

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, June 20, 2012, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Vice Chairman Mark Huggins at 9:03 a.m.

Pledge of Allegiance:

Vice Chairman Mark Huggins led the pledge of allegiance.

Members Present:

Cpl. Mark Huggins, Vice Chairman
Chief Stephen Caraway
Chief Christopher Elg
Chief K. P. Gibson
Capt. (Ret.) Willie Joe Greene
Mayor Tim Matte
Chief Dwayne Munch
Ms. Lori Pierce, designee for Treasurer
Dr. Steve Procopio, designee for DOA Commissioner

Members Absent:

Mayor Barney Arceneaux
Cdr. Henry Dean, Chairman
Capt. Kelly Gibson
Senator Elbert Guillory
Representative Kevin Pearson
Sgt. (Ret.) Larry Reech

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. Brett Hazen, Segal Rogerscasey
Mr. Greg Curran, GS Curran & Company, Ltd
Ms. L. A. Tucker, Monroe Police Department
Mr. Jeff Gallahue, Kleinwort Benson Investors
Mr. Pdraig Sheehy, Kleinwort Benson Investors
Mr. Carlton Jones, Attorney
Ms. Monique Appeaning, DOA
Mr. John Weiler, Tax Attorney
Mr. Preston Robinson, Treasury
Mr. Chris Nassif, Alexandria Police Department
Mr. Craig Desormeaux, Lake Charles Police Department
Mr. Chad King, Baton Rouge Police Department
Mr. Todd Bourgoyne, Baton Rouge Police Department
Mr. Joe and Mrs. Judy Bourgeois, Retired Baton Rouge Police Department
Mr. Steve Harker, Touchstone Golf
Mr. Chris Robertson, Touchstone Golf

Public Comment:

Vice Chairman Huggins called for public comment.

Mr. Chris Nassif, Alexandria Police Department and representative of the Louisiana Union of Police Associations addressed the board regarding his disappointment in the board during the 2012 Legislative session regarding amendments added to HB 1174 at the May 2012 board meeting. Mr. Nassif advised that the Louisiana Union of Police

Association will introduce and support legislation in the 2013 Legislative Session that would require members with 30 years of service credit to continue to pay employee contributions. Mr. Nassif expressed his concerns regarding the golf courses in north Louisiana and stated that when he got off the board six years ago the board was working on an exit strategy and to date the system is still putting money into day to day operations of the golf courses.

Vice Chairman Huggins advised Mr. Nassif that the board has been working on trying to divest the system of the golf courses and have reduced cost by hiring a manager.

Mr. Munch advised that the board is in the process of hiring an auction company to auction off the properties.

Approval of minutes:

Motion by Mr. Munch seconded by Mr. K. P. Gibson to approve the minutes of the meeting held May 16, 2012 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. K. P. Gibson 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> |
|----------------|------------------|------------------|-------------------------|-------------|
| Calvin Floyd | Lafayette | 05/31/12 | 25.12 | 02 |
| Joseph Lorenzo | New Orleans | 05/06/12 | 29.47 | 3a |

Motion by Mr. Caraway seconded by Mr. Munch 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> |
|------------------------|------------------|------------------|-------------------------|-------------|
| Earl Armstrong | Shreveport | 05/01/12 | 26.72 | 3a |
| John Attuso | Baton Rouge | 04/10/12 | 28.73 | 02 |
| Anthonor Bradford, Jr. | Baton Rouge | 04/24/12 | 25.98 | 2a |
| Ernest Crayton, III | New Orleans | 05/01/12 | 25.26 | 2a |
| Jimmy Crockett | Monroe | 05/01/12 | 30.21 | 2a |
| Antoinette Deshotel | New Orleans | 05/01/12 | 23.43 | 2a |
| John Deshotel | New Orleans | 05/01/12 | 25.11 | 2a |
| Christopher Landry | New Orleans | 04/15/12 | 27.55 | 2a |
| Alan McBride | Alexandria | 05/30/12 | 28.16 | Max |
| Waldon Robert | Baton Rouge | 04/24/12 | 27.08 | 3a |
| Argus Shaw | Bossier City | 04/30/12 | 27.32 | Max |
| Angelo Smith | New Orleans | 04/19/12 | 30.22 | 2a |
| Robert Smith | Sulphur | 04/01/12 | 25.25 | 02 |
| Pauline Triolo | Slidell | 04/26/12 | 25.09 | 2a |
| Billy Walker, Jr. | Baton Rouge | 04/10/12 | 25.94 | 2a |

