

## MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, May 16, 2012, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Henry Dean at 9:05 a.m.

### Pledge of Allegiance:

Chairman Henry Dean led the pledge of allegiance.

### Members Present:

Cdr. Henry Dean, Chairman  
Cpl. Mark Huggins, Vice Chairman  
Chief Stephen Caraway  
Chief K.P. Gibson  
Capt. Kelly Gibson  
Capt. (Ret.) Willie Joe Greene  
Mayor Tim Matte  
Chief Dwayne Munch  
Dr. Steve Procopio, designee for DOA Commissioner  
Sgt. (Ret.) Larry Reech

### Members Absent:

Mayor Barney Arceneaux  
Chief Christopher Elg  
Senator Elbert Guillory  
Treasurer John Kennedy  
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  
Ms. LA Tucker, Monroe Police Department  
Mr. M.A. Calloway, Monroe Police Department  
Mr. Peter Marron, Pinnacle Associates  
Mr. Kimon Passios, Pinnacle Associates  
Mr. Ken Sobolewski, Pinnacle Associates  
Mr. Marty Howell, Hilda Allen Real Estate, Inc.  
Ms. Anna Dearmon, DOA

### Public Comment:

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

### Approval of minutes:

Motion by Mr. Reech seconded by Mr. Huggins to approve the minutes of the meeting held April 18, 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>
Darryl Cunningham	Houma	04/03/12	27.82	2a
Suzanne Gallier	Shreveport	05/01/12	20.07	Max
Melvin Johnson	New Orleans	05/01/12	20.25	3a (IBO)
Bernell Neville	New Orleans	04/15/12	25.24	2a

Motion by Mr. Munch 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>
Jeffrey Anderson	Bossier City	03/21/12	23.18	02
Yvonne Anderson	Carencro	03/10/12	20.94	2a
Joseph Catalanotto	New Orleans	03/03/12	26.19	2a
Menard Dillard	Baton Rouge	03/27/12	27.01	2a
Louis Gaydosh	New Orleans	03/18/12	20.43	02
Kelly Gibson	Lafayette	04/01/12	27.23	Max
Shelby Nation	Pineville	04/01/12	31.50	2a
William Nelson	Shreveport	04/01/12	30.16	Max
Joseph Odom	Shreveport	04/01/12	28.79	3a
Patrick Scanlan	New Orleans	03/09/12	27.34	Max
David Searcy	Greenwood	03/02/12	15.00	Max
James Taliaferro	Shreveport	03/16/12	21.55	2a
Roy Tolbert	Covington	03/28/12	21.24	2a
Barry Van Shoubrouek	Slidell	03/08/12	16.62	2a

Motion by Mr. Huggins seconded by Mr. Greene 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>
Rudolph Babin, Jr.	Baton Rouge	05/12/12	28.02	3a
Aaron Blackwell	New Orleans	05/05/12	30.00	Max
Effie Clayton	Bossier City	05/01/12	30.58	Max
John Faust, Jr.	New Orleans	05/01/12	31.20	2a
Luther Lumpkin, III	New Orleans	05/30/12	27.00	Max
Walter McCurry	Shreveport	06/01/12	25.05	2a
Michael Revere	Covington	05/15/12	21.26	2a
Daryl Rice	Baton Rouge	05/12/12	28.02	3a
Brenda Rideau	Morgan City	05/01/12	14.95	Max
James Sasser	West Monroe	06/01/12	27.67	2a
Johnny Smith	Alexandria	06/01/12	30.44	Max
Rosa Smothers	Baton Rouge	05/24/12	20.31	Max

Investment Managers Presentation:

Pinnacle Associates:

Mr. Kimon Passios, Mr. Peter Marron and Mr. Ken Sobolewski represented Pinnacle Associates, Ltd to present the annual report. The market value of the portfolio was \$68,229,974 as of April 30, 2012.

Investment Consultant's Report:

Mr. Brett Hazen representing Segal Rogerscasey presented the analysis of performance ending April 30, 2012. Market value as of April 30, 2012 was \$1,405,177,914. Performance for the month of April 2012 was -0.40%.

Fee Reduction for AllianceBernstein:

Mr. Hazen presented a new performance-based fee schedule for AllianceBernstein's International Value Account and a reduction to the asset-based fee for S&P 500 Index Account.

Motion by Mr. Huggins seconded by Mr. Greene to accept and implement the new performance-based fee schedule for AllianceBernstein's International Value Account and a reduction to the asset-based fee for S&P 500 Index Account by amending the Investment Management Agreement dated September 1, 1995. Without objection the motion carried.

Real Estate Update:

Presentation by Hilda Allen Real Estate:

Mr. Marty Howell representing Hilda Allen Real Estate, Inc. presented a marketing proposal that outlines the most efficient method to sell Olde Oaks Golf Club, Olde Oaks Subdivision and The Golf Club at Stonebridge.

Mr. Roche advised that appraisals are currently being prepared on Olde Oaks Golf Club, Olde Oaks Subdivision and The Golf Club at Stonebridge for fiscal year ending June 30, 2012 audit.

Mr. Roche advised that Touchstone will be present at the meeting in June to present the budgets for Olde Oaks Golf Club and The Golf Club at Stonebridge for next fiscal year.

2012 Legislation:

Mr. Roche addressed the following proposed legislation:

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)

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) (No action)

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)

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 returned to calendar)

HB 38 Rep Jones Would require each retirement system to notify another system if a retiree with a reciprocal returns to work. (Passed House referred to Senate Retirement)

HB 1050 Rep Ritchie Provides for tax qualification status of MPERS (Passed House referred to Senate Retirement)

HB 1174 Rep Danahay Establishes "Hazardous Duty" and "Non Hazardous Duty" sub plans in MPERS and FRS. (Passed House with Amendments set on House orders)

Amendments: FRS was removed from this piece of legislation.

