

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, March 21, 2012, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Henry Dean at 9:12 a.m.

Pledge of Allegiance:

Chairman Henry Dean led the pledge of allegiance.

Members Present:

Cdr. Henry Dean, Chairman
Cpl. Mark Huggins, Vice Chairman
Mayor Barney Arceneaux
Chief Stephen Caraway
Chief Christopher Elg
Capt. Kelly Gibson
Capt. (Ret.) Willie Joe Greene
Ms. Lori Pierce, designee for State Treasurer
Chief Dwayne Munch
Sgt. (Ret.) Larry Reech

Members Absent:

Chief K.P. Gibson
Mayor Tim Matte
Dr. Steve Procopio, designee for DOA Commissioner
Senator Elbert Guillory
Representative Kevin Pearson

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. Brett Hazen, Segal Rogerscasey
Mr. Gary Curran, GS Curran & Company, Ltd
Mr. Richard Hartzell, JPMorgan
Ms. LA Tucker, Monroe Police Department
Mr. M.A. Calloway, Monroe Police Department
Ms. Anna Dearman, Division of Administration
Mr. Gary Welchel, Energy Opportunities
Mr. Duane Huddleston, Shreveport Police Department
Mr. Chris Nassif, Alexandria Police Department
Ms. Mary Guy, State Street Global Assets
Mr. John Keller, State Street Global Assets
Mr. Chad King, Baton Rouge Police Department
Mr. Michael Montgomery, Baton Rouge Police Department
Mr. Chris Robertson, Touchstone Golf

GTAA Manager Interviews

Mr. Roche reminded the Board that in order to vote to hire an investment manager, the trustee must be present for the entire presentations.

Interviews proceeded as follows:

Putnam Investments
Jeff Night
John Palmer

Standard Life Investments
Eric Roberts
Tammias McVie

Wellington Management
Scott Geary
William Samuels

Recess until 1:00 p.m.

Mr. Kelly Gibson arrived at 1:00 p.m.

Chairman Dean called the meeting back to order at 1:04 p.m.

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 HB 28 which would change the definition of employee for MPERS. Mr. Nassif asked the board to reconsider HB28 because he does not feel that it is right to exempt new hires from MPERS and after speaking with personnel in the City of Alexandria, it would be an administrative problem to separate police employees between retirement systems.

Mr. Roche asked Mr. Curran if changing the definition of employee would hurt or help the system with respect to the funding status.

Mr. Curran advised that changing the definition of employee based on HB28 would not negatively impact the funding status of MPERS. The more new hires, the more it dilutes the payments on the unfunded liabilities when viewed as a percentage. Mr. Curran stated that from the plan stand point, probably the best change would be to add a tier and have these employees in a lower tier which would produce a positive financial affect.

Mr. Duane Huddleston, Assistant Chief of Police Shreveport Police Department addressed the board regarding opposition of HB 14 and HB 28. Mr. Huddleston advised that he met with Representative Talbot author of HB 14 which would prohibit certain retirees who are reemployed from receiving retirement benefits or accruing additional benefits. Mr. Huddleston stated that many retired municipal police officers are hired by the Sheriff's department because of experience and the Sheriff's department can pay the retirees a lower salary since they have a retirement income. Mr. Huddleston stated his opposition of HB 28 because he does not feel that it is right to exempt any police employees. He also stated that he thinks the system should look at changes for new hires similar to the changes that Sheriff's Pension Fund changed last session.

Motion by Mr. Kelly Gibson seconded by Mr. Elg to reconsider support of HB 28. Without objection the motion carried.

Motion by Mr. Kelly Gibson seconded by Mr. Huggins to withdraw HB 28 by Representative Pearson. Without objection the motion carried.

Amendment by Mr. Reech seconded by Mr. Munch to have Mr. Curran conduct a study to see what effect changes in the definition of employee would have on the system and how many employees would be effected. Without objection the motion carried.

Mr. Roche advised that HB 5 by Representative Pearson would authorize legislative staff to attend executive sessions of each state and statewide retirement system.

