

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, December 18, 2013, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Mark Huggins at 9:05 a.m.

Pledge of Allegiance:

Chairman Mark Huggins led the pledge of allegiance.

Oath of Office:

Mr. Roche administered the Oath of Office to Chief Travis Crouch to serve a term from December 18, 2013 through June 30, 2014.

Members Present:

Cpl. Mark Huggins, Chairman
Capt. Kelly Gibson, Vice Chairman
Ms. Monique Appeaning
Chief Travis Crouch
Chief Carl Dabadie
Cdr. Henry Dean
Chief Scott Ford
Capt. (Ret.) Willie Joe Greene
Mayor Joey Normand
Ms. Lori Pierce
Mayor Donald Villere

Members Absent:

Chief Dwayne Munch
Sgt. (Ret.) Larry Reech
Senator Elbert Guillory
Representative Kevin Pearson

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. Gary Curran, GS Curran & Company, Ltd
Mr. Rhett Humphreys, NEPC
Ms. L.A. Huggins, Monroe Police Department
Ms. Sandra Triplet, Natchitoches Police Department
Mr. Daniel Waguespack, NOPD
Mr. Edgar Dunn, NOPD
Mr. Charles Krone, NOPD
Mr. Shane Clifford, Permal
Mr. Michael Plichta, Permal
Mr. David Livingston, Entrust
Mr. Bruce Kahn, Entrust
Mr. Bryan Schneider, Entrust
Mr. Chad King, BRPD
Ms. Michelle Cunningham, DHHM

Public Comment:

Chairman Huggins called for public comment. Mr. Edgar M. Dunn retiree from New Orleans Police Department addressed the board regarding posting of the minutes from the November 20, 2013 meeting, cost of living adjustments and former MPERS Attorney Mr. Randy Zinna.

Chairman Huggins, Mr. Dean and Ms. Bourque explained that the November 20, 2013 meeting minutes must be approved prior posting. The system has enough money to grant a one-time cost of living adjustment but in order to grant a cost of living adjustment the employer contributions would increase at least 1% and the board voted not to grant a cost of living adjustment. Mr. Zinna served his sentence and is now in a half way facility.

Approval of minutes:

Motion by Mr. Gibson seconded by Mr. Dean to approve the minutes of the meeting held November 20, 2013 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Dean seconded by Mr. Greene 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>
Charles Henry	New Orleans	10/02/13	14.99	Max (IBO)
Stanley Suire	Abbeville	11/16/13	12.72	02

Motion by Mr. Dean seconded by Mr. Villere 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>
William Ceravolo	New Orleans	11/04/13	25.13	Max
Stephen Harrell	New Orleans	09/09/13	25.13	2a
Kaster Jones	Alexandria	09/16/13	31.91	2a
Patrick LaSalle	Patterson	09/12/13	21.72	Max
Paul Long	New Orleans	09/14/13	22.53	2a
Keith McLain	Pineville	09/23/13	25.04	02
Damon Murray	New Orleans	09/23/13	22.10	2a
Vera Richard	Baton Rouge	09/18/13	17.00	Max
Laura Shelvin	Abbeville	09/02/13	25.00	Max

Motion by Mr. Dean seconded by Mr. Greene 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>
Yvonne Anderson	Carencro	01/01/14	20.94	2a
William Ceravolo	New Orleans	01/01/14	25.13	Max
Derek Gray	Abbeville	11/16/13	25.40	2a
Rhonda Hamann	New Orleans	11/30/13	28.15	02
Tina Ledet	Houma	12/15/13	30.00	02
Darren Minvielle	Kenner	12/17/13	30.00	2a
Dewey Norsworthy, Jr.	Franklinton	12/25/13	15.36	2a
Charles Robinson	Shreveport	12/16/13	29.33	3a
Marsha Russell	Houma	12/15/13	30.00	02

Brenda Stewart	Springhill	01/01/14	20.06	Max
Michael Warren	Shreveport	12/28/13	20.28	02

Disability Retirement:

Ms. Sandra Triplet (Natchitoches) attended the board meeting to provide information relative to her application for non-duty related disability retirement.

Motion by Mr. Normand seconded by Mr. Ford to approve Ms. Sandra Triplet's non-duty related disability as presented. Without objection the motion carried.

NEPC:

Mr. Rhett Humphreys represented NEPC. Mr. Humphreys presented the Investment Market Update and Market Environment Overview. The total market value was \$1,711,217,338 and performance was 1.5% as of November 30, 2013.

Emerging Market Equity Search:

Mr. Humphreys presented a list of the eight remaining Emerging Markets Equity Managers under consideration as a result of the RFP search. The allocation will represent 8% of the portfolio which is an estimated \$125 million.

Motion by Mr. Dean seconded by Mr. Ford to instruct NEPC to recommend six candidates to interview for Emerging Markets Equity Manager(s). Without objection the motion carried.

Mr. Humphreys' recommendations are Acadian Asset Management, LLC, AQR Capital Management, LLC, Dimensional Fund Advisors, LP, Eaton Vance Management, OFI Institutional Asset Management and Thornburg Investment Management, Inc.

Motion by Mr. Ford seconded by Mr. Dean to interview the six managers recommended by NEPC. Acadian Asset Management, LLC, AQR Capital Management, LLC, Dimensional Fund Advisors, LP, Eaton Vance Management, OFI Institutional Asset Management and Thornburg Investment Management, Inc. Without objection the motion carried.

