

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, December 12, 2012, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Henry Dean at 9:05 a.m.

Pledge of Allegiance:

Chairman Henry Dean led the pledge of allegiance.

Members Present:

Cdr. Henry Dean, Chairman
Cpl. Mark Huggins, Vice Chairman
Mayor Barney Arceneaux
Chief Stephen Caraway
Chief K. P. Gibson
Capt. (Ret.) Willie Joe Greene
Ms. Andrea Hubbard, designee for DOA Commissioner
Mayor Tim Matte
Ms. Amy Matthews, designee for Treasurer
Sgt. (Ret.) Larry Reech

Members Absent:

Chief Christopher Elg
Capt. Kelly Gibson
Chief Dwayne Munch
Senator Elbert Guillory
Representative Kevin Pearson

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. Jeff Boucek, Segal Rogerscasey
Mr. John Dickson, Segal Rogerscasey
Mr. Gary Curran, GS Curran & Company, Ltd
Mr. Richard Hartzell, JPMorgan
Ms. Margaret Corley, Attorney Senate Retirement
Ms. Stephanie Little, Attorney House Retirement
Ms. L.A. Tucker, Monroe Police Department
Mr. M.A. Callaway, Monroe Police Department
Ms. Michelle Cunningham, Duplantier, Hrapmann, Hogan and Maher
Mr. Bill Stamm, Duplantier, Hrapmann, Hogan and Maher
Mr. Bill Matthews, Post Advisory Group
Mr. Hugh Costello, Post Advisory Group

Public Comment:

Chairman Dean 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 November 14, 2012 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Huggins 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>
Van Burgess	Slidell	12/01/12	25.60	Max - IBO
Craig LeBouef	Houma	10/28/12	28.16	02
Patricia Roberson	Slidell	11/01/12	12.52	2a – IBO
Martin Schmidt	Gretna	10/22/12	24.29	02
Gina Walker	West Monroe	12/26/12	22.52	2a

Motion by Mr. Greene 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>
David Abbott	New Orleans	11/01/12	25.00	2a
Paul Bourgeois	New Orleans	10/29/12	25.08	02
Shaun Brown	New Orleans	10/24/12	25.00	2a
Deborah Hodges	Bogalusa	11/01/12	14.25	Max
Nancy Morgan	Baton Rouge	10/09/12	26.74	3a
Michael Sarver	New Orleans	10/21/12	25.20	3a
Rickey Scroggins	Shreveport	11/01/12	26.14	2a

Motion by Mr. K.P. Gibson 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>
Dwane Babin	Kenner	01/01/13	32.11	3a
Joan Cage	Baton Rouge	12/08/12	28.80	Max
Robert Canedo	New Orleans	10/12/12	32.37	02
Donald Doyle	Oakdale	11/26/12	6.22*	03
*Reciprocal with MERS				
Jeffery Jacomine	New Orleans	11/30/12	27.74	2a
Eddie Polite, III	New Orleans	11/28/12	16.15	2a
Samuel Taylor, III	Shreveport	01/01/13	26.02	Max

Litigation Update:

Motion by Mr. Huggins seconded by Mr. Reech to add Litigation Update from Mr. James Percy of Jones Walker to the agenda. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Huggins to go into executive session at 9:09 a.m. to discuss CPERS Litigation and Ad Valorem Property Taxes in Bossier City with Mr. James Percy. Without objection the motion carried.

Mr. James Percy advised that Mr. Dennis Bamburg has made an offer to buy the small narrow strip of land across from The Bluffs for \$20,000.00 and Mr. Bamburg is also asking for an exchange of properties of his 4 ½ acre tract of land located in the middle of the development for a small strip of road frontage land.

Motion by Mr. Huggins seconded by Mr. Reech to reject Mr. Dennis Bamburg's offer to buy the small narrow strip of land across from The Bluffs for \$20,000.00. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Caraway to reject Mr. Dennis Bamburg's offer to exchange his 4 ½ acre tract of land located in the center of the development for a small strip of road frontage land. Motion failed.

Motion by Mr. Greene seconded by Mr. Huggins to agree to Mr. Dennis Bamburg's offer to exchange his 4 ½ acre tract of land located in the center of the development for a small strip of road frontage land. With Mr. Caraway and Mr. Reech opposing the motion carried.

Investment Managers Presentation:

Mr. Hugh Costello and Mr. William Matthews represented Post Advisory Group to present the annual report. The market value was \$70,960,963 as of October 31, 2012.

Investment Consultant's Report:

Segal Rogerscasey:

Mr. Jeff Boucek and Mr. John Dickson represented Segal Rogerscasey. Mr. Boucek reported that assets increased during November by \$19.4 million ending the month with a market value of \$1,449,888,263. The total fund returned 1.38% (preliminary) which outperformed the Policy Index return of 0.97% by 0.41%.

Mr. Boucek advised that Segal Rogerscasey's research group followed-up with INTECH on the announced organizational change and following the conversation with INTECH, the research group is comfortable with the change and does not anticipate any ratings change with respect to the change. The research group will be meeting again with INTECH in the coming months to discuss the business side of the organization as the change is completed.

Mr. Boucek presented a 2013 work plan which includes asset-liability study/review of manager structure, investment policy review, and trustee educational session.

Custodian Report by JPMorgan:

Mr. Richard Hartzell represented JPMorgan at the meeting. Total market value as of November 30, 2012 was \$1,448,767,028.

