

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, June 17, 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)
Chief Stephen Caraway (Kenner)
Capt. Henry Dean (New Orleans)
Lt. Kelly Gibson (Lafayette)
Capt. (Ret.) Willie Joe Greene (Shreveport)
Chief Ronald Schleuter (Monroe)
Chief Jeff Wesley (Denham Springs)

Members Absent:

Chief K.P. Gibson (Crowley)
Sgt. Samuel Wyatt (Bossier City)
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. Mike Gallagher, JPMorgan Chase
Ms. Sylvia Bell, JPMorgan Chase
Mr. Guy Cooper, Mercer
Mr. Ben Chavarria, Olde Oaks Golf Club & Stonebridge Golf Club
Mr. Michael Kinney, Batterymarch
Mr. David Lazenby, Batterymarch
Mr. Pdraig Sheehy, KBC Asset Management
Mr. Jeff Gallahue, KBC Asset Management
Mr. Geoff Blake, KBC Asset Management
Mr. Warren Fleet, Attorney, Jones Walker
Mr. Joe Bourgeois, Retired BRPD

Oath of Office:

Mr. Zinna administered the Oath of Office to Chief Ron Schlueter to serve a term from June 1, 2009 until June 30, 2012.

Approval of minutes:

Motion by Mr. Dean seconded by Mr. Wesley to approve the minutes of the meetings held May 19, 2009 and May 20, 2009. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Dean seconded by Mr. Schlueter 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>
Howard Dresselhaus	Slidell	04/25/09	18.78	2a
Donald Foster	Alexandria	05/04/09	25.08	Max
George Hesni, II	New Orleans	06/24/09	12.15	Max
Rita Peaker	Minden	06/01/09	17.88	02

Motion by Mr. Kelly Gibson seconded by Mr. Wesley 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>
Timothy Bayard	New Orleans	05/30/09	30.59	Max
Jean Beckenmeyer	New Orleans	05/02/09	29.33	Max
Scott Blancher	New Orleans	07/01/09	25.00	2a
Bryan Boney	West Monroe	07/01/09	27.05	2a
Ronnie Britton	Monroe	05/16/09	25.21	Max
Richard Cochran, III	Baton Rouge	06/12/09	28.54	2a
Daniel Crummey	Gonzales	06/24/09	12.00	Max
Cosmo Giglio	Baton Rouge	06/26/09	28.78	Max
Craft Dunaway	Baton Rouge	06/19/09	12.05	Max
James Hilton, Jr.	Ruston	05/08/09	31.35	02
Patrick Jones	New Orleans	05/30/09	29.56	Max
Wayne Lawrence	Gretna	05/30/09	25.06	2a
Alfred Mondrick	Baton Rouge	06/12/09	28.95	2a
Debra Randolph	New Orleans	06/21/09	23.60	Max
George Tynes	Alexandria	05/23/09	25.06	2a
James Viola	Bossier City	07/01/09	28.25	02

Motion by Mr. Greene seconded by Mr. Caraway 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>
Allen Bates	Shreveport	05/01/09	20.64	2a
Ronald Cowart	Baton Rouge	06/23/09	29.06	2a
Dennis Moran	Baton Rouge	04/14/09	29.37	2a
Neville Payne	New Orleans	04/13/09	25.74	02
Richard Pilinski	Bossier City	04/20/09	29.01	02
Michael Riley	New Orleans	04/14/09	25.13	2a

Custodian bank report:

Mr. Mike Gallagher and Ms. Sylvia Bell represented JPMorgan at the meeting.

