

## MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, March 20, 2013, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Mark Huggins at 9:04 a.m.

### Pledge of Allegiance:

Chairman Mark Huggins led the pledge of allegiance.

### Members Present:

Cpl. Mark Huggins, Chairman  
Capt. Kelly Gibson, Vice Chairman  
Chief Stephen Caraway  
Cdr. Henry Dean  
Capt. (Ret.) Willie Joe Greene  
Ms. Andrea Hubbard, designee for DOA Commissioner  
Ms. Amy Matthews, designee for Treasurer  
Mayor Joey Normand  
Sgt. (Ret.) Larry Reech  
Mayor Donald Villere

### Members Absent:

Chief K. P. Gibson  
Chief Dwayne Munch  
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. David Barnes, NEPC  
Mr. Richard Hartzell, JPMorgan  
Ms. Margaret Corley, Attorney Senate Retirement  
Ms. Stephanie Little, Attorney House Retirement  
Ms. L.A. Tucker, Monroe Police Department  
Mr. Michael Calloway, Monroe Police Department  
Mr. Peter Marron, Pinnacle Associates, Ltd.  
Mr. Ken Sobolewski, Pinnacle Associates, Ltd.  
Mr. Bob Clark, Sterling Capital Management, LLC  
Mr. Ed Brea, Sterling Capital Management, LLC  
Mr. William Marek, New Orleans Police Department  
Mr. Eric Messler, Attorney for William Marek  
Mr. Ty Harvison, Latter & Blum  
Mr. Eugene Ji  
Mr. Michael Montgomery, Baton Rouge Police Department  
Mr. Lawrence Junda, Baton Rouge Police Department  
Mr. Fred Gernant, Jr., Baton Rouge Police Department  
Mr. Chad King, Baton Rouge Police Department  
Mr. Chris Robertson, Touchstone Golf

Chairman Huggins recognized Mayor Donald Villere from Mandeville who has been appointed by Louisiana Municipal Association to serve as designee. Mayor Villere replaces Mayor Barney Arceneaux who resigned from the board.

Public Comment:

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

Approval of minutes:

Motion by Mr. Dean seconded by Mr. Reech to approve the minutes of the meetings held February 19, 2013 and February 20, 2013 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Greene seconded by Mr. Dean 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>
Jacqueline Blank	Jennings	02/28/13	17.58	Max
Aline Dardar	Breaux Bridge	02/22/13	18.11	2a
Theresa Hurtstell	Mandeville	02/09/13	22.74	Max
Richard Lee, III	Baton Rouge	02/12/13	31.78	2a
Marcus McCullough	Lake Charles	02/25/13	21.06	Max
Theodore Trunick	Lake Charles	02/16/13	25.18	Max

Motion by Mr. Caraway 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>
Ronald Bertucci	Kenner	01/05/13	20.00	2a
Jennifer Chevalier	Lafayette	01/11/13	12.59	Max
Frederick Gernant, Jr.	Baton Rouge	01/29/13	27.04	Max
Kevin Paul	Baton Rouge	01/29/13	27.04	2a
Cedric Wilson	Shreveport	01/16/13	26.37	3a

Motion by Mr. Dean 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>
Dwain Grimmett	Opelousas	03/01/13	30.04	2a
Robert Jacobs	Slidell	02/20/13	30.77	Max
Kirk Petterson	Monroe	03/04/13	30.01	02
Catherine Schexnaider	Lake Charles	02/01/13	29.67	3a
Kenneth Shelton	Baton Rouge	03/29/13	27.45	3a
Joel Smith	Lake Charles	02/01/13	37.38	2a
Paul Taylor, Jr.	Lafayette	03/01/13	26.09	Max
Billy Walker, Jr.	Baton Rouge	03/28/13	25.94	2a
Clinard Walker, III	New Orleans	03/08/13	26.06	2a

Disability Retirement:

Mr. William Marek (New Orleans) attended the board meeting along with his attorney, Mr. Eric Messler to provide information relative to his application for disability retirement. Chairman Huggins advised Mr. Marek that he had the option of having his application discussed in open session or executive session. Mr. Marek opted for executive session.

Motion by Mr. Reech seconded by Mr. Dean to go into executive session at 9:07 a.m. to discuss Mr. William Marek's disability application. Without objection the motion carried.

Return to regular session at 9:31 a.m.

Motion by Mr. Reech seconded by Mr. Dean to approve Mr. William Marek's duty related disability as presented. Without objection the motion carried.

Audit issues concerning golf courses:

Motion by Mr. Dean seconded by Mr. Reech to go into executive session at 9:32 a.m. to discuss audit issues with Ms. Michelle Cunningham, DHHM, concerning the golf courses. Without objection the motion carried.

Return to regular session at 10:26 a.m.

Motion by Mr. Caraway seconded by Mr. Reech to amend the agenda to add proposal to purchase all real estate in North Louisiana. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Caraway to accept cash offer from Mr. Eugene Ji for the purchase of Olde Oaks Golf Club, Stonebridge Golf Club and Olde Oaks Development. Authorize Mr. Roche to negotiate the agreement and authorize Ms. Bourque to act for and on behalf of MPERS in signing all documents necessary to sell the real estate in Bossier Parish. Without objection the motion carried.