The board will hold interviews on Tuesday, February 18, 2014 and Wednesday, February 19, 2014. NEPC will set the schedule and contact the candidates.

Entrust:

Mr. David Livingston, Mr. Bryan Schneider and Mr. Bruce Kahn represented Entrust to present their annual report. The portfolio value as of November 30, 2013 was \$23,961,547.

Permal:

Mr. Shane Clifford and Mr. Mike Plichta represented Permal to present their annual report. The portfolio value as of November 30, 2013 was \$25,380,000.

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, 2013.

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 2013 by \$1,600,532,779 which represents an increase from last fiscal year. The net assets held in trust for pension benefits increased by \$193,870,776 or 13.78%. The increase was due primarily to the appreciation in the various investment portfolios.

* Contributions to the plan by members and employers totaled \$110,063,546, an increase of \$9,810,509 or 9.78% over the prior year.

* Funds apportioned by the Public Employees' Retirement Systems' actuarial committee from available insurance premiums tax totaled \$15,794,377, an increase of \$166,171, or 1.06% over the prior year.

* The System experienced a net investment income in the amount of \$192,175,020 during the year ended June 30, 2013. This is a 736.96% increase from net investment loss of \$30,170,558 during the year ended June 30, 2012. The increase was due primarily to higher market returns due to the current economic climate.

* The rate of return on the System's investments was a positive 10.81% based on the market value. This is higher than last year's negative 2.1% rate of return.

* Pension benefits paid to retirees and beneficiaries increased by \$4,038,394 or 3.52%. This increase is due to an increase in retirees.

* Administrative expenses totaled \$1,222,084, an increase of \$125,988 or 11.49%. The cost of administering the system per member during 2013 was \$104.87 per individual compared to \$94.50 per individual in 2012.

Motion by Mr. Ford seconded by Mr. Greene to accept the annual report for fiscal year end June 30, 2013 as submitted by Duplantier, Hrapmann, Hogan and Maher. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Gibson to move to item #16 on the agenda, board discussion of structure and staffing. Without objection the motion carried.

Structure and Staffing:

Ms. Michelle Cunningham presented a proposed agreed upon procedures engagement to assist MPERS in the analysis of employee positions.

Motion by Mr. Normand seconded by Mr. Greene to hire Duplantier, Hrapmann, Hogan and Maher to assist MPERS in hiring a CPA and approval of the agreed upon procedures engagement to review the job duties and responsibilities of current staff and make recommendations. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Greene to return back to the regular order of business. Without objection the motion carried.

DROP Withdrawals:

Ms. Bourque presented DROP/IBO withdrawal changes as follows:

Withdrawal Methods are available at the time of retirement:

- a. Leave balance on deposit until further notice; or
- b. Monthly withdrawal; or
- c. Annual withdrawal; or
- d. Lump sum withdrawal; or
- e. One time withdrawal; or
- f. Partial rollover; or
- g. Lump sum rollover; or

- e. Any other structured method as approved by the board of trustees in accordance with applicable federal tax laws.

The DROP/IBO funds can be withdrawn as the retiree chooses. Withdrawals will only be issued once a month on the 1st business day of the month in conjunction with payment of retirement benefits. Withdrawal requests must be received in writing in the MPERS office by the 15th of the month to be processed on the 1st business day of the following month. MPERS is required to withhold a minimum of 20% of the withdrawal amount for federal taxes, unless the withdrawal is a direct rollover. The Internal Revenue Service may impose an early distribution penalty tax on distributions made to a retiree depending upon the type of distribution chosen by that retiree.

Motion by Mr. Dean seconded by Mr. Dabadie to adopt the DROP withdrawal changes as presented effective January 1, 2014. Without objection the motion carried.

Act 170 of 2013:

Act 170 creates a new funding criteria a statewide retirement system must meet before granting a benefit increase. It bases cost-of-living increases on the funded level of the system and the number of years since the previous benefit increase. This method must be approved by the individual boards by December 31, 2013 or the system must continue using the old method which uses the "target ratio".

Motion by Mr. Gibson seconded by Mr. Ford to approve the changes of Act 170 of 2013 as regards to granting cost-of-living increases. Without objection the motion carried.

2014 Legislation:

Mr. Roche advised that an advertisement was published for the proposed bill to decrease the length of the various amortization schedules. He requested that the actuary assist in the drafting of the legislation if it is approved. Mr. Roche advised that Representative Kevin Pearson has agreed to sponsor this legislation if approved.

Mr. Curran recommends that the payment structure of the system's unfunded liability be revised in two ways. First, they recommend that the existing set of UAL amortization schedules be combined and offset to a single payment set amortized as level payments over twenty years. Secondly, they recommend that all future gains and losses or changes in benefits or assumptions be amortized over a period of fifteen years with level payments.

Motion by Mr. Normand seconded by Mr. Greene to accept Mr. Curran's recommendation regarding the system's unfunded liability as presented and to authorize Mr. Roche to draft legislation. Without objection the motion carried.

Election of Chairman and Vice Chairman for 2014:

Motion by Mr. Dean seconded by Mr. Greene to retain Mr. Mark Huggins as Chairman and Mr. Kelly Gibson as Vice Chairman. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Greene to adjourn the meeting at 12:25 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 18, 2013.

Mark Huggins, Chairman

Kathy Bourque, Director