	<u>05/31/09</u>	<u>04/30/09</u>
Alliance Capital	\$114,999,187.77	\$108,945,890.60
INTECH	\$ 66,539,449.97	\$ 63,882,833.61
Sterling Capital	\$ 37,935,791.03	\$ 35,540,674.26
LSV Asset Management	\$ 20,329,902.16	\$ 19,545,922.22
Pinnacle Associates Ltd	\$ 46,649,404.69	\$ 43,906,187.53
Harris Inv. Management	\$ 67,428,794.92	\$ 63,507,499.10
Dimensional	\$ 39,090,069.38	\$ 34,358,439.15
Energy Opportunities	<u>\$ 6,904,283.93</u>	<u>\$ 5,873,373.52</u>
Total Equity	\$399,876,883.85	\$375,560,819.79
William Blair	\$115,030,573.31	\$101,352,606.50

Pyrford	\$ 213,477.86	\$ 184,711.70
KBC	\$ 31,605,751.74	\$ 24,864,202.36
Alliance Bernstein	\$ 84,775,500.33	\$ 76,140,813.78
Batterymarch	\$ 18,207,270.58	\$ 15,388,307.89
Total International	\$249,832,573.82	\$217,930,642.23
State Street Bond	\$ 92,245,802.09	\$ 91,522,539.19
Post	\$ 65,674,217.80	\$ 63,900,666.21
Loomis Sayles	\$ 91,732,576.79	\$ 86,042,245.80
Total Fixed Income	\$249,652,596.68	\$241,465,451.20
Real Estate	\$ 52,933,906.05	\$ 52,933,906.05
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	\$ 77,940,912.30	\$ 80,127,804.53
Prudential Global	\$ 24,864,202.36	\$ 24,864,202.36
Total Real Estate	\$199,001,135.63	\$201,188,027.86
Hedge Fund	\$ 19,726,822.61	\$ 19,726,822.61
Total Hedge Fund	\$ 19,726,822.61	\$ 19,726,822.61
Cash	\$ 21,145,317.56	\$ 21,145,317.56
Total Cash	\$ 21,145,317.56	\$ 21,145,317.56
TOTAL ASSETS	\$1,139,235,330.15	\$1,077,017,081.25

Securities Lending Report:

	<u>Fixed Income</u>	<u>Equities</u>
Current Month	\$ 12,747.05	\$ 83,224.67
Calendar Year	\$ 51,926.23	\$272,588.17

Investment consultant's report:

Mr. Guy Cooper represented Mercer Investment Consulting at the meeting.

Preliminary market value as of May 31, 2009 was \$1,135,495,801 and preliminary total return was 6.5% for the month of May 2009.

Mr. Cooper handed out Mercer's 2009 proposed work plan. The following summarizes key items to address over the coming months.

- Establish performance monitoring criteria for monthly meetings
- Termination of Summit Strategies oversight
- Capture custodial information flow (monthly/quarterly performance monitoring)
- Asset allocation review and analysis
- Investment policy statement review
- Review manager structure and manager line-up and recommend appropriate changes
- Establish educational goals for the board
- Provide a Governance assessment on MPERS

Chairman Reech recognized former board member Joe Bourgeois, retired from the Baton Rouge Police Department.

Investment Managers Presentation:

Mr. Padraig Sheehy, Mr. Geoff Blake and Mr. Jeff Gallahue represented KBC Asset Management to present their annual report. The portfolio value as of May 31, 2009 was \$31,451,309.

Performance summary as of May 31, 2009:

	<u>MPERS</u>	<u>MSCI Value</u>	<u>MSCI EAFE</u>
Inception to end 2007	1.5%	2.6%	5.2%
2008	-41.8%	-43.7%	-43.1%
2009 to end May	8.8%	11.2%	9.0%
Inception to end 5/09	-35.7%	-35.7%	-34.7%

Mr. Michael Kinney and Mr. David Lazenby represented Batterymarch Financial Management, Inc. to present their annual report. The portfolio value as of May 31, 2009 was \$18,207,270.

Real Estate Update:

Motion by Mr. Wesley seconded by Mr. Kelly Gibson to go into executive session at 10:34 a.m. to discuss litigation entitled "Gautreaux et al vs. MPERS, 522,457, 19th JDC. Without objections the motion carried.

Motion by Mr. Wesley seconded by Mr. Kelly Gibson to return to regular session at 11:40 a.m. Without objections the motion carried.

Mr. Roche advised that he received letters from Martin Stuart and Stefanie Riegel requesting increased severance pay and Mr. Stuart hired an attorney to represent him.

Motion by Mr. Dean seconded by Mr. Greene to reconsider the motion made to pay Martin Stuart and Stefanie Riegel six weeks of severance pay. Motion to reconsider failed unanimously, and the prior board action on this matter is maintained.