Mr. Roche advised that SB 2 would provide for attendance of legislative staff at certain executive sessions of public retirement boards.

Mr. Roche advised that SB33 by Senator Guillory would require employers to continue contributing to state and statewide public retirement systems for the duration of DROP participation.

Mr. Roche advised that SB 16 by Senator Cortez would increase actuarial, system law and fiduciary duty and ethics education requirements for trustees of certain public retirement system board.

Motion by Mr. Kelly Gibson seconded by Mr. Munch to go on record opposing HB 14 by Representative Talbot. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Huggins to go on record opposing HB 5 by Representative Pearson and SB 2 by Senator Guillory. Without objection the motion carried.

Approval of minutes:

Motion by Mr. Greene seconded by Mr. Arceneaux to approve the minutes of the meeting held February 15, 2012 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Greene seconded by Mr. Reech 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>
Jeffrey Pilcher	Monroe	02/29/12	23.48	2a

Motion by Mr. Kelly Gibson 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>
Nick Huth	Kenner	01/14/12	25.28	03
Robert Luneau	Pineville	01/21/12	25.01	2a
Michael Montgomery	Baton Rouge	01/02/12	27.68	2a
James Neyrey	New Orleans	01/24/12	25.04	02
Don Powers	New Orleans	01/29/12	25.00	Max
Jimmy Webb	Bossier City	01/06/12	30.18	Max
David Zerangue	Opelousas	02/01/12	30.00	2a

Motion by Mr. Reech 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>
Van Ballard	New Orleans	02/01/12	23.46	Max
Eleanor Beal	Jennings	03/01/12	24.71	Max
Regina Briscoe	Lafayette	03/17/12	24.08	Max
Timothy Flynn	Slidell	03/14/12	20.00	02
Herbert Otwell	Monroe	02/01/12	36.07	Max
Mary Ratcliff	Baker	03/15/12	20.00	Max
Troy Savage	New Orleans	03/01/12	25.43	2a
Frank Springstead	New Roads	03/10/12	24.00	3a

Disability Retirement:

Ms. Terrie Slade (Bogalusa) did not attend the meeting regarding her in the line of duty disability application.

Mr. Dean advised Ms. Bourque to add Ms. Terrie Slade's disability application to the April 18, 2012 Board Agenda and invite Ms. Slade to the meeting.

Investment Managers Presentation:

State Street Global Advisors:

Ms. Mary Guy and Mr. John Keller represented State Street Global Advisors to present the annual report. The market value of the portfolio was \$118,107,486 as of February 29, 2012.

Performance summary as of 02/29/12:

	<u>MPERS</u>	<u>Barclays Capital Aggregate Index</u>
One Month	-0.02%	-0.02%
One Year	8.28%	8.35%
Since Inception* *10/00	6.26%	6.24%

Energy Opportunities Capital Management:

Mr. Gary Welchel represented Energy Opportunities Capital Management to present the annual report. The market value of the portfolio as of February 29, 2012 was \$36,383,348.

Performance Update:

	<u>MPERS</u>	<u>OSX/IXE Benchmark</u>	<u>Broad Equity Market S&P 500</u>
YTD 2012	10.44%	11.00%	9.00%
One Year	-8.08%	-12.28%	5.08%
From Inception* *1/31/09	28.31%	19.15%	20.32%

Custodian Report by JPMorgan:

Mr. Richard Hartzell represented JPMorgan at the meeting. Total market value as of February 29, 2012 was \$1,402,335,664.37.

Investment Consultant's Report:

GTAA Interview Update:

Mr. Hazen summarized the GTAA manager interviews and explained the role of the GTAA portfolio. Funding will come from equity and fixed income managers and will total about 5% of the total portfolio. Mr. Hazen will have the funding recommendations at the next meeting.

Motion by Ms. Pierce seconded by Mr. Elg to hire Standard Life as a GTAA manager and allocate 5% of the total portfolio. Without objection the motion carried.

