

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, April 22, 2009, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Vice Chairman Wyatt at 9:04 a.m.

Members Present:

Sgt. Samuel Wyatt, Vice Chairman (Bossier City)
Chief Steve Caraway (Kenner)
Lt. Henry Dean (New Orleans)
Chief K.P. Gibson (Crowley)
Lt. Kelly Gibson (Lafayette)
Capt. (Ret.) Willie Joe Greene (Shreveport)
Sgt. (Ret.) Larry Reech (New Orleans)

Members Absent:

Chief Jeff Wesley (Denham Springs)
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
Ms. Lauren Bailey, Attorney, Senate Retirement Committee
Mr. Dan Holmes, Summit Strategies
Mr. Mike Gallagher, JPMorgan Chase
Ms. Beth Andrews, JPMorgan Chase
Mr. John Berg, Principal Global Investors
Mr. Jake Anonson, Principal Global Investors
Mr. Steve Ward, Reporter, The Advocate
Mr. Jim Percy, Attorney, Jones, Walker
Mr. Daniel Lund, Attorney, Montgomery Barnett

Approval of minutes:

Motion by Mr. Reech seconded by Mr. Greene to approve the minutes of the meeting held March 17, 2009. Without objection the motion carried.

Oath of Office:

Mr. Roche administered the Oath of Office to Chief Steve Caraway to serve a term from April 1, 2009 until June 30, 2013.

Accept resignation:

Motion by Mr. Dean seconded by Mr. Kelly Gibson to accept Chief K.M. Halphen's resignation from the Board effective immediately. Without objection the motion carried.

Election of Chairman:

Mr. Dean nominated Larry Reech as Chairman.
Mr. Greene nominated Sammy Wyatt as Chairman.

Mr. Wyatt declined the nomination for Chairman at this time.

There were no further nominations. Mr. Reech will serve as Chairman for the remaining of 2009.

Approval of retirement applications:

Motion by Mr. Kelly 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>
Raymond Jackson	Independence	04/14/09	15.76	Max
Michael Murphy	Baton Rouge	03/14/09	25.24	2a
Gary Stewart	Livingston	04/26/09	12.07	Max

Motion by Mr. Greene 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>
Chetley Ballex	New Orleans	04/07/09	26.47	Max
Kimble Barker	Hammond	04/01/09	28.15	2a
Judy Lamb	Shreveport	04/10/09	20.23	Max
James Sievers	New Orleans	03/29/09	21.10	Max

Motion by Mr. Dean seconded by Mr. K.P. 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>
L.A. Kling	Zachary	03/01/09	21.14	3a
James Smith	Lafayette	02/28/09	30.66	2a

Disability Retirement:

Motion by Mr. Dean seconded by Mr. Caraway to approve the duty related disability application at 100% under R.S.2223(E)(2) submitted by Mr. Andres Gonzalez (New Orleans). Without objection the motion carried.

Motion by Mr. Wyatt seconded by Mr. Dean to take up item #8 on the agenda. Without objection the motion carried.

Investment manager's report:

Ms. Beth Andrews represented J.P. Morgan Securities Lending presented an update. Revenue for 2008 was \$1,405,944 compared with 2007 revenue of \$801,772, an increase of 57% year over year. Average loan balances dropped from \$211,431,992 in 2007 to \$108,329,619 in 2008. This represents a drop of 51% in utilization.

Mr. John Berg and Mr. Jake Anonson represented Principal Global Investors to present their annual report. The portfolio value as of March 31, 2009 was \$81,104,550.

Custodian bank report:

Mr. Mike Gallagher represented JPMorgan Chase at the meeting.

