

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, August 24, 2011, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Kelly Gibson at 9:05 a.m.

Pledge of Allegiance:

Chairman Kelly Gibson led the pledge of allegiance.

Members Present:

Capt. Kelly Gibson, Chairman
Sgt. (Ret.) Larry Reech, Vice Chairman
Mayor Barney Arceneaux
Chief Stephen Caraway
Capt. Henry Dean
Chief Christopher Elg
Chief K.P. Gibson
Capt. (Ret.) Willie Joe Greene
Ms. Lori Pierce, designee for State Treasurer
Cpl. Mark Huggins
Mayor Tim Matte
Chief Dwayne Munch
Dr. Steve Procopio, designee for DOA Commissioner

Members Absent:

Senator D.A. "Butch" Gautreaux
Representative Kevin Pearson

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. Matt Tessier, Attorney, House Retirement Committee
Ms. Laura Gail Sullivan, Senate Counsel
Mr. Brett Hazen, Segal Advisors
Mr. Dan Westerheide, Segal Advisors
Mr. Gary Curran, GS Curran & Company, Ltd
Mr. Greg Curran, GS Curran & Company, Ltd
Ms. LA Tucker, Monroe Police Department
Mr. Jim Percy, Jones Walker
Mr. Michael Callaway, Monroe Police Department
Ms. Easterlyn McKendall, New Orleans Police Department
Mr. Daniel Sido, BMO Asset Management
Mr. Dave Majewski, BMO Asset Management

Oath of Office:

Mr. Roche administered the Oath of Office to Barney Arceneaux and Tim Matte to serve a term from July 1, 2011 until replaced by Louisiana Municipal Association.

Public Comment:

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

Approval of minutes:

Motion by Mr. Reech seconded by Mr. Huggins to approve the minutes of the meeting held July 20, 2011 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Dean seconded by Mr. K.P. Gibson 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> |
|----------------|------------------|------------------|-------------------------|-------------|
| Ronald Besson | Alexandria | 07/25/11 | 27.02 | 2a |
| Marlon DeFillo | New Orleans | 07/22/11 | 30.42 | 2a |
| Joy Hirsch | Alexandria | 07/08/11 | 20.02 | Max |
| Morgan King | Shreveport | 08/22/11 | 15.74 | Max |
| Donna Lott | Shreveport | 08/11/11 | 12.68 | 2a |
| Jonathan Reich | Shreveport | 08/01/11 | 26.91 | Max |

Motion by Mr. Greene seconded by Mr. Caraway 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> |
|--------------------|------------------|------------------|-------------------------|-------------|
| Craig Billodeaux | Jennings | 05/20/11 | 27.05 | Max |
| Paul Ellington | Alexandria | 06/16/11 | 30.00 | 2a |
| Mary Fanara | Bunkie | 07/01/11 | 31.73 | Max |
| R.L. Fuller | Monroe | 06/17/11 | 27.00 | Max |
| Dwain Grimmitt | Opelousas | 07/01/11 | 30.04 | 2a |
| Karen Hillhouse | Monroe | 06/17/11 | 28.04 | Max |
| Brian Jacomine | New Orleans | 06/04/11 | 30.01 | Max |
| Lee Leach | Alexandria | 06/12/11 | 31.60 | 02 |
| John Lummus | Alexandria | 06/24/11 | 23.01 | 3a |
| Melanie Oliver | West Monroe | 06/19/11 | 25.50 | Max |
| David Patroia | New Orleans | 06/30/11 | 26.00 | 2a |
| Chalmus Queen, Jr. | Alexandria | 06/30/11 | 30.06 | 2a |
| Charles Spraggins | Bossier City | 06/29/11 | 27.89 | Max |
| Joseph Tran | New Orleans | 06/26/11 | 23.05 | 2a |
| Connie Willis | Alexandria | 06/11/11 | 27.46 | 3a |
| Alfred Williams | Natchitoches | 06/12/11 | 27.13 | 2a |

