

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, September 22, 2009, at Hilton Riverside, 2 Poydras Street, Jasperwood 3rd Floor, New Orleans, LA 70130

The meeting was called to order by Chairman Reech at 2:00 p.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)

Members Absent:

Chief K.P. Gibson (Crowley)
Sgt. Samuel Wyatt, Vice Chairman (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. Charles Hall, Actuary
Mr. Dwayne Munch, Westwego Chief of Police
Mr. Mike Gallagher, JPMorgan Chase
Mr. Matt Tessier, Attorney, House Retirement Committee
Mr. Eddie Guerra, Mercer
Mr. Guy Cooper, Mercer
Mr. Bill Wilson, Shreveport Retiree
Mr. Keith Bruch, LSV Asset Management
Mr. Scott Kemper, LSV Asset Management

Approval of minutes:

Motion by Mr. Schleuter seconded by Mr. Greene to approve the minutes of the meeting held August 19, 2009 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Schleuter seconded by Mr. Kelly Gibson 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>
Daryl Causey	Baton Rouge	08/15/09	27.59	3a
Michael Jones	Baton Rouge	09/25/09	17.02	03
Gary Pederson*	Morgan City	09/12/09	14.80	2a

*Converted from Disability to Regular Retirement

Motion by Mr. Dean 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>
Bruce Bennett	Baton Rouge	09/16/09	29.01	Max
Kevin Doucette	New Orleans	09/18/09	25.09	Max
Harold Lewis	New Orleans	08/03/09	32.18	2a
Steven Rice	New Orleans	09/29/09	19.09	Max
George Rutherford III	Vidalia	08/23/09	12.37	Max
Jeffrey Wesley	Denham Springs	08/30/09	26.57	Max

Motion by Mr. Caraway seconded by Mr. Schleuter 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>
Eugene Crosby	Bogalusa	07/23/09	27.11	3a
John Hall, Jr.	New Orleans	07/12/09	26.37	Max
John Lewis	Bossier City	07/15/09	18.19	2a
Larry Vaughn	Natchitoches	08/01/09	28.80	03
Richard Walther	Kenner	07/04/09	32.45	2a
James Witty	Baton Rouge	07/07/09	28.04	3a
Gerald Young	New Orleans	08/01/09	25.03	02

Disability Retirement:

Motion by Mr. Schleuter seconded by Mr. Dean to table Mr. Stanley Brooks' (Plaquemine) application for disability until the October 2009 meeting as a courtesy to Mr. Brooks due to his inability to be present. Without objection the motion carried.

Custodian bank report:

Mr. Mike Gallagher represented JPMorgan at the meeting.

	<u>08/31/09</u>	<u>07/31/09</u>
Alliance Capital	\$128,250,337.47	\$123,890,606.66
INTECH	\$ 73,789,273.20	\$ 72,382,253.54
Sterling Capital	\$ 45,712,441.99	\$ 43,042,137.29
LSV Asset Management	\$ 24,535,742.98	\$ 23,243,321.69
Pinnacle Associates Ltd	\$ 53,617,010.32	\$ 51,413,240.75
Harris Inv. Management	\$ 73,824,658.81	\$ 71,751,976.19
Dimensional	\$ 46,277,365.79	\$ 42,587,683.92
Energy Opportunities	\$ 6,897,398.57	\$ 6,717,321.84
Total Equity	\$452,904,229.13	\$435,028,541.88
William Blair	\$127,289,566.82	\$124,825,301.56
Pyrford	\$ 198,249.79	\$ 194,883.51
KBC	\$ 35,954,269.14	\$ 34,259,391.10
Alliance Bernstein	\$ 97,464,736.68	\$ 91,177,993.74
Batterymarch	\$ 20,158,318.42	\$ 20,012,806.60
Total International	\$281,065,140.85	\$270,470,376.51
State Street Bond	\$ 95,361,817.69	\$ 94,387,201.89
Post	\$ 70,554,473.50	\$ 70,011,442.60
Loomis Sayles	\$103,960,682.97	\$101,420,434.71
Total Fixed Income	\$269,876,974.16	\$265,819,079.20
Real Estate	\$ 50,286,590.74	\$ 52,933,906.05
LaSalle Real Estate Mgmt	\$ 30,472,615.80	\$ 30,472,615.67
LaSalle Growth Fund V	\$ 6,995,317.98	\$ 6,995,317.98