Investment Managers Presentation:

*Pinnacle Associates:*

Mr. Peter Marron and Mr. Ken Sobolewski represented Pinnacle Associates, Ltd to present the annual report. The market value of the portfolio was \$76,358,695 as of February 28, 2013.

*Sterling Capital Management, LLC*

Mr. Robert Clark and Mr. Eduardo Brea represented Sterling Capital Management, LLC to present the annual report. The market value of the portfolio was \$45,063,135 as of February 28, 2013.

*NEPC:*

Mr. David Barnes represented NEPC. Mr. Barnes presented a transition plan / timeline of deliverables for the next six months. Months 1-3 NEPC will collect historical asset value and performance data from JPMorgan, review/create Investment Policy Statement and review asset allocation. Months 4-6 NEPC will complete asset liability study, initiate potential investment managers searches and develop strategic plan for real estate fund program. Mr. Barnes requested a change in the board meeting schedule to allow NEPC to present the asset liability study at the July 17, 2013 meeting and move LaSalle Investment Management's presentation to the October 16, 2013 meeting.

Mr. Barnes presented the Investment Market Update and Market Environment Overview. The total market value was \$1,528,019,034 and performance was 0.4% as of February 28, 2013.

Mr. Caraway left the meeting at 11:50 a.m.

Custodian Report by JPMorgan:

Mr. Richard Hartzell represented JPMorgan. Mr. Hartzell discussed the proposal for restructuring key components of the relationship between MPERS and JPMorgan as custodian and securities lending agent. Since 2005, JPMorgan has served as custodian and securities lending agent and from that time to the present, JPMorgan's approach to their business has evolved, the characteristics of the MPERS portfolio has changed, and the markets have shifted. These three essential themes have matured over several years, and JPMorgan believes these themes will continue in a progression thereby requiring that they address those matters. There are three fundamental changes that JPMorgan identified and must be addressed; reporting, service model and fees.

Mr. Hartzell advised that from the commencement of JPMorgan's services up until the present time, they depended heavily on the revenue generated from their securities lending program to support the other services provided (i.e. accounting, custody, compliance reporting and private equity fund services). The market place has changed significantly in regard to the securities lending profitability, and as a result JPMorgan finds that the revenue provided to them by all sources is less than their cost in supporting MPERS with all services provided. As a result, JPMorgan would like MPERS' agreement to restructure the fee agreement which includes an increase as of July 1, 2013.

Mr. Barnes advised that NEPC has a custody research team that conducts a RFP search yearly to custodial banks and has all the responses in their database. As a result of the responses, NEPC has a preferred list of five custody banks but can extend the list to 10 or more. This process would take between 5-8 weeks.

Motion by Mr. Reech seconded by Mr. Normand to authorize NEPC to conduct an invitation to bid for custody bank services using the top 10, custody banks from their database and to include JPMorgan. Without objection the motion carried.

Real Estate Update by Touchstone:

Mr. Chris Robertson represented Touchstone Golf to present an update on the operations and cash flow for Stonebridge and Olde Oaks Golf. Mr. Robinson requested \$25,000.00 for Olde Oaks and \$35,000.00 for Stonebridge to cover operational costs through May 1, 2013.

Motion by Mr. Normand seconded by Mr. Reech to take the operations funding request of \$25,000.00 for Olde Oaks and \$35,000.00 for Stonebridge under advisement. Without objection the motion carried.

Chairman Huggins requested that Touchstone provide a list of accounts payables for both courses. Mr. Reech requested copies of expense reports submitted by employees of Touchstone.

Agreed Upon Procedures:

Motion by Mr. Reech seconded by Mr. Dean to approve the agreed-upon procedures to review investment transactions quarterly for the period ending June 30, 2013 as submitted by Duplantier, Hrapmann, Hogan and Maher, CPA's. Without objection the motion carried.

Early Distribution Penalty:

Mr. Roche advised that the request for an Attorney General Opinion was not in proper form as submitted and a motion must be made in order for the Attorney General to grant an opinion regarding the definition of attained age regarding DROP withdrawals.

Motion by Mr. Reech seconded by Mr. Gibson to request an Attorney General Opinion regarding the definition of attained age regarding DROP withdrawals. Without objection the motion carried.

Mr. Roche will request an Attorney General Opinion in proper form based on the motion made.

Nomination for Chief District I:

Ms. Bourque advised that one nomination petition was received from Chief Scott Ford from St. Francisville.

Motion by Mr. Reech seconded by Mr. Greene to accept nomination received by Chief Scott Ford (St. Francisville) to serve the remainder of an unexpired term beginning April 1, 2013 through June 30, 2017. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Dean to adjourn the meeting at 12:44 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 March 20, 2013.

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Mark Huggins, Chairman

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Kathy Bourque, Director