

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, August 19, 2009, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

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

Members Present:

Sgt. (Ret.) Larry Reech, Chairman (New Orleans)
Sgt. Samuel Wyatt, Vice Chairman (Bossier City)
Chief Stephen Caraway (Kenner)
Chief K.P. Gibson (Crowley)
Lt. Kelly Gibson (Lafayette)
Capt. (Ret.) Willie Joe Greene (Shreveport)
Chief Ronald Schleuter (Monroe)
Chief Jeff Wesley (Denham Springs)

Members Absent:

Capt. Henry Dean (New Orleans)
Representative Joel Robideaux, Ex-officio
Senator D.A. "Butch" Gautreaux, Ex-officio

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Zinna, Attorney
Mr. Randy Roche, General Counsel
Mr. Charles Hall, Actuary
Mr. Mike Gallagher, JPMorgan Chase
Mr. Matt Tessier, Attorney, House Retirement Committee
Mr. Eddie Guerra, Mercer
Mr. Ben Chavarria, Olde Oaks Golf Club & Stonebridge Golf Club
Ms. Jennifer Pedigo, Harris Investment Management, Inc.
Mr. Kevin Gergits, Harris Investment Management, Inc.
Mr. C. Thomas Johnson, Harris Investment Management, Inc.
Mr. Christian McCormick, INTECH Investment Management, LLC
Mr. Andrew Klebanow, INTECH Investment Management, LLC

Approval of minutes:

Motion by Mr. Wyatt seconded by Mr. Greene to approve the minutes of the meeting held July 22, 2009 as amended. The amendments are that Mr. Wyatt on behalf of the actuarial review committee recommended approval of the contract of Hall Actuarial Associates effective July 1, 2009 as submitted, and a motion was made by Mr. Wyatt to accept the recommendation of the committee to approve the contract for Hall Actuarial Associates effective July 1, 2009. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Greene seconded by Mr. K.P. Gibson 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>
Darryl Fontenot	Lafayette	07/27/09	25.02	Max
Christopher Stanfield	Natchitoches	07/25/09	25.00	2a/IBO

Motion by Mr. Schleuter seconded by Mr. Caraway 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>
Ronnie Gryder	Shreveport	08/16/09	21.56	Max
Carlton Lawless	New Orleans	08/10/09	20.51	2a
Darry Ribet	New Orleans	08/12/09	26.49	Max
Samuel Rogers	Shreveport	09/01/09	25.21	Max

Motion by Mr. Wyatt seconded by Mr. Kelly Gibson 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>
Ronald Cowart	Baton Rouge	06/23/09	29.06	2a
Gary Gremillion	New Orleans	06/27/09	31.47	2a
Anthony Groger	Baton Rouge	06/23/09	28.75	3a
Linda Howard	New Orleans	06/25/09	25.00	Max
Glenn Madison	New Orleans	06/24/09	25.52	Max
Charles Powers	Oakdale	07/01/09	20.00	2a
Debra Roan	Baton Rouge	06/23/09	28.14	Max
Deborah Sanders	West Monroe	06/30/09	23.01	Max
Joel Sylve	New Orleans	06/03/09	25.00	Max

Disability Retirement:

Mr. Vaughn Gonsoulin (New Orleans) attended the meeting to provide information relative to his application for disability retirement. Chairman Reech advised Mr. Gonsoulin that he had the option of having his application discussed in open session or executive session. Mr. Gonsoulin opted for executive session.

Motion by Mr. Wyatt seconded by Mr. Wesley to go into executive session at 9:04 a.m. to discuss Mr. Vaughn Gonsoulin's disability application. Without objection the motion carried.

Motion by Mr. Wyatt seconded by Mr. Wesley to return to regular session at 9:40 a.m. Without objection the motion carried.

Motion by Mr. Wesley seconded by Mr. K.P. Gibson to send Mr. Gonsoulin back to our medical board physician for further evaluation. Without objection the motion carried.

