

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, June 16, 2010, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Kelly Gibson at 9:00 a.m.

Pledge of Allegiance:

Chairman Kelly Gibson led the pledge of allegiance.

Members Present:

Lt. Kelly Gibson, Chairman (Lafayette)
Sgt. (Ret.) Larry Reech, Vice Chairman (New Orleans)
Chief Stephen Caraway (Kenner)
Capt. Henry Dean (New Orleans)
Capt. (Ret.) Willie Joe Greene (Shreveport)
Cpl. Mark Huggins (Monroe)
Chief Dwayne Munch (Westwego)
Chief Ronald Schleuter (Monroe)

Members Absent:

Chief K.P. Gibson (Crowley)
Representative Kevin Pearson, Ex-officio
Senator D.A. "Butch" Gautreaux, Ex-officio

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. Charles Hall, Actuary (arrived at 11:00 a.m.)
Mr. Eddie Guerra, Mercer
Mr. Guy Cooper, Mercer
Mr. Ben Chavarria, Olde Oaks Golf Club and Stonebridge Golf Club
Mr. James Percy, Jones Walker
Ms. Nathalie Wallace, Batterymarch Global Emerging Markets Fund
Mr. Michael Kinney, Batterymarch Global Emerging Markets Fund
Mr. Pdraig Sheeley, KBC Asset Management
Mr. Mark Hammer, Compass Island Investment Opportunities Fund A, L.P.
Mr. Fred Stoleru, Resource Financial Institutions Group, Inc.
Mr. Shivan Gouindan, Resource Financial Institutions Group, Inc.
Ms. L.A. Tucker, Monroe Police Department

Approval of minutes:

Motion by Mr. Dean seconded by Mr. Schleuter to approve the minutes of the meeting held May 19, 2010 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Schleuter 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>
Keith Gallico	Houma	06/11/10	20.00	Max
John Parker	Alexandria	05/21/10	25.13	03
Darrell Thiels	Alexandria	05/31/10	20.40	Max

Floyd Wagar	New Orleans	06/08/10	14.89	2a
Frederick Zander*	New Orleans	06/08/10	19.88	Max

Converted from duty related disability

Motion by Mr. Schleuter 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>
John Bradford	Monroe	05/01/10	30.00	Max
John Brown	DeQuincy	05/01/10	15.39	2a
Royce Chapman	Bossier City	04/21/10	30.76	3a
Kevin Foltz	Slidell	04/15/10	25.00	02
Paula Gieron	Baton Rouge	04/26/10	28.98	Max
Debbier Glover	Shreveport	04/16/10	25.10	Max
Russell Jones	Winnfield	04/09/10	29.48	2a
Arthur Kaufman	New Orleans	04/25/10	20.10	02
Gary Lewis	New Orleans	04/28/10	25.65	2a
Ray Offenbacher	Baton Rouge	04/12/10	26.73	Max
Dane Roy	Abbeville	05/01/10	25.00	02
Terry Skinner	DeQuincy	05/01/10	24.25	2a
Steven Smegal	New Orleans	04/18/10	27.73	2a
Danny Williamson	Baton Rouge	04/26/10	28.98	3a

Motion by Mr. Huggins 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 Clay	Alexandria	05/21/10	28.24	03
Roy Darnell	Bossier City	05/29/10	28.37	3a
Juan Quinton	New Orleans	05/02/10	31.53	3a

Real Estate Update:

Olde Oaks and Stonebridge Golf:

Mr. Ben Chavarria presented profit and loss statements for Stonebridge and Olde Oaks Golf Club for the month of April 2010. Mr. Chavarria advised that it has been one year since he has been manager at both clubs. He presented pictures of lake banks, cart paths, bridge and bunkers that are in need for improvements at Stonebridge Golf Course. Mr. Chavarria issued a check to MPERS in the amount of \$10,000.00 from Pro Shop profits for repayment of Pro Shop merchandise.