Mr. Brett Hazen represented Segal Rogerscasey. Mr. Hazen presented the analysis of performance ending February 29, 2012. Market value as of February 29, 2012 was \$1,399,963,943. Performance for the month of February 2012 was 3.53%.

Credit and Lending Related Opportunities:

Mr. Hazen presented an educational overview of Credit and Lending Opportunities and discussed the various categories available for investment. Given the current investment environment, private lending strategies would be considered first and the following firms would be considered further: Summit Partners, Monroe Capital, and Garrison. Given its closing date, Summit Partners will be invited to present their capabilities at the April meeting.

Motion by Mr. Huggins seconded by Mr. Caraway to conduct an invitation to bid as recommended by Segal Rogerscasey for a private lending strategy manager and to interview Summit Partners at the April meeting. Without objection the motion carried.

Mr. Arceneaux left the meeting at 3:10 p.m.

Touchstone Golf Update:

Mr. Chris Robertson represented Touchstone Golf to give an update on the current cash flow numbers and provided detail for the request for additional funding for Stonebridge Golf Club and Olde Oaks Golf Club. The request addresses outstanding accounts payable and remaining improvement projects. The funding request for Stonebridge is \$70,000.00 and for Olde Oaks is \$20,000.00.

Motion by Mr. Greene seconded by Mr. Reech to authorize the funding of \$70,000.00 for Stonebridge Golf Club and \$20,000.00 for Olde Oaks Golf Club as requested by Touchstone to cover outstanding accounts payable and remaining improvement projects. With Mr. Caraway, Mr. Elg and Mr. Reech opposing and Mr. Dean abstaining, the motion carried.

Other Business:

Request from Michael Montgomery:

Mr. Michael Montgomery addressed the board regarding the mandatory DROP distribution in which he will be required to take upon retirement if he retires immediately upon ending his DROP participation due to MPERS' rules which apply to retiring under the age of 50. Mr. Montgomery requested a change or exception to MPERS' DROP distribution rules to exempt him from the minimum required distribution of DROP funds upon his retirement at age 49.

Ms. Bourque and Mr. Roche advised that MPERS requested and received a legal opinion from tax attorney, Mr. John Weiler regarding mandatory DROP distributions and the opinion from Mr. Weiler was that MPERS adopted the mandatory minimum DROP distribution for all members that retire prior to age 50 which is legally correct.

Mr. Chad King, trustee for City Parish Employees' Retirement System (CPERS) addressed the board regarding Mr. Montgomery's demand for exemption and requested that the board allow the Mr. Montgomery to be exempted from the mandatory minimum DROP distribution.

Motion by Mr. Reech seconded by Mr. Huggins to defer action on Mr. Montgomery's request and to obtain a legal opinion from Mr. Weiler regarding an exemption to the mandatory DROP distributions. Without objection the motion carried.

IRS "Heart Act":

Mr. Roche advised that with respect to the adoption of proposed legislation enacting the so called "HEART Amendment", the following resolution must be adopted by the Board of Trustees. This resolution approves the adoption of the HEART Amendment, approves the addition of La. R.S.11:2225(B) which gives the Board of Trustees to promulgate rules in the Louisiana Administrative Code pursuant to the Louisiana

Administrative Procedures Act and authorizes that the tax provisions contained in the State statutes be moved to Louisiana Administrative Code. Mr. Roche read the resolution.

RESOLUTION OF THE BOARD OF TRUSTEES OF THE
MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM

WHEREAS, there was a recent amendment to Section 401(a)(37) of the Internal Revenue Code by the Hero's Earnings Assistance and Relief Act of 2008 ("HEART Act").

WHEREAS, the HEART Act provides that if a Member of the retirement system leaves their job for active military service and dies during that service, the Member's beneficiaries are entitled to any benefits provided under the system. Additionally, the HEART Act provides that the retirement system will treat the Member's military service as service under the retirement system for purposes of vesting.

WHEREAS, the HEART Act does not require the retirement system to provide additional accrued benefits for the time spent in military service.