Effective for all employees eligible for MPERS hired on or after January 1, 2013 only. Hazardous Duty includes employees who are eligible to receive state supplemental pay and non-hazardous duty includes all other employees eligible to participate in MPERS.

#### Hazardous Duty Subplan

- Employee and employer contribution on same sliding scale as current members
- 3% accrual rate
- 5 year or 60 month average final compensation
- 25 years of service at any age
- 12 years of service at age 55
- 20 years of service at any age, actuarially reduced (Early)
- 30 years of service shall equal 3 1/3% of the AFC not to exceed 100% of AFC
- Disability – 2.75% accrual rate no less than 33% no more than 55% of AFC
- Survivor – no less than 33% no more than 55% of AFC
- Minor Children – 10% or \$200 whichever is greater

#### NON-Hazardous Duty Subplan

- Employee contribution 8% or equal to the rate of the HD Subplan if less than 8%
- 2.5% accrual rate
- 5 year or 60 month average final compensation
- 30 years of service at any age
- 25 years of service age 55
- 20 years of service at any age, actuarially reduced (Early)
- 10 years of service at age 60
- Disability – 2.25% accrual rate no less than 25% no more than 50% of AFC
- Survivor – no less than 25% no more than 50% of AFC
- Minor Children – 10% or \$200 whichever is greater

Discussion was held regarding the amendments to HB 1174. The benefits committee did not have a recommendation on the amendments and requested a recess to discuss the amendments to HB 1174.

Recess at 11:20 a.m.

Back to regular business at 12:09 p.m.

Mr. Kelly Gibson, Chairman of the benefits committee referred to Mr. Curran to report the recommendations from the committee.

Mr. Curran reported the recommendations as follows:

All members hired on or after January 1, 2013

- Employee and employer contribution on same sliding scale as current members
- 3% accrual rate
- 5 year or 60 month average final compensation
- 30 years of service at any age

- 20 years of service at age 55 or actuarially reduced from age 55
- 12 years of service at age 60,
- 30 years of service shall equal 3 1/3% of the AFC not to exceed 100% of AFC
- Disability – 2.50% accrual rate no less than 30% no more than 50% of AFC
- Survivor – no less than 30% no more than 50% of AFC
- Minor Children – 10% or \$200 whichever is greater

Motion by Mr. Kelly Gibson seconded by Mr. Huggins to accept the recommendations from the benefits committee and to amend HB 1174. With Mr. Reech opposing, the motion carried.

SB 2 Sen Guillory Provides for attendance of legislative staff at certain executive sessions of public retirement boards. (Passed Senate and House Committee sent to House floor)

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) (Passed Senate referred to House Committee)

SB 33 Sen Guillory Would require employers to continue contributing to state and statewide public retirement systems for the duration of DROP participation. (Passed Senate committee sent to Senate floor)

SB 34 Sen Cortez Provides relative to membership, contributions, eligibility for and calculation of benefits for employees of certain municipalities. (Technical changes)

Accept Nominations:

Nomination for Chief District I:

Motion by Mr. Huggins seconded by Mr. K.P. Gibson to accept the nomination from Christopher Elg to serve a 5 year term beginning July 1, 2012 through June 30, 2017 representing Chief District I. Without objection the motion carried.

Nomination for Chief District II:

Motion by Mr. Huggins seconded by Mr. Greene to accept the nomination from Dwayne Munch, Sr. to serve a 5 year term beginning July 1, 2012 through June 30, 2017 representing Chief District II. Without objection the motion carried.

Nomination for Retiree District I:

Motion by Mr. Reech seconded by Mr. Huggins to accept the nomination from Willie Joe Greene to serve a 5 year term beginning July 1, 2012 through June 30, 2017 representing Retiree District I. Without objection the motion carried.

Nomination for Retiree District II:

Motion by Mr. Munch seconded by Mr. Greene to accept the nomination from Larry Reech to serve a 5 year term beginning July 1, 2012 through June 30, 2017 representing Retiree District II. Without objection the motion carried.

Other Business:

Operating and Building Budget 2012-2013:

Ms. Bourque distributed a copy of the proposed operating and building budget for the fiscal year 2012-2013 for review to be adopted at the June 2012 meeting.

Early Distribution Penalty:

Mr. Roche advised that MPERS requested an opinion from tax attorney, John Weiler regarding the effect of changing MPERS rule on previous, current or future DROP participants, or what the effective date should be regarding DROP distribution purposes. Mr. Weiler submitted a letter stating that MPERS has adopted DROP distribution rules that are structured to avoid incurring any early distribution tax penalties and that MPERS could adopt new rules but by adopting new rules, that would impose the tax penalty.

Mr. Kelly Gibson stated that he would like to know if changing the DROP distribution rules would have an adverse effect on MPERS.

Mr. Roche will contact Mr. Weiler regarding Mr. Gibson's specific question and have the answer for the June 2012 meeting.

Harry Mendoza:

Motion by Mr. Reech seconded by Mr. Huggins to go into executive session at 12:40 p.m. regarding pending litigation on Harry Mendoza. Without objection the motion carried.

Back to regular business at 12:54 p.m.

Motion by Mr. K.P. Gibson seconded by Mr. Huggins that MPERS do not waive interest as requested by Harry Mendoza. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Greene to not accept any type of partial settlement from Harry Mendoza unless it resolves the lawsuit in its entirety. Without objection the motion carried.

Motion by Mr. Huggins seconded by Mr. Reech to adjourn the meeting at 12:56 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 May 16, 2012.

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Henry Dean, Chairman

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Kathy Bourque, Director