Mr. Eric Huber (Lake Charles) attended the meeting to provide information relative to his application for disability retirement. Chairman Reech advised Mr. Huber that he had the option of having his application discussed in open session or executive session. Mr. Huber opted for executive session.

Motion by Mr. Wyatt seconded by Mr. Wesley to go into executive session at 9:42 a.m. to discuss Mr. Eric Huber's disability application. Without objection the motion carried.

Motion by Mr. Wyatt seconded by Mr. Wesley to return to regular session at 9:52 a.m. Without objection the motion carried.

Motion by Mr. K.P. Gibson seconded by Mr. Schleuter to approve the duty related disability application submitted by Mr. Eric Huber (Lake Charles). Without objection the motion carried.

Custodian bank report:

Mr. Mike Gallagher represented JPMorgan at the meeting.

	<u>07/31/09</u>	<u>06/30/09</u>
Alliance Capital	\$123,890,606.66	\$115,253,549.92
INTECH	\$ 72,382,253.54	\$ 67,834,299.64
Sterling Capital	\$ 43,042,137.29	\$ 37,679,810.43
LSV Asset Management	\$ 23,243,321.69	\$ 20,516,231.38
Pinnacle Associates Ltd	\$ 51,413,240.75	\$ 46,076,590.18
Harris Inv. Management	\$ 71,751,976.19	\$ 67,015,666.46
Dimensional	\$ 42,587,683.92	\$ 39,393,498.67
Energy Opportunities	<u>\$ 6,717,321.84</u>	<u>\$ 6,318,266.83</u>
Total Equity	<u>\$435,028,541.88</u>	<u>\$400,087,913.51</u>
William Blair	\$124,825,301.56	\$115,102,052.81
Pyrford	\$ 194,883.51	\$ 192,849.86
KBC	\$ 34,259,391.10	\$ 31,488,374.16
Alliance Bernstein	\$ 91,177,993.74	\$ 83,652,348.65
Batterymarch	<u>\$ 20,012,806.60</u>	<u>\$ 17,907,494.40</u>
Total International	<u>\$270,470,376.51</u>	<u>\$248,343,116.88</u>
State Street Bond	\$ 94,387,201.89	\$ 92,783,248.92
Post	\$ 70,011,442.60	\$ 66,982,380.57
Loomis Sayles	<u>\$101,420,434.71</u>	<u>\$ 97,102,429.65</u>
Total Fixed Income	<u>\$265,819,079.20</u>	<u>\$ 255,868,059.14</u>
Real Estate	\$ 52,933,906.05	\$ 52,933,906.05
LaSalle Real Estate Mgmt	\$ 30,472,615.67	\$ 37,051,906.36
LaSalle Growth Fund V	\$ 6,995,317.98	\$ 6,210,208.56
Principal Global	\$ 72,684,059.55	\$ 72,684,152.98
Prudential Global	<u>\$ 15,757,832.70</u>	<u>\$ 20,685,975.17</u>
Total Real Estate	<u>\$178,843,731.95</u>	<u>\$ 189,566,149.12</u>
Hedge Fund	<u>\$ 20,028,837.42</u>	<u>\$ 19,010,921.75</u>
Total Hedge Fund	<u>\$ 20,028,837.42</u>	<u>\$ 19,010,921.75</u>
Cash	<u>\$ 13,436,539.13</u>	<u>\$ 12,246,747.09</u>
Total Cash	<u>\$ 13,436,539.13</u>	<u>\$ 12,246,747.09</u>
TOTAL ASSETS	\$1,183,627,106.09	\$ 1,125,122,907.49

Securities Lending Report:

	<u>Fixed Income</u>	<u>Equities</u>
Current Month	\$ 10,010.22	\$ 37,077.98
Calendar Year	\$ 71,607.62	\$366,996.09

Investment consultant's report:

Mr. Eddie Guerra represented Mercer Investment Consulting at the meeting.