Motion by Mr. Reech 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> |
|--------------------|------------------|------------------|-------------------------|-------------|
| Gustave Bethea | New Orleans | 06/18/11 | 30.15 | 2a |
| Emelda Blanco | New Orleans | 07/23/11 | 24.11 | Max |
| Terry Bowen | Bastrop | 07/14/11 | 20.02 | 2a |
| Wayne Crescoioni | New Orleans | 05/27/11 | 27.20 | 2a |
| Darrell Darden | Bogalusa | 08/01/11 | 25.03 | 3a |
| Joseph Goines, III | New Orleans | 07/10/11 | 24.50 | 02 |
| Dennis Harris | Monroe | 08/01/11 | 30.80 | 2a |
| Samuel Pasqua | Gonzales | 08/01/11 | 30.24 | 2a |
| Edward Selby | New Orleans | 07/07/11 | 32.89 | Max |
| Vicki Sessler | New Orleans | 07/29/11 | 19.09 | 2a |
| David Slicho | New Orleans | 08/06/11 | 25.00 | 02 |
| Steven Smegal | New Orleans | 07/31/11 | 27.73 | 2a |
| Terry Wilson | New Orleans | 06/19/11 | 28.44 | Max |

Disability Retirement:

Motion by Mr. Reech seconded by Mr. Huggins to approve Mr. Arthur Graves (Monroe) non-duty related disability application as submitted. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Caraway to approve Mr. Charles Jenkins (New Orleans) non-duty related disability application as submitted. Without objection the motion carried.

Ms. Easterlyn McKendall (New Orleans) attended the board meeting to provide information relative to her application for disability retirement. Chairman Gibson advised Ms. McKendall that she had the option of having her application discussed in open session or executive session. Ms. McKendall opted for executive session.

Motion by Mr. Reech seconded by Mr. Huggins to go into executive session at 9:24 a.m. to discuss Ms. Easterlyn McKendall's disability application. Without objection the motion carried.

Back to regular session at 9:36 a.m.

Motion by Mr. Reech seconded by Mr. Dean to approve Ms. Easterlyn McKendall's (New Orleans) duty related disability application as submitted. Without objection the motion carried.

Investment Consultant's Report:

Mr. Brett Hazen represented Segal Advisors at the meeting and presented the analysis of performance ending July 31, 2011. Performance for July 2011 was -0.65% (gross of fees). Market value as of July 31, 2011 was \$1,393,094,235.

Litigation Update:

Mr. James Percy appeared and recommended to the board that they accept the plaintiff's settlement proposal to settle the claims of Martin Stuart, former golf pro at Olde Oaks Golf Club, for the sum of \$40,000 (with each party to pay their own costs). Mr. Percy explained that, for reasons previously shared in executive sessions as the litigation progressed, the claims of Mr. Stuart totaled over \$60,000 for past due contractual wages, costs, interest and attorney fees.

Motion by Mr. Dean seconded by Mr. Greene to accept the recommendation of Mr. Percy and to settle the claims of Martin Stuart for the sum of \$40,000. Without objection the motion carried.

Investment Managers Presentation:

BMO Global Asset Management

Mr. Daniel Sido and Mr. Dave Majewski represented BMO Global Asset Management, Inc. (formerly Harris Investment Management) to present their annual report. Mr. Majewski advised that Harris Investment Management changed its brand name to BMO Global Asset Management U.S. The portfolio market value as of July 31, 2011 was \$73,707,093.

Performance as of July 31, 2011:

| | <u>3 Mos.</u> | <u>YTD</u> | <u>1 Year</u> | <u>Since Inception*</u> |
|--------------------|---------------|------------|---------------|-------------------------|
| MPERS | -0.05% | 8.53% | 32.44% | 1.14% |
| Russell 1000 Value | -0.51% | 5.91% | 28.94% | 1.94% |

*September 1, 2008

INTECH Investment Management

Mr. Warren DeKinder represented INTECH to present their annual report. The portfolio market value as of July 31, 2011 was \$67,983,977.