	<u>03/31/09</u>	<u>02/28/09</u>
Alliance Capital	\$ 99,510,162.44	\$ 91,578,570.88
SKBA Capital Management	\$.14	\$.14
INTECH	\$ 59,058,573.31	\$ 54,648,610.95
Sterling Capital	\$ 29,851,536.14	\$ 26,981,307.69
LSV Asset Management	\$ 15,703,923.97	\$ 13,879,364.67
Pinnacle Associates Ltd	\$ 37,553,098.53	\$ 34,134,698.67
Harris Investment Management	\$ 59,463,882.31	\$ 55,380,811.95
Dimensional	\$ 29,611,266.05	\$ 27,754,230.96
Energy Opportunities Cap.	<u>\$ 5,055,460.62</u>	<u>\$ 4,805,219.04</u>
Total Equity	\$ 335,807,903.51	\$ 309,162,814.95
William Blair	\$ 90,460,322.81	\$ 85,701,593.82
Pyrford	\$ 199,791.41	\$ 194,710.39
KBC	\$ 24,904,027.36	\$ 23,690,026.45
Alliance Bernstein	\$ 65,859,697.27	\$ 61,615,099.59
Batterymarch Financial Mgt.	<u>\$ 13,168,148.92</u>	<u>\$ 11,888,256.40</u>
Total International	\$194,591,987.77	\$ 183,089,686.65
State Street Bond	\$ 91,101,344.91	\$ 89,898,172.20
Post	\$ 59,860,408.80	\$ 59,459,428.97
Loomis Sayles	<u>\$ 80,448,233.38</u>	<u>\$ 79,218,742.79</u>
Total Fixed Income	\$231,409,987.09	\$ 228,576,343.96
Real Estate	\$ 52,933,906.05	\$ 52,933,906.06
LaSalle Real Estate Mgmt	\$ 37,051,906.36	\$ 37,051,906.36
LaSalle Growth Fund V	\$ 6,210,208.56	\$ 6,210,208.56
Principal Global	\$ 81,114,835.32	\$ 88,856,318.52
Prudential Global	<u>\$ 25,130,064.35</u>	<u>\$ 20,956,064.33</u>
Total Real Estate	\$202,440,920.64	\$ 206,008,403.83
Hedge Fund	<u>\$ 19,726,822.61</u>	<u>\$ 19,804,092.07</u>
Total Hedge Fund	\$ 19,726,822.61	\$ 19,804,092.07
Cash	<u>\$ 21,145,317.56</u>	<u>\$ 25,264,052.59</u>
Total Cash	\$ 21,145,317.56	\$ 25,264,052.59
TOTAL ASSETS	\$1,005,122,939.18	\$ 971,905,394.05

Securities Lending Report:

	<u>Fixed Income</u>	<u>Equities</u>
Current Month	\$ 7,997.81	\$ 35,743.01
Calendar Year	\$ 28,291.49	\$132,517.70

Investment consultant's report:

Mr. Dan Holmes represented Summit Strategies at the meeting.

Mr. Holmes provided an estimated early redemption penalty

Motion by Mr. Dean seconded by Mr. Wyatt to maintain Maverick Capital Hedge Fund and review on a quarterly basis. Without objection the motion carried.

Economic and Capital Market Highlights:

Mr. Holmes reported the U.S. unemployment rate rose to 8.5% in March, the highest level in 25 years. Fourth quarter GDP growth contracted at a 6.3% pace, revised down from earlier estimates of a 3.8% and 6.2% decline. Consumer prices rose 0.4% in February after a 0.3% rise in January. Energy expenses rose 3.3% led by an 8.3% jump in gasoline prices. In February, housing starts broke the longest streak of declines in 18 years with a 22% increase from January.

The markets rebounded nicely in March, but still ended the quarter negative. The S&P 500 Index earned 8.8% for the month, but still lost 11.0% in the first quarter. Large cap slightly underperformed small cap in March as small cap stocks, represented by the Russell 2000 Index, earned 8.9%. Sector performance in March was led by financial services, up 14.7% in the Russell 3000 Index, followed by materials gaining 14.1%. The developed international equity index, MSCI EAFE, gained 6.3% in March, underperforming the S&P 500 by 242 bps. The emerging markets soared past the developed countries in March, posting a gain of 14.4% and outpacing the MSCI EAFE Index by 8.0% for the month.

