

## MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, December 17, 2014, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Mark Huggins at 9:02 a.m.

### Pledge of Allegiance:

Chairman Huggins led the pledge of allegiance.

### Members Present:

Cpl. Mark Huggins, Chairman  
Maj. Kelly Gibson, Vice Chairman  
Mr. John Broussard  
Chief Carl Dabadie  
Chief Scott Ford  
Capt. (Ret.) Willie Joe Greene  
Ms. Ashlee McNeely  
Chief Dwayne Munch  
Mayor Joey Normand  
Representative Kevin Pearson  
Sgt. (Ret.) Larry Reech  
Chief Michael Suchanek  
Mayor Donald Villere

### Members Absent:

Maj. Raymond Burkart, Jr.  
Senator Elbert Guillory

### Others Present:

Ms. Kathy Bourque, Director  
Ms. Daphne Rusk, Administrative Assistant  
Ms. Kelli Rogers, CFO  
Mr. Randy Roche, General Counsel  
Mr. David Barnes, NEPC  
Mr. Jacob Putnam, Actuary, G. S. Curran & Co.  
Ms. Stephanie Little, Attorney, House Retirement Committee  
Ms. Margaret Corley, Attorney, Senate Retirement Committee  
Ms. L. A. Huggins, Monroe Police Dept.  
Ms. Michelle Cunningham, Auditor, DHHM  
Mr. Chad King, BRPD  
Mr. Ron Henson, State Treasury  
Mr. Paul Richmond, Legislative Actuary  
Mr. Paul Schmidt, BNY

### Public Comment:

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

### Approval of minutes:

Motion by Mr. Gibson seconded by Mr. Ford to approve the minutes of the meeting held November 19, 2014 as presented. Without objection the motion carried.

Motion by Mr. Gibson seconded by Mr. Reech 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>
Victoria Corkern	Hammond	10/22/14	24.04	2a
Eric Covell	Gretna	10/12/14	28.00	02
Thomas Keelen, IV	New Orleans	10/30/14	20.00	Max
Jeffrey McHugh	Baton Rouge	10/20/14	25.30	3a
Jeffery Tyler	New Orleans	10/20/14	26.31	Max
Sharon Williams	New Orleans	10/22/14	25.00	Max

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>
Charles Eichenholtz	Shreveport	01/01/15	22.02	2a
Mark Mornay	New Orleans	11/30/14	30.85	2a
William Mouret	Kenner	12/17/14	30.24	Max
John Riley	New Orleans	01/01/15	20.21	Max
Patricia Salay	Alexandria	12/01/14	20.14	3a
Bobby Wilbert	Shreveport	01/01/15	27.37	Max
John Youngblood	Shreveport	12/01/14	25.24	3a

Motion by Mr. Gibson seconded by Mr. Reech 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>
Eddie LeBlanc, Jr.	Sulphur	11/05/14	21.30	02

Personnel Matter:

Motion by Mr. Gibson seconded by Mr. Reech to go into executive session at 9:05 a.m. to discuss personnel matters as regards to Kelli Rogers, CFO. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Suchanek to return to regular business at 11:23 a.m. Without objection the motion carried.

Investment Consultant's Report:

NEPC:

Mr. David Barnes represented NEPC and presented the Investment Market Update for the system. The total market value as of November 30, 2014 was \$1,813,179,074 and performance was 0.7% for the month and -0.5% for the fiscal year to date.

Mr. Barnes advised that a memo was sent to Sterling notifying them of the board's action of putting them on watch last month. NEPC received an update from Sterling advising that they restarted the clock since June 2012 as they made a significant portfolio management change to correct the problem. Since then, Sterling outperformed in 2013 and underperformed in 2014. Mr. Barnes stated that he is still comfortable with Sterling at this point.

Mr. Barnes advised that oil is down for the year about 30% which has impacted the Energy Opportunities fund which was -9.2% for the month of November 2014 and fiscal year to date was -26.4%. Energy Opportunities portfolio is more volatile and their performance is tied to both the stock market and the energy market. Mr. Barnes proposed bringing in managers that compliment Energy Opportunities portfolio to try to lessen some of the volatility associated with this division of the portfolio.

