on MPERS' members and staff because benefits cannot be accurately calculated and membership credit cannot be accurately applied.

Ms. Bourque explained that 6 retirees' benefit checks were delayed on August 1<sup>st</sup> by two days because of incomplete information being submitted. She also explained the standard procedure of the time frame from when a member terminates active service to the point at which their first retirement check is processed is approximately 6 weeks.

Ms. Bourque reported that as of this date, there are 8 members due to receive a September 1<sup>st</sup> benefit. However, MPERS does not have the proper information to calculate those benefits.

Mr. Norman Foster, Director of Finance with the City of New Orleans, supported the information in which Ms. Bourque provided. He explained their transition into the new payroll system and the coding issues involved such as members with thirty year status and exiting DROP, along with formatting issues. Mr. Foster acknowledged there are a number of long standing issues with the files that require additional information each month, but they are working on some ideas to correct these issues therefore reducing the need for MPERS to submit questions each month. He thanked MPERS Board and staff for their patience as they work through this transition.

Mr. Joey Normand asked for MPERS and New Orleans finance department to arrange a meeting, prior to the next board meeting, for the purpose of resolving all the issues in involved. Both parties committed to meeting and resolving these problems.

Ms. Corley asked Ms. Bourque what effect this delay in receipt of contributions has on our audit and actuarial reporting. Ms. Bourque and Ms. Rogers explained this is a major delay in the required reporting.

Ms. Michelle Cunningham with Duplantier, Hrapmann, Hogan & Maher, MPERS' Auditing firm, spoke in reference to the on-site census testing of certain municipalities required by the new GASB 67 and 68. She explained some major issues were found within the City of New Orleans' reporting.

Mr. Greg Curran, Actuary with Curran & Company, described how the issues with this data will impact the evaluation. He explained how important complete and accurate data information is to the overall health and accuracy of the system.

#### Actuarial Comments:

Mr. Curran reported on a request made from last board meeting as to what he thought the employer rate might be in the upcoming year. Taking into account today's numbers and applying an estimating theory, in the year 2016, his best projection is an employer rate of 28.75% without considering COLAs.

Mr. Burkart asked that the next projections include the cost of factoring in COLAs.

Ms. Corley stated that other systems have provided themselves with other options such as keeping the employer rate higher to be able to afford to put money aside and apply to COLA's or use a cushion to protect any spiking of employer contributions in the future.

Mr. Curran explained that he could provide some projections with COLAs factored in for analysis purposes. He stated that if the system's funding status reaches 70%, the board already has the authority to grant a COLA but the system is currently only at 64% funded.

#### Update on Touchstone Golf:

Mr. Roche explained that Touchstone and MPERS were in negotiations over their termination and their incentive fee. Initially Touchstone wanted \$147,649.61 but MPERS offered \$92,000.00. After discovering MPERS did not include earnings before

interest, depreciation and taxes- we adjusted our numbers. After numerous discussions with their attorneys and all involved, and after the submission of necessary documents, we settled on \$123,119.71.

Motion by Mr. Munch seconded by Mr. Reech to adjourn the meeting at 3:13 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 20, 2014.

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Mark Huggins, Chairman

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Daphne Rusk, Administrative Assistant