Presentation of the annual audit report:

Ms. Michelle Cunningham and Mr. Bill Stamm represented Duplantier, Hrapmann, Hogan and Maher CPA's to present the annual report for Municipal Police Employees' Retirement System and Subsidiaries for the fiscal year ended June 30, 2012.

The following financial highlights were presented as part of Management's Discussion and Analysis:

- The Municipal Police Employees' Retirement System's assets exceeded its liabilities at the close of fiscal year 2012 by \$1,406,662,003 which represents a decrease from last fiscal year. The net assets held in trust for pension benefits decreased by \$34,133,583 or 2.4%. The decrease was due primarily to the depreciation in the various investment portfolios.
- Contributions to the plan by members and employers totaled \$100,253,037, an increase of \$9,637,389 or 10.64% over the prior year.
- Funds apportioned by the Public Employees' Retirement Systems' Actuarial Committee from available insurance premiums tax totaled \$15,628,206, an increase of \$197,250 or 1.28% over the prior year.

- The System experienced a net investment loss in the amount of \$30,170,558 during the year ended June 30, 2012. This is a 110.98% decrease from net investment income of \$274,858,285 during the year ended June 30, 2011. The decrease was due primarily to lower equity market returns available in the market place due to the current economic climate.
- The rate of return on the System's investments was negative 2.1% based on the market value. This is lower than last year's positive 23.50% rate of return.
- Pension benefits paid to retirees and beneficiaries increased by \$4,288,103 or 3.88%. This increase is due to an increase in retirees.
- Administrative expenses totaled \$1,096,096, an increase of \$73,032 or 7.14%. The cost of administering the System per member during 2012 was \$94.50 per individual compared to \$87.38 per individual in 2012.

Ms. Cunningham provided the findings from the agreed upon procedures engagement which was requested by the Legislative Auditor. The procedures performed were credit cards and contracts. The findings were that the system does not have any policies and procedures in written form and recommend that the system develop written policies and procedures immediately.

Motion by Mr. Reech seconded by Mr. Huggins to accept the annual report as submitted by Duplantier, Hrapmann, Hogan and Maher. Without objection the motion carried.

Presentation of annual actuarial report:

Mr. Gary Curran of G.S. Curran & Company, Ltd presented the results of the actuarial valuation of assets and liabilities, as well as funding requirements for the Municipal Police Employees' Retirement System as of June 30, 2012. A brief summary of the more important figures developed in this valuation, with comparable results from the previous valuation are as follows:

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Membership Census		
1) Retirees	4,230	4,165
2) Actives	5,779	5,933
3) DROP	284	231
4) Vested Deferred	130	128
Annual Benefits	\$104,988,503	\$99,863,547
Total Payroll	\$272,606,934	\$273,348,634
Valuation Assets	\$1,382,503,860	\$1,286,287,651
Investment Yield		
Market Value	-2.1%	23.5%
Actuarial Value	7.8%	3.9%
DROP Accounts	7.3%	3.4%
Cost to Fund Annual Pension Accruals (Normal Costs)	\$45,263,337	\$45,607,236

Other Business:

Motion by Mr. Reech seconded by Mr. Greene to add Mr. Carl Bordelon's (Ball) request to the agenda. Without objection the motion carried.

Mr. Roche advised Mr. Carl Bordelon became a member of MPERS on March 27, 1995 as a patrolman for the Town of Ball Police Department. In February 2001, Mr. Bordelon completed an Affidavit certifying that he was not terminating his employment and he wanted to opt out of MPERS due to having to pay social security. Mr. Bordelon received a refund from MPERS cancelling 5.84 years of service. By signing the notarized Affidavit, Mr. Bordelon agreed to repay his refunded contributions plus interest should he wish to become a member of MPERS again while employed by the Ball Police Department. MPERS began receiving contributions from The Town of Ball in July 2011 on behalf of Mr. Bordelon. Contributions began in July 2011 at which time it was brought to MPERS' attention that the Town of Ball Police Department was always exempt from participating in social security; therefore, Mr. Bordelon should have never received a refund of contributions and should have always been a member of MPERS. MPERS has advised Mr. Bordelon that he must repay his previously refunded contributions and The Town of Ball must submit contributions on his behalf from February 2001, the date contributions ceased due to Mr. Bordelon receiving a refund from MPERS based on his notarized Affidavit.

Mr. Roche advised that the Town of Ball and Mr. Bordelon has submitted a formal request to allow Mr. Bordelon to participate in MPERS with the effective date of July 2011 without repaying previously refunded contributions and contributions back to February 2001.

Motion by Mr. K.P. Gibson seconded by Mr. Arceneaux to table the request from The Town of Ball and Mr. Bordelon's to study the matter. Without objection the motion carried.

Election of Chairman and Vice Chairman for 2013:

Mr. Greene nominates Mr. Mark Huggins as Chairman for 2013. There were no further nominations.

Motion by Mr. Greene seconded by Mr. Caraway to accept Mr. Mark Huggins as Chairman for 2013. Without objection the motion carried.

Mr. Reech nominates Mr. Kelly Gibson as Vice Chairman for 2013. There were no further nominations.

Motion by Mr. Reech seconded by Mr. Huggins to accept Mr. Kelly Gibson as Vice Chairman for 2013. Without objection the motion carried.

Motion by Mr. Greene seconded by Mr. Caraway to adjourn the meeting at 12:42 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 December 12, 2012.

Henry Dean, Chairman

Kathy Bourque, Director