Treasury yields fell in March and the dollar depreciated, boosting fixed income returns for the month. 90-day T-bills were once again flat for the month while 1-3 year Treasuries earned 53 bps. Government bonds returned 1.8% this month, helped by Treasuries earning 2.2%. Corporate bonds posted the only loss (-41 bps) as spreads widened and downgrades continued. In March, high yield bonds gained 3.5% as spreads narrowed 60 bps to 16.3%.

Asset Allocation:

Mr. Holmes reported that for the month ending March 31, 2009 MPERS' total fund composite was \$1,011,214,704 up 3%.

Real Estate Update:

Motion by Mr. Wyatt seconded by Mr. Dean to move to item #13 on the agenda. Without objection the motion carried.

Motion by Mr. Wyatt seconded by Mr. Dean to go into executive session at 10:55 a.m. to discuss personnel matters and litigation, Gautreaux vs. MPERS, 522,457, 19th JDC, Parish of East Baton Rouge, State of Louisiana. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Wyatt to return to regular business at 11:52 a.m. Without objection the motion carried.

Consultant Search:

Motion by Mr. Dean seconded by Mr. Wyatt to allow the seated Trustees to vote by roll call on the investment consultant candidates to be interviewed on May 19, 2009 in Bossier City, Louisiana.

	<u>CSG</u>	<u>NEPC</u>	<u>Holbein</u>	<u>Merrill Lynch</u>	<u>UBS</u>	<u>Segal</u>	<u>Mercer</u>	<u>Summit</u>
Mr. Reech	N	N	Y	Y	N	N	Y	Y
Mr. Caraway	Y	N	Y	Y	Y	Y	Y	Y
Mr. Dean	Y	Y	Y	Y	N	Y	Y	Y
Mr. Kelly Gibson	N	Y	Y	Y	Y	Y	Y	Y
Mr. Greene	Y	Y	Y	Y	Y	Y	Y	N
Mr. K.P. Gibson	N	Y	Y	Y	Y	Y	Y	Y
Mr. Wyatt	N	Y	Y	Y	Y	Y	Y	Y

After a roll call vote, GSG failed 4-3, NEPC passed 5-2, Holbein passed 7-0, Merrill Lynch passed 7-0, UBS passed 5-2, Segal passed 6-1, Mercer passed 7-0, Summit passed 6-1.

Mr. Roche will contact NEPC, Holbein, Merrill Lynch, UBS, Segal, Mercer and Summit to advise that the interviews will be held on May 19, 2009 in Bossier City, Louisiana.

2009 Legislation:

Mr. Zinna advised that legislation will be introduced relative to the MPERS which if passed would provide for an initial benefit option on a reemployed retiree's additional retirement benefits. Representatives Bobby Badon and Montoucet are the authors of this legislation.

Adopt election schedule:

Motion by Mr. Wyatt seconded by Mr. Dean to adopt the election schedule for the unexpired term for Chiefs District I as presented. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Wyatt to adopt the election schedule for a five year term for Non Chief District II as presented. Without objection the motion carried.

Personal Financial Disclosure Forms:

Mr. Zinna provided a copy of the Personal Financial Disclosure "Tier 2.1" form and explained that the form is due to the Louisiana Board of Ethics by May 15, 2009.

Other Business:

Chairman Reech created a committee to oversee, evaluate and make recommendations for Olde Oaks Golf Club, Stonebridge Golf Club and Olde Oaks Development. Mr. Reech appointed Randy Roche as Chairman, Sammy Wyatt as Vice Chairman, Jeff Wesley, Steve Caraway and Kelly Gibson to serve on the committee. The committee is to make recommendations

Motion by Mr. Wyatt seconded by Mr. Dean to adjourn the meeting at 12:25 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 April 22, 2009.

Larry Reech, Chairman

Kathy Bourque, Director