NOW THEREFORE, BE IT RESOLVED:

That the Board of Trustees submit the proposed legislation in correct legislative form to the Louisiana State Legislature at its next available legislative session to amend La. R.S.11:2220 of the Municipal Police Employees' Retirement System to include the following new Paragraph I as required by Section 401(a)(37) of the Internal Revenue Code:

"I. In the case of a death of a member occurring on or after January 1, 2007, while performing qualified military service, (as defined in Internal Revenue Code §414(u)), eligibility for survivor benefits under this Section shall be determined as if the member had resumed employment and then terminated employment on account of death. The Retirement systems will credit the member's qualified military service as service credit for vesting purposes and for eligibility computation purposes as though the member, if eligible to, had met the definition of "Employee" under the Retirement system and had resumed employment under the Uniformed Services Employment and Re-employment Rights Act (Chapter 43 of Title 38, United States Code) immediately prior to the member's death. The time spent by the member in qualified military service shall not count for benefit accrual purposes (Creditable Service), but will only count for eligibility purposes under this Section."

WHEREAS, the Board of Trustees acknowledges that the retirement system includes provisions that deal only with the requirements imposed by the Internal Revenue Code.

WHEREAS, the Board of Trustees desires to move from the retirement system into the Louisiana Administrative Code all of the provisions of the retirement system that deal only with the requirements imposed by the Internal Revenue Code.

WHEREAS, the reason for such is to allow the Board of Trustees to keep the retirement system in compliance with the Internal Revenue Code by promulgating rules and regulations in the Louisiana Administrative Code as opposed to having to seek legislative authority to amend the retirement system.

WHEREAS, the provisions of the retirement system that deal only with the requirements imposed by the Internal Revenue Code may only be moved to the Louisiana Administrative Code if the Louisiana State Legislature gives specific authority for the movement.

WHEREAS, the Louisiana State Legislature must give the Board of Trustees specific authority to promulgate rules and regulations in the Administrative Code to keep the retirement system in compliance with the requirements of the Internal Revenue Code.

BE IT FURTHER RESOLVED:

That the Board of Trustees submits proposed legislation to the Louisiana State Legislature to amend La. R.S. 11:2225 of the Municipal Police Employees' Retirement System to add the following new Paragraph B in reference to compliance with the Internal Revenue Code Provisions:

“B. The retirement system shall take all actions necessary to comply with the provisions of the Internal Revenue Code (IRC) applicable to qualified governmental retirement plans. The Board of Trustees shall promulgate rules in accordance with the Administrative Procedure Act to incorporate such IRC provisions into the retirement system’s plan, and the plan provisions shall hereafter consist of this Chapter together with such properly promulgated rules.”

BE IT FURTHER RESOLVED:

That the Board of Trustees submits proposed legislation to the Louisiana State Legislature to amend the Municipal Police Employees’ Retirement System to delete R.S. 11:2220.1, 11:2220.2, 11:2220.3 and 11:2234 of the retirement system which are only included in the retirement system for purposes of compliance with the requirements of the Internal Revenue Code. The Board of Trustees shall promulgate rules in accordance with the Louisiana Administrative Procedure Act to incorporate these provisions in the Louisiana Administrative Code.

Motion by Mr. Reech seconded by Mr. Caraway to approve the resolution as read by Mr. Roche regarding recent amendment to Section 401(a)(37) of the Internal Revenue Code by the Hero’s Earnings Assistance and Relief Act of 2008 (“HEART Act”). Without objection the motion carried.

Executive Session:

Motion by Mr. Reech seconded by Mr. Caraway to go into executive session at 3:49 p.m. to discuss threatened litigation for recovery of Advolurum Taxes and mineral rights for Stonebridge Golf Club and Olde Oaks Golf Club. Without objection the motion carried.

Back to regular business at 4:01 p.m.

Military Leave:

Discussion was held regarding voluntary military leave and accruing retirement credit in MPERS in addition to military retirement.

Motion by Mr. Reech seconded by Mr. Greene to adjourn the meeting at 4:10 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 21, 2012.

Henry Dean, Chairman

Kathy Bourque, Director