Motion by Mr. Greene seconded by Mr. K. P. Gibson 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> |
|----------------|------------------|------------------|-------------------------|-------------|
| Martha Amie | Jennings | 05/19/12 | 20.41 | Max |
| Anthony Groger | Baton Rouge | 06/23/12 | 28.75 | 3a |
| David Henly | New Orleans | 05/25/12 | 41.02 | 3a |

| | | | | |
|----------------------|-------------|----------|-------|-----|
| Linda Howard | New Orleans | 06/25/12 | 25.00 | Max |
| Richard Lopez, Jr. | Shreveport | 07/01/12 | 24.51 | Max |
| Glenn Madison | New Orleans | 06/24/12 | 25.44 | Max |
| Alan McBride | Baton Rouge | 06/30/12 | 28.16 | Max |
| Keith McElrath | New Orleans | 06/01/12 | 32.30 | 2a |
| Norbert Myers | Lafayette | 06/23/12 | 27.69 | 2a |
| Charles Powers | Oakdale | 07/01/12 | 20.00 | 2a |
| LaSalle Rattler, Jr. | New Orleans | 06/01/12 | 30.27 | 02 |
| Debra Roan | Baton Rouge | 06/23/12 | 28.14 | Max |
| Willie Shaw | Minden | 06/01/12 | 21.82 | 2a |
| Richard Walther | Kenner | 07/01/12 | 32.45 | 2a |

MPERS vs. Randy Zinna:

Motion by Mr. K. P. Gibson seconded by Mr. Elg to go into executive session at 9:33 a.m. to discuss pending litigation, MPERS vs. Randy Zinna, with Attorney Carlton Jones. Without objection the motion carried.

Back to regular session at 9:38 a.m.

Motion by Mr. Matte seconded by Mr. Caraway to authorize Attorney Carlton Jones to accept the settlement offer in the matter of MPERS vs. Randy Zinna, et al. Docket No. 591,845; Section 27; 19th JDC, Parish of EBR, State of Louisiana. Without objection the motion carried.

Early Distribution Penalty:

Mr. John Weiler, tax attorney with Weiler & Rees addressed the board regarding DROP distributions and attained age. The concept of whether there should be a different definition of attained age for DROP distribution versus attained age for other provisions in the system such as normal retirement has been discussed. Mr. Weiler does not recommend differentiating age for DROP purposes. Mr. Weiler suggested that prior to any major changes; a study should be done to go over all the ramifications.

Investment Manager Presentation:

Kleinwort Benson Investors:

Mr. Pdraig Sheehy and Mr. Jeff Gallahue represented Kleinwort Benson Investors to present their annual report. The portfolio value as of May 31, 2012 was \$34,517.00.

Investment Consultant's Report:

Mr. Brett Hazen representing Segal Rogerscasey presented the analysis of performance ending May 31, 2012. Market value as of May 31, 2012 was \$1,326,644,368. Performance for the month of April 2012 was -5.57%.

Mr. Hazen recommended terminating DFA due to underperformance and split DFA's portfolio equally between William Blair International and Kleinwort Benson Investors.

Motion by Ms. Pierce seconded by Mr. Greene to terminate DFA and split the portfolio equally between William Blair International and Kleinwort Benson Investors as recommended by Segal Rogers Casey. Without objection the motion carried.

Real Estate Update:

Update from Touchstone Golf:

Mr. Chris Robertson and Mr. Steve Harker presented a budget for 2012-2013, capital improvement plan for 2012-2013 and a 5 year projection for Olde Oaks and Stonebridge. The capital improvement plan includes replacing air conditioner units and continuing improvements to the sand bunkers at both courses.

Mr. Robertson presented cash projections through October 2012 for Stonebridge and Olde Oaks. Based on the cash projection, Touchstone requested \$166,000.00 for Olde Oaks and \$115,000.00 for Stonebridge to cover operational costs and capital improvements through October 2012.

Motion by Mr. Matte seconded by Mr. Munch to authorize the funding of \$150,000.00 to cover operational costs and capital improvements for Olde Oaks Golf Club and Stonebridge Golf Club. With Mr. K. P. Gibson opposing, the motion carried.