Mr. Roche will advise by letter to Martin Stuart and Stefanie Riegel that the board did not approve additional severance pay.

Olde Oaks Development:

Mr. Zinna advised that currently two sales are pending at Olde Oaks Development. Fairway Villas which includes 35 lots expected to close July 2009 and Unit 6 which includes 45 lots expected to close in August 2009.

Golf Clubs:

Mr. Roche handed out and discussed a draft of Mr. Ben Chavarria's contract for Olde Oaks Golf Club and Stonebridge Golf Club. The draft contract would be on a year by year basis. Retirement system staff and attorneys have reviewed the contract as in order for execution.

Mr. Ben Chavarria addressed the board regarding an update on Olde Oaks Golf Club in the last month.

Motion by Mr. Kelly Gibson seconded by Mr. Schleuter to pay off the outstanding loan at Ouachita Bank in the amount of \$224,240.65 currently being paid by Stonebridge Golf Club. With Mr. Dean objecting, the motion carried.

Real Estate LLC's:

Motion by Mr. Wesley seconded by Mr. Kelly Gibson to authorize and empower the Chairman of the Board of Trustees to act for and on behalf of MPERS to sign the amendment of articles of organization for Stonebridge Enterprises, LLC and any other documents required with respect to the organization of management of Stonebridge Enterprises, LLC. Without objection the motion carried.

Motion by Mr. Wesley seconded by Mr. Schleuter to authorize and empower the Chairman of the Board of Trustees to act for and on behalf of MPERS to sign the amendment of articles of organization for Olde Oaks Golf Club, LLC and any other documents required with respect to the organization of management of Olde Oaks Golf Club, LLC. Without objection the motion carried.

Motion by Mr. Wesley seconded by Mr. Schleuter to authorize and empower the Chairman of the Board of Trustees to act for and on behalf of MPERS to sign the amendment of articles of organization for Olde Oaks Development, LLC and any other documents required with respect to the organization of management of Olde Oaks Development, LLC. Without objection the motion carried.

Experience Study:

Mr. Charles Hall, Hall Actuarial Associates, presented the results of the experience study for the period beginning July 1, 2003 and ending June 30, 2008. This study is performed once every five years and indicates the actuarial impact that the different experiences such as salary growth, retirement, death, disability and withdrawal have on the actuarial liability of the system.

Motion by Mr. Dean seconded by Mr. Wesley to accept the experience study as presented by Mr. Charles Hall. Without objection the motion carried.

Operating and Building Budget:

Motion by Mr. Dean seconded by Mr. Kelly Gibson to approve the 2009-10 operating budget, deferring action on salary increases, as submitted by the Director. With Mr. Schleuter objecting, the motion carried.

Chairman Reech appointed a salary review committee which includes, Mr. Dean as Chairman, Mr. Schleuter, Mr. Greene, Mr. K.P. Gibson and Mr. Zinna.

Motion by Mr. Dean seconded by Mr. Caraway to approve the 2009-10 building budget as submitted by the Director. Without objections the motion carried.

2009 Legislative Update:

Mr. Zinna and Mr. Hall discussed status of Legislation for the 2009 Regular Session that would affect MPERS.

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| HB96 | Allows the retiree to select a retirement option that would provide for automatic cost of living adjustments subject to an actuarial reduction of benefits. Effective July 1, 2009 |
| HB655 | Provides for an initial benefit option on a reemployed retiree's additional retirement benefit if the reemployed retiree had never participated in DROP prior to original retirement. Effective July 1, 2009 |

Other Business:

Chairman Reech advised that a letter was received from Mr. Charles Hall of Hall Actuarial Associates requesting an increase in the annual contract fee beginning July 1, 2009.

Chairman Reech appointed an actuarial review committee which includes Mr. Wesley as Chairman, Mr. Wyatt, Mr. Caraway, Mr. Kelly Gibson and Mr. Roche.

Motion by Mr. Schleuter seconded by Mr. Wesley to adjourn the meeting at 1:28 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 June 17, 2009.

Larry Reech, Chairman

Kathy Bourque, Director