Principal Global	\$ 71,813,398.65	\$ 72,684,059.55
Prudential Global	<u>\$ 15,757,832.77</u>	<u>\$ 15,757,832.70</u>
Total Real Estate	\$168,330,437.96	\$178,843,731.95
 Hedge Fund	 <u>\$ 20,029,231.63</u>	 <u>\$ 20,028,837.42</u>
Total Hedge Fund	\$ 20,029,231.63	\$ 20,028,837.42
 Cash	 <u>\$ 8,984,183.77</u>	 <u>\$ 13,436,539.13</u>
Total Cash	\$ 8,984,183.77	\$ 13,436,539.13
 TOTAL ASSETS	 \$1,208,185,515.49	 \$1,183,627,106.09

Securities Lending Report:

	<u>Fixed Income</u>	<u>Equities</u>
Current Month	\$ 8,915.33	\$ 28,864.63
Calendar Year	\$ 80,522.95	\$395,860.72

Investment consultant's report:

Mr. Eddie Guerra and Mr. Guy Cooper represented Mercer Investment Consulting at the meeting.

Market Update:

Mr. Guerra presented a brief summary of the asset allocation review. The complete summary will be discussed at the October 2009 meeting. Mr. Guerra reported that overall the plan's long-term risk and return expectations are generally in line with other public peers.

Mercer's preliminary assessment:

- Relative to policy target, domestic equity is over weighted
- The plan has a low allocation to fixed income
- The plan has a high allocation to international equity
- The plan has a low allocation to hedge funds and no allocation to opportunistic investments or private equity
- The plan does not currently have an allocation to Private Equity
- The plan does not currently have an international fixed income allocation
- The Plan has an appropriate allocation to real estate

The existing investment policy for Real Estate, Hedge Funds and Alternatives is incomplete. Mercer is working on a completed version of these sections of the Investment Policy Statement and will provide a draft of a revised document at the October 2009 meeting.

Mr. Guerra reported that Mercer completed on-site visitations/evaluations of the two Hedge Fund of Fund Managers, Cadogan and Permal, and concurs with MPERS' decision to make an allocation of \$20 million to Cadogan and \$20 million to Permal.

Mercer's recommendations for withdrawals to make benefit payments and fund Hedge Fund of Fund managers are as follows:

<u>Investment Manager</u>	<u>Oct 2009</u>	<u>Nov 2009</u>	<u>Dec 2009</u>
AllianceBernstein S&P 500	\$11,000,000	\$3,500,000	\$3,500,000
Pinnacle SMID Cap Growth	\$ 7,500,000		
SSgA BC Aggregate Index	\$ 3,500,000	\$3,500,000	\$3,500,000
Loomis Sayles Bond	\$10,000,000		
Post Advisory High Yield	\$15,000,000		
TOTAL	<u>\$47,000,000</u>	<u>\$7,000,000</u>	<u>\$7,000,000</u>

Motion by Mr. Kelly Gibson seconded by Mr. Caraway to approve the withdrawal schedule relative to benefit payments which equals \$21 million over the next three months. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Greene to fund Cadogan and Permal Hedge Fund of Fund managers with \$20 million each using the recommended withdrawal schedule from Mercer. With Mr. Kelly Gibson opposing, the motion carried.

Investment Managers Presentation:

Mr. Keith Bruch and Mr. Scott Kemper represented LSV Asset Management to present the annual report. The market value of the portfolio was \$20,515,680 as of June 30, 2009.

<u>Performance:</u>	<u>MPERS</u>	<u>Russell 2000 Value</u>
2 nd Qtr.	30.8%	18.0%
YTD	4.0%	-5.2%
3 Years	-12.7%	-12.1%
Since inception 9/01	5.2%	3.3%

Compliance Questionnaire:

Motion by Mr. Dean seconded by Mr. Greene to adopt a resolution authorizing the Chairman of the Board and the System's Director to execute the Annual Systems Survey and Compliance Questionnaire as of June 30, 2009 as required by statute. Without objection the motion carried.

Accept Nominations:

Motion by Mr. Kelly Gibson seconded by Mr. Caraway to accept the nomination for Chiefs District II from Chief Dwayne Munch (Westwego) and declare Chief Munch the winner for the remainder of a five year term beginning October 1, 2009 through June 30, 2011. Without objection the motion carried.

Real Estate Update:

Motion by Mr. Schleuter seconded by Mr. Greene to approve the purchase of the Maintenance Barns and land adjacent to Stonebridge Golf in the amount of \$400,000.00. Without objection the motion carried.

Mr. Roche handed out the financials from Mr. Ben Chavarria for Olde Oaks Golf Club and Stonebridge Golf Club for August 2009.

Motion by Mr. Schleuter seconded by Mr. Kelly Gibson to adjourn the meeting at 2:57 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 September 22, 2009.

Larry Reech, Chairman

Kathy Bourque, Director