Mr. Chavarria shared a letter that was received from a golfer at Olde Oaks thanking the staff for their generosity and hospitality to him and his son. His son is in the Louisiana National Guard and was recently deployed to Iraq.

Boot Ranch Update:

Motion by Mr. Reech seconded by Mr. Dean to take up #5 on the agenda, Boot Ranch Development Update from Mr. James Percy. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Huggins to go into executive session at 9:34 a.m. to discuss Boot Ranch Development with Mr. James Percy. Without objection the motion carried.

Returned to regular session at 10:22 a.m.

Olde Oaks Development:

Mr. Roche advised that after a review of all bids for Olde Oaks Development Land Management, it appears that all bids were overpriced. Mr. Roche proposed hiring an employee of the development and recommends Mr. Trey Vann who is currently an employee of Olde Oaks Golf Club. Mr. Roche advised that after conversations with Mr. Chavarria, Mr. Vann's duties could be reduced at the golf course such that he can devote his time to both the golf course and the development as needed.

Motion by Mr. Reech seconded by Mr. Dean to reject all bids submitted for Land Manager of Olde Oaks Development. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Reech to hire Mr. Trey Vann effective July 1, 2010 as Land Manager of Olde Oaks Development for a salary of \$40,000.00 per year subject to a job description developed for the purposes of his employment. Without objection the motion carried.

Custodian Report by JPMorgan:

Mr. Mike Gallagher was unable to attend the meeting to present the custodian report. Mr. Gallagher delivered the custodian reports to MPERS.

Motion by Mr. Schleuter seconded by Mr. Dean to accept the May 2010 custodial report as submitted. Without objection the motion carried.

Investment Manager's Report:

Batterymarch Financial Management, Inc.:

Ms. Nathalie Wallace and Mr. Michael Kinney represented Batterymarch Financial Management, Inc. to present their annual report. The portfolio value as of May 31, 2010 was \$23,129,761.

Performance summary as of May 31, 2010:

	<u>MPERS</u>	<u>MSCI Emerging Markets</u>
1 Month	-10.3%	-8.8%
YTD	-5.8%	-5.4%
1 Year	27.0%	22.7%
Inception to end 8/08	-4.4%	0.7%

KBC Asset Management:

Mr. Padraig Sheely represented KBC Asset Management to present their annual report. The portfolio value as of May 31, 2010 was \$33,419,894.

Performance summary as of May 31, 2010:

	<u>MPERS</u>	<u>MSCI Value</u>
YTD to May 2010	-11.8%	-13.7%
1 Year	6.7%	4.8%
5 Years	2.0%	1.3%

Mr. Sheely requested permission for KBC to expand their portfolio to invest in emerging market stocks.

Mr. Guy Cooper advised that allowing KBC to invest in emerging markets would be within MPERS' guidelines.

Motion by Mr. Dean seconded by Mr. Huggins to allow KBC to invest up to 12% of the portfolio in emerging markets as long as they report directly to Mercer for monitoring. Without objection the motion carried.

Investment consultant's report:

Market Update:

Mr. Eddie Guerra and Mr. Guy Cooper represented Mercer Investment Consulting at the meeting.

In the month of May, small and large cap equity performed relatively in line with each other though small cap modestly outpaced large cap. Growth outperformed value for the month, but trailed for the recent three months across asset class sizes.

The S&P 500 sold off on a weak jobs report, losing 2.3% for the week and finishing at 1065. Large caps easily outperformed small caps and growth outperformed value. Every sector finished the week with a loss. In May, auto sales increased by over 19%. The biggest negative was the unemployment report which failed to meet investors' expectations. The report showed 431,000 jobs added in May versus the expected increase of 500,000. Temporary census jobs accounted for 411,000 of the jobs.

