

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, June 19, 2013, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Mark Huggins at 9:09 a.m.

Pledge of Allegiance:

Chairman Mark Huggins led the pledge of allegiance.

Members Present:

Cpl. Mark Huggins, Chairman
Capt. Kelly Gibson, Vice Chairman
Cdr. Henry Dean
Chief Scott Ford
Chief K. P. Gibson
Capt. (Ret.) Willie Joe Greene
Chief Dwayne Munch
Mayor Joey Normand
Ms. Lori Pierce
Sgt. (Ret.) Larry Reech
Mayor Donald Villere

Members Absent:

Chief Stephen Caraway
Ms. Kristy Nichols
Senator Elbert Guillory
Representative Kevin Pearson

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. Greg Curran, GS Curran & Company, Ltd
Mr. David Barnes, NEPC
Ms. L.A. Huggins, Monroe Police Department
Mr. Michael Calloway, Monroe Police Department
Mr. Bill Grayson, Principal Global Investors
Mr. John Berg, Principal Global Investors
Mr. Jim Murphy, Prudential Real Estate Investors
Mr. Terry McHugh, Prudential Real Estate Investors
Ms. Erika Fry, Fortune Magazine

Public Comment:

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

Approval of minutes:

Motion by Mr. Ford seconded by Mr. Dean to approve the minutes of the meeting held May 15, 2013 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Reech seconded by Mr. Greene 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> |
|---------------------|------------------|------------------|-------------------------|-------------|
| Barry Fortenberry | Baton Rouge | 04/12/13 | 34.79 | 3a |
| Willie Gant | New Orleans | 05/01/13 | 26.04 | Max |
| James Gueho | Livonia | 05/01/13 | 31.04 | 2a |
| Nathan Keller | Lake Charles | 05/01/13 | 25.09 | 02 |
| Russell Lloyd | Gretna | 04/11/13 | 30.00 | 02 |
| Sabria McGuire | Franklin | 05/01/13 | 21.34 | Max |
| Suzanne Miller | Hammond | 05/01/13 | 17.29 | 2a |
| Kevin Moore | Lafayette | 04/13/13 | 25.13 | 02 |
| Mark Mornay | New Orleans | 04/26/13 | 30.85 | 2a |
| Otis Nacoste | Baton Rouge | 04/23/13 | 25.87 | 3a |
| Michael Rachal | Lake Charles | 04/12/13 | 25.00 | 2a |
| Daniel Wharton, Jr. | New Orleans | 04/07/13 | 25.16 | 2a |

Motion by Mr. Reech seconded by Mr. Greene to approve the applications for DROP to Regular Retirement. Without objection the motion carried.

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|---------------------|------------------|------------------|-------------------------|-------------|
| Steven Andry | New Orleans | 06/01/13 | 25.00 | 2a |
| Johnny Coffey | Shreveport | 07/01/13 | 27.40 | 02 |
| Larry Coutee | Alexandria | 06/01/13 | 35.08 | 2a |
| Christopher Culotta | Slidell | 05/21/13 | 25.28 | 2a |
| McCullan Gallien | Lafayette | 05/24/13 | 26.82 | 03 |
| Candace Graham | Baton Rouge | 06/21/13 | 28.44 | Max |
| Gary Lee, Jr. | New Orleans | 05/30/13 | 27.82 | 2a |
| Don Powers | New Orleans | 05/30/13 | 25.00 | Max |
| Michael Sauter | New Orleans | 05/25/13 | 27.04 | 3a |
| Sandra Simpson | New Orleans | 06/01/13 | 27.26 | Max |
| Fred Thompson | New Orleans | 07/01/13 | 25.14 | 2a |
| Tuoc Tran | New Orleans | 06/30/13 | 23.05 | 2a |

Motion by Mr. Kelly Gibson seconded by Mr. K.P. Gibson to approve the application 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> |
|------------------|------------------|------------------|-------------------------|-------------|
| Shirley Fontenot | Oakdale | 06/01/13 | 15.29 | Max |

Investment Managers Presentation:

Principal Global Investors:

Mr. Bill Grayson and Mr. John Berg represented Principal Global Investors to present the annual report. The portfolio value as of March 31, 2013 was \$97,613,752.

Prudential Real Estate:

Mr. James Murphy and Mr. Terry McHugh represented Prudential Real Estate Investors to present the annual report. Prudential PRISA II has received a total of \$32,612,000 since inception (6/29/07). The market value as of March 31, 2013 was \$28,627,058.

Mr. Joey Normand left the meeting at 9:45 a.m.

NEPC:

Mr. David Barnes represented NEPC. Mr. Barnes presented the Investment Market Update and Market Environment Overview. The total market value was \$1,591,664,645 and performance was 0.6% as of May 31, 2013.

Mr. Barnes presented a draft of the Investment Policy Statement for the board to review. He advised that next month NECP will present the Asset Allocation Study and will make recommendations for long term allocation and recommendations for the investment policy and guidelines. Mr. Barnes presented three new asset classes that will be in the Asset Allocation Study, Emerging Markets Debt, Bank Loans and Private Equity. MPERS is either not currently exposed in these markets or has a small exposure to these markets.