Performance as of July 31, 2011:

| | <u>3 Mos.</u> | <u>1 Year</u> | <u>Since Inception*</u> |
|---------------------------|---------------|---------------|-------------------------|
| MPERS | - 2.11% | 26.78% | 1.06% |
| Russell 1000 Growth Index | - 1.00% | 24.76% | -1.23% |

*November 1, 2000

Investment Consultant's Report:

Mr. Brett Hazen and Mr. Dan Westerheide represented Segal Advisors and presented the asset/liability study. The focus needs to be on improving the Fund's funded ration and the asset allocation needs to be driven by a holistic framework. The goal is to get MPERS fully funded and maintain fully funded status. The current actuarial liability is broken between actives / inactives approximately 43% / 57% and the trend is for the system to mature and the inactives % to increase to roughly 64% of the total liability, assuming the active workforce level is constant. Under the current portfolio's allocation and contribution policy, the models have a 10 year horizon median funded ratio of 80%; with a modest pick-up in risk, the alternative portfolio 2 improves the median funded ratio to 82% (10 year horizon). Mix 2 has a reduction in exposure to public market developed equity and core fixed income, increase exposure to emerging market equity, high yield fixed income, inflation hedge, alternatives (low volatility) and alternatives (alpha generating). Longer term MPERS should implement a dynamic asset allocation approach as the funded status of the system recovers and improves. The asset allocation mix (Mix 2) moves toward asset classes that better hedge the liability risk. Glide path will be developed that will match the system's economic funded ratio with the appropriate asset allocation. De-risking for MPERS is not currently an option given the system's current funded ratio as well as the existing interest rate environment. After discussing some potential changes for implementation of the recommended mix, the board asked Mr. Hazen for additional information to be provided at the next meeting. No action taken.

Mr. Gary Curran advised that within the next couple of weeks his office will begin processing the purchase of service calculations and transfer of service cost and he would like to use substantially similar assumptions to the assumptions currently being used by Hall Actuarial Associates.

Motion by Mr. Reech seconded by Mr. Dean to allow Curran & Company to use substantially similar assumptions to the assumptions currently being used for purchase of service calculations and transfer cost. Without objection the motion carried.

Other Business:

Redesign Board Room:

Mr. Roche handed out a sketch prepared by the architectural firm Bradly-Blewster & Associates for improvements to the board room. The estimate for the proposed construction and design service is \$73,000.00.

Motion by Mr. Dean seconded by Mr. Reech to obtain sketches and estimates from two additional architectural firms for improvements to the board room. Without objection the motion carried.

HR 149 of 2011:

House Resolution 149 of the 2011 Regular Session by Representative Montoucet directs the state and statewide retirement systems to study the nature of irrevocable decisions and to provide the legislature with proposals for allowing members and retirees to revoke certain elections under certain circumstances.

Mr. Curran advised that as a result of a meeting held with a majority of the state and statewide systems it was unanimously decided that he, Charles Hall and Shelly Johnson (actuaries for all state and statewide systems) develop a memorandum for all systems to sign and submit to the legislature as directed by HR 149.

Legislative Auditors Request:

Mr. Roche advised that the Legislative Auditor sent a letter advising that after reviewing MPERS recent audit, MPERS has failed to make significant progress in correcting the findings reported in the audit reports. Therefore, MPERS must engage in the same CPA firm who will be performing the audit for fiscal year ended June 30, 2011 to perform certain additional procedures to test MPERS' internal controls and compliance with laws and regulations. The additional procedures should be over and above the work the CPA firm normally performs during its annual audit.

Motion by Mr. Dean seconded by Mr. K.P. Gibson to direct Mr. Roche to communicate with Duplantier, Hrapmann, Hogan and Maher to comply with the Legislative Auditors Office and to obtain a cost of the additional procedures. Without objection the motion carried.

Election Ballots:

Chief Elg asked if MPERS could exclude the social security number from the board member election ballot. He advised that he has spoken to members of MPERS regarding low voter response to board member elections and the main reason members do not participate is because the member does not want to mail the ballot to a post office box with their social security number included on the ballot.

Ms. Bourque advised that the ballots can be redesigned to have the member only complete the last four digits of their social security number.

Motion by Mr. Dean seconded by Mr. Reech to adjourn the meeting at 12:02 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 24, 2011.

Kelly Gibson, Chairman

Kathy Bourque, Director