Treasury yields fell on the flight to quality. The 10-year yield closed 11 basis points lower at 3.20% while the yield on the 2-year note fell 4 basis points to 0.72%. Mortgage rates continue to be very low with the 30-year at 4.79% and the 15-year hitting an all time low of 4.2%.

Mr. Guerra advised that Mercer met with Energy Opportunities to get an update on the Fund since the oil spill in the Gulf. Energy Opportunities advised that their portfolio is well diversified therefore the oil spill has little impact on their Fund.

Preliminary Summary of Investment Performance Net of Fees:

May 2010 return was -6.4%, FYTD (7/1/09-5/31/10) return was 16.3%. Market value as of May 31, 2010 was \$1,157,183,944.

Motion by Mr. Dean seconded by Mr. Greene to take INTECH off watch and send them a letter advising them that they are no longer on watch. Without objection the motion carried.

Resource Financial Institutions Group, Inc.

Mercer presented a memo recommending that MPERS not make investments in funds that invest in a single industry such as Resource Financial Institutions Group, Inc.

Mr. Dean stated that he asked Resource Financial Institutions Group, Inc. (RFIG) to respond to Mercer's recommendation. Mr. Dean advised that RFIG's response disproves what Mercer stated in their memo.

Mr. Reech asked Mercer to analyze their rebuttal in writing. Mr. Guy Cooper advised that Mercer was not going to send a rebuttal; they stand by their original recommendation.

Motion by Mr. Dean seconded by Mr. Caraway to invest \$30 million with Compass Island Investment Opportunities Fund doing business as Resource Financial Institutions Group, Inc. After roll call vote with Mr. Huggins, Mr. Reech, Mr. Schleuter and Mr. Kelly Gibson voting against the motion, the motion failed.

Consideration of need for RFP for auditors:

Chairman Gibson stated that since MPERS has had the current audit firm for some 25 plus years, it might be time to consider hiring a new audit firm. Chairman Gibson stated that state systems change audit firms every 3-5 years.

Motion by Mr. Dean seconded by Mr. Munch to initiate an Invitation to Bid (ITB) for auditors for MPERS annual audit to begin December 1, 2010. Without objection the motion carried.

Mr. Dean volunteered to Chair an Audit Search committee. Chairman Gibson appointed Mr. Reech and anyone else that wishes to volunteer to serve on the committee.

Public Records Request:

Chairman Gibson advised that during a visit to the MPERS office he became aware of the current MPERS public records request policy which can be made via telephone. Chairman Gibson stated that MPERS office frequently receives telephone requests from newspaper reporters, news reporters, attorneys, etc. and have no way to verify who is making the request. Chairman Gibson suggested that the board adopt a policy that ALL public records request be made in writing except for the Legislative Auditors Office, the employers and Legislators or their offices. This way the system will have a record of who made the request and when the request was made.

Motion by Mr. Reech seconded by Mr. Munch to adopt a public records request policy stating that all public records request be made in writing, approved by the General Counsel and charge a reasonable rate per copy, except for the Legislative Auditors Office, the employers and Legislators or their offices. Without objection the motion carried.

2010-2011 Operating Budget:

Motion by Mr. Reech seconded by Mr. Dean to approve the 2010-11 operating budget as submitted by the Director. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Huggins to approve the 2010-11 building budget as submitted by the Director. Without objections the motion carried.

2010 Legislation:

Mr. Hall stated that the 2010-2011 budgets for the four state systems were approved by the budget committee and all budgets were reduced from the 2009-2010 budgets.

Other Business:

Mr. Schleuter made an observation of the incomplete salary comparison of compatible retirement systems provided by Mr. K.P. Gibson. He stated that all of the Administrators from the systems used in the comparison had a bachelor's degree and he would take 20 years experience over a bachelor's degree any day.

Motion by Mr. Dean seconded by Mr. Reech to adjourn the meeting at 11:54 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 June 16, 2010.

Kelly Gibson, Chairman

Kathy Bourque, Director