Custodian Search:

Mr. Barnes advised that the interviews for the four top tier Custody Banks will begin at 9:00 a.m. on July 17, 2013. The regular board meeting will begin immediately after the interviews.

Real Estate Update:

Motion by Mr. Dean seconded by Mr. Reech to go into executive session at 11:25 a.m. to discuss the purchase agreement for the sale of Olde Oaks Golf Club, Stonebridge Golf Club and Olde Oaks Development. Without objection the motion carried.

Returned to regular business at 11:31 a.m.

Motion by Mr. Dean seconded by Mr. Reech to authorize Ms. Bourque to pay incoming liabilities as discovered by our auditors relative to Olde Oaks Golf Club and Stonebridge Golf Club that are being sold. Without objection the motion carried.

2013 Legislative Update:

Mr. Roche gave an update on 2013 Legislation:

HB 58 by Representative Foil – allows Baton Rouge legal investigators who were merged into MPERS on February 26, 2000 to remain members of MPERS. Passed.

HB 60 by Representative Talbot – suspends retirement benefits for a member who retires on or after July 1, 2013 and subsequently returns to employment which would make him eligible to participate in any state or statewide retirement system. Also prohibits the individual from participating in the retirement plan during the period of employment. Substitute bill filed to remove all nonpublic employees from Teacher's and State Employees' Retirement System. No longer affects retirees of MPERS. Failed

HB 61 by Representative Badon – provides for a divided benefit calculation when a member's actual earnings in a calendar month are 30% more than the average monthly earnings for the immediately preceding 12 months. This bill affects all state and statewide retirement systems. Bill was withdrawn.

HB 156 by Representative Schexnayder – repeals the Funding Review Panel. Passed.

SB 7 by Senator Peacock – implements a sixty month final average compensation for all members of LASERS, Teachers, School Employees, State Police, Assessors, Parochial, Sheriffs, Municipal Police and Firefighters. Substitute Bill SB 259 which applies to Firefighters Retirement System only. Failed.

SB 10 by Senator Guillory – provides alternative method for statewide retirement systems to grant COLA's to retirees. The Board will make an irrevocable decision on or before 12/31/13 whether they will utilize the COLA provisions contained within this bill. The frequency that a Board can grant a COLA is determined by the funded status of the plan. Plans that are 90% or more funded could grant a COLA every other year. The funding deposit account must contain sufficient funds to grant the COLA. Passed.

SB 14 by Senator Martiny - This bill affects all state and statewide plans. It amends the transfer provisions to permit a member to elect to upgrade the accrual rate on transferred service to the accrual rate of the receiving system. The cost of the upgrade is at actuarial cost. Passed.

SB 159 by Senator Morrell – Required income from any detail or secondary employment administered or managed by the City of New Orleans or by the New Orleans Police Department to be included in the employee's benefits. Bill was totally rewritten and has nothing to do with public retirement benefits. Passed.

Actuary Comments:

Mr. Greg Curran presented a proposal to perform a ten year deterministic forecast valuation study based upon plan provisions and funding policies in effect as of July 1, 2013. Mr. Curran explained that the study would produce expected cash flows for the ten year period and would compute expected employer contribution rates under ten investment earnings paths.

Motion by Mr. Villere seconded by Mr. Dean to approve G. S. Curran & Company's proposal to perform a ten year deterministic forecast valuation study based upon plan provisions and funding policies in effect as of July 1, 2013 as presented. Without objections the motion carried.

Operating and Building Budget 2013-2014:

Motion by Mr. Reech seconded by Mr. Kelly Gibson to approve the 2013-2014 operating budget as submitted by the Director. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Ford to approve the 2013-2014 building budget as submitted by the Director. Without objection the motion carried.

Accept ballot count for Chief District II:

The results of the Chief District II Trustee election as certified by Hawthorn, Waymouth & Carroll, LLP are as follows:

| | |
|----------------------------------|-----|
| Chief Steve Caraway (Kenner) | 109 |
| Chief Carl Dabadie (Baton Rouge) | 205 |

Motion by Ms. Pierce seconded by Mr. K.P. Gibson to accept the ballot count and declare Chief Carl Dabadie (Baton Rouge) the winner. With Mr. Reech and Mr. Greene objecting, the motion carried.

A total of 2,906 ballots were mailed to eligible voting members of MPERS.

Other Business:

Chairman Huggins thanked Chief K.P. Gibson for serving as a trustee for the last five years.

LATEC Summer Conference:

Ms. Rusk advised that LATEC is holding a Summer Conference in New Orleans, July 15-16, 2013 and if any board members are interested in attending, she will register them.

Motion by Mr. Dean seconded by Mr. Reech to adjourn the meeting at 11:55 a.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 19, 2013.

Mark Huggins, Chairman

Kathy Bourque, Director