2012 Legislation:

Mr. Roche presented an update of the 2012 Legislation affecting MPERS:

HB 5 Rep Pearson Would authorize legislative staff to attend executive sessions of each state and statewide retirement system. (Passed House referred to Senate Committee where it died)

HB 14 Rep Talbot Reemployed retirees after July 1, 2012 benefits will cease and they will not pay contributions to system and will not earn additional benefits. It is the employer's responsibility to notify MPERS of reemployment of member. (Effective 7/1/12) (Died in House Committee)

HB 27 Rep Arnold Provides that an application for benefits shall not be effective prior to receipt of the application by the system office and provides that benefits are not payable prior to termination of employment. (Effective 7/1/12) (Passed House referred to Senate Committee where it died)

HB 28 Rep Pearson Provides for definition of employee. (Withdrawn from files of the House)

HB 29 Rep Pearson Provides that for a disability retiree in MPERS, for any month that the retiree is also receiving workers' compensation benefits; the total of those two benefits combined cannot exceed the retiree's average final compensation. Further provides that the benefit paid in such circumstances shall be calculated such that MPERS and LWC each pay in proportion to the amount they respectively owed prior to the reduction. (Effective 7/1/12) (Passed House Committee died on House Floor)

HB 38 Rep Jones Would require each retirement system to notify another system if a retiree with a reciprocal returns to work. (Vetoed by Governor)

HB 1050 Rep Ritchie Provides for tax qualification status of MPERS (Act 511)

HB 1174 Rep Danahay Establishes "Hazardous Duty" and "Non Hazardous Duty" sub plans in MPERS and FRS. (Act 522)

SB 2 Sen Guillory Provides for attendance of legislative staff at certain executive sessions of public retirement boards. (Act 224)

SB 16 Sen Cortez Increases trustee education, actuarial from 2 to 4 hours, system laws, rules and regulations from 1 to 2 hours, fiduciary duty and ethics from 1 to 2 hours. Also provides that no new board member shall be permitted to vote on any matter until he has completed the fiduciary and ethics requirement and one hour of education in each of the required areas. (Effective 8/31/12) (Act 718)

SB 33 Sen Guillory Would require employers to continue contributing to state and statewide public retirement systems for the duration of DROP participation. (Withdrawn from files of Senate)

SB 34 Sen Cortez Provides relative to membership, contributions, eligibility for and calculation of benefits for employees of certain municipalities. (Died in Senate Committee)

Other Business:

Operating and Building Budget 2012-2013:

Motion by Mr. Procopio seconded by Mr. Greene to approve the 2012-13 operating budget as submitted by the Director. Without objection the motion carried.

Motion by Mr. Greene seconded by Mr. Munch to approve the 2012-13 building budget as submitted by the Director. Without objection the motion carried.

Proposed Engagement Letters:

Motion by Mr. Matte seconded by Mr. Greene to approve the year end June 30, 2012 audit engagement letters submitted by Duplantier, Hrapmann, Hogan and Maher CPA's. Without objection the motion carried.

Securities Litigation:

Mr. Roche presented a breakdown of monies recovered from securities litigation cases since 2006 which totals \$2.35 million.

Auction for Golf Courses:

Mr. Roche advised that an article appeared in the Baton Rouge Business Report regarding the system's interest in auctioning off the golf courses and Henderson Auctions from Livingston, Louisiana read the article and is interested in making a presentation regarding their services.

The board took it under advisement.

DOA Designee:

Dr. Procopio advised that he serves as designee on several boards and during the 2012 Legislative Session, Mr. Paul Rainwater, Commissioner of the Division of Administration has been appointed to serve on additional boards. Dr. Procopio will no longer be able to serve as designee for MPERS and introduced his replacement, Ms. Monique Appeaning and Ms. Appeaning's designee Ms. Andrea Hubbard. Dr. Procopio will serve on MPERS board until Ms. Appeaning and Ms. Hubbard obtain the required education in September 2012 at LAPERS.

Motion by Mr. K. P. Gibson seconded by Mr. Elg to adjourn the meeting at 11:38 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 20, 2012.

Mark Huggins, Vice-Chairman

Kathy Bourque, Director