Mr. Barnes advised that one of Permal's underlying hedge fund managers, Contrarian Capital which is a distressed debt investment firm, has recently discovered that their Financial Controller was embezzling money and he has been terminated. Permal has a 2.8% exposure to Contrarian Capital Management. NEPC's research team has reviewed the event and reactions by both Permal and Contrarian and the outcome of the review is that NEPC will maintain a preferred rating of Permal. NEPC recommends no client action at this time.

The board instructed Mr. Barnes to contact Permal and have them attend next board meeting to discuss the issues with Contrarian Capital Management.

BNY Mellon Custody and Securities Lending:

Mr. Paul Schmidt represented BNY Mellon to present their annual report. Mr. Schmidt presented the board with a synopsis of the services BNY Mellon provides in their role as Custodian and Securities Lending. The annual earnings from Securities Lending for the year of 2014 was \$655,000.00.

Presentation of the annual audit report:

Ms. Michelle Cunningham 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, 2014.

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

\* The Municipal Police Employees' Retirement System ended the 2014 fiscal year with \$1.9 billion in net position restricted for pension benefits. This is an increase of \$286 million or 17.9% from the 2013 fiscal year, primarily due to the appreciation in the fair market value of the System's investments.

\* Contributions to the plan by members and employers totaled \$108.2 million, a decrease of \$1.8 million or 1.71% over the prior year. This decrease is due to a net decrease in the number of active plan members.

\* Fund apportioned by the Public Employees' Retirement Systems' actuarial committee from available insurance premiums tax totaled \$16.6 million, an increase of \$.8 million or 5.28% over the prior year.

\* The System experienced a net investment income in the amount of \$296.6 million during the 2014 fiscal year. This is a 54.33% increase from net investment income of \$192.1 million during the 2013 fiscal year. The increase was due primarily to higher market returns due to the current economic climate.

\* Pension benefits paid to retirees and beneficiaries increased by \$8.6 million or 7.26%. This increase is due to large benefits paid to new retirees.

\* DROP and IBO withdrawals increased by 2.1 million or 19.76%. This increase is due to mandatory withdrawals in addition to large withdrawals during the fiscal year.

\* Administrative expenses totaled \$1.4 million, an increase of 17.69%. The cost of administering the system per member during 2014 was \$118.97 per individual compared to \$104.87 per individual in 2013.

Motion by Mr. Villere seconded by Mr. Reech to accept the annual report for fiscal year end June 30, 2014 as submitted by Duplantier, Hrapmann, Hogan and Maher. Without objection the motion carried.

GASB education:

Ms. Michelle Cunningham provided the board with an education booklet regarding GASB 67 and 68. Chairman Huggins suggested that the board review the booklet and if needed Ms. Cunningham could conduct an education session on GASB 67 and 68.

Election of Chairman and Vice Chairman for 2015:

Mr. Reech nominated Mr. Mark Huggins as Chairman for 2015. There were no further nominations.

Motion by Mr. Reech seconded by Mr. Greene to accept Mr. Mark Huggins as Chairman for 2015. Without objection the motion carried.

Mr. Reech nominated Mr. Willie Joe Greene and Mr. Suchanek nominated Mr. Scott Ford as Vice Chairman for 2015. There were no further nominations.

After a vote, Mr. Willie Joe Greene received the most votes.

Motion by Mr. Reech seconded by Mr. Suchanek to accept Mr. Willie Joe Greene as Vice Chairman for 2015. Without objection the motion carried.

Mr. Munch suggested that the nominations for Election of Chairman and Vice Chairman should be conducted at the November meetings each year and voted on at the December meetings each year.

Other Business:

Mr. Roche advised that he is currently working on Legislation that would require a municipality to pay their portion of the unfunded accrued liability if such municipality removes their employees from MPERS.

Motion by Mr. Normand seconded by Mr. Suchanek to instruct the Director to draft a complete set of job descriptions including an organization chart to be presented to the board at the February board meeting. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Villere to adjourn the meeting at 12:30 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 17, 2014.

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Mark Huggins, Chairman

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Kathy Bourque, Director