Market Update:

Mr. Guerra reported that the US economy remains in a recession; however, there are signs that the slump is reaching a trough. During the quarter the S&P 500 Index rose 15.9%, the largest quarterly rise since the fourth quarter of 1998. During the 2nd quarter, the Treasury yield curve steepened sharply. Short-term yields remained virtually the same, with 1-month and 3-month Treasuries at 0.17% and 0.19% respectively by the end of June. Long-term yields widened during the quarter with 30-year yields at 4.32% at the end of June, up from 3.56% at the end of March 2009. The unemployment rate continued to worsen, reaching 9.5% by the end of June. This was the worst level since 1983.

Mr. Guerra advised that after researching the Hedge Fund of Fund Managers Cadagon and Permal, both are transparent. Mercer will be meeting with Permal later in the week and will report to the board the findings from the meeting.

Motion by Mr. Greene seconded by Mr. Kelly Gibson to allocate 11 million to Cadagon and Permal Hedge Fund of Funds managers based on Mercer's recommendation after their meeting with Permal. After roll call vote, motion failed.

Investment Managers Presentation:

Ms. Jennifer Pedigo, Mr. Kevin Gergits, and Mr. C. Thomas Johnson represented Harris Investment Management, Inc. to present their annual report. The portfolio market value as of July 31, 2009 was \$71,657,595.

Performance as of July 31, 2009:

	<u>1month</u>	<u>YTD</u>	<u>Since Inception*</u>
MPERS	7.07%	6.36%	-23.78%
Russell 1000 Value	8.19%	5.08%	-24.23%

*September 1, 2008

Mr. Christian McCormick and Mr. Andrew Klebanow represented INTECH to present their annual report. The portfolio market value as of July 31, 2009 was \$72.4 million.

Performance as of July 31, 2009:

	<u>YTD</u>	<u>3 Years</u>	<u>Since Inception*</u>
MPERS	17.14%	-5.41%	-2.50%
Russell 1000 Growth Index	13.67%	-2.64%	-5.36%

*November 1, 2000

Motion by Mr. Wyatt seconded by Mr. Kelly Gibson to place Principal, INTECH, and Alliance Bernstein International on watch for the next 3 quarters ending June 30, 2010 as recommended by Mercer. Without objection the motion carried.

Motion by Mr. Caraway seconded by Mr. Schleuter to go into executive session at 12:03 p.m. to discuss litigation entitled "Gautreaux et al vs. MPERS, 522,457, 19th JDC. Without objection the motion carried.

Motion by Mr. Caraway seconded by Mr. Schleuter to return to regular session at 12:28 p.m. Without objection the motion carried.

Compliance Questionnaire:

Motion by Mr. Kelly Gibson seconded by Mr. Schleuter to table approving the Systems Survey and Compliance Questionnaire until next month. Without objection the motion carried.

Election Schedule for Chiefs District II:

Motion by Mr. Kelly Gibson seconded by Mr. K.P. Gibson to adopt the election schedule for Chiefs District II as presented for the unexpired term of Chief Jeff Wesley who is retiring August 30, 2009. Without objection the motion carried.

Chairman Reech presented Mr. Wesley with a plaque recognizing his longtime service on MPERS Board of Trustees from April 1995 to August 2009.

Salary Committee:

Chairman Reech advised that the Salary Review Committee should have their recommendation by October 2009.

Real Estate Update:

Mr. Roche advised that 4 lots have been sold at Olde Oaks Development in the last week.

Mr. Ben Chavarria handed out the financial statements for The Golf Club at Stonebridge and Olde Oaks Golf Club for the period ending July 31, 2009. Mr. Chavarria presented a report on both clubs, including a function at The Club at Stonebridge attended by Governor Jindal.

Motion by Mr. Schleuter seconded by Mr. Caraway to adjourn the meeting at 1:00 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 August 19, 2009.

Larry Reech, Chairman

Kathy Bourque, Director