

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, December 16, 2009, at 7722 Office Park Boulevard, Baton Rouge, Louisiana **for informational purposes only**.

The meeting was called to order by Chairman Reech at 9:07 a.m.

Members Present:

Sgt. (Ret.) Larry Reech, Chairman (New Orleans)
Chief Stephen Caraway (Kenner)
Lt. Kelly Gibson (Lafayette)
Capt. (Ret.) Willie Joe Greene (Shreveport)
Chief Ronald Schleuter (Monroe)

Members Absent:

Capt. Henry Dean (New Orleans)
Chief K.P. Gibson (Crowley)
Chief Dwayne Munch (Westwego)
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 Roche, General Counsel
Mr. Charles Hall, Actuary
Mr. Jim Percy, Attorney, Jones Walker
Ms. Lauren Bailey, Attorney, Senate Retirement Committee
Mr. Eddie Guerra, Mercer
Mr. Mike Gallagher, JPMorgan
Mr. Hugh Costello, Post Advisory
Ms. Melinda Newman, Post Advisory
Ms. Carolyn Marzette, Retiree
Mr. Ben Chavarria, Olde Oaks and Stonebridge Golf Clubs
Mr. Michael Verrett, Retiree
Mr. Charles Roark, Monroe Police Department
Mr. Mark Huggins, Monroe Police Department

Chairman Reech announced that no quorum was present; therefore, this meeting can be held for informational purposes only.

Request for change of beneficiary:

Ms. Carolyn Marzette addressed the board regarding a change in beneficiary. At retirement she wanted her daughter as her beneficiary and was told that if she was married, her husband would have to be named as beneficiary unless he would sign documents giving up his survivorship rights. Ms. Marzette advised that she is now divorced and wants to change her beneficiary to her daughter.

The Board advised Ms. Marzette that the only way her beneficiary can be changed is if her ex husband signs through the courts giving up his survivorship rights to her benefit. Then she could change her option to the maximum plan naming her daughter as beneficiary.

Boot Ranch Development Update:

Mr. Jim Percy was present to give a Boot Ranch Development update and advised that an executive session was needed for the update. Mr. Percy will attend the next board meeting to give an update.

Custodian bank report:

Mr. Mike Gallagher represented JPMorgan at the meeting.

	<u>11/30/09</u>	<u>10/31/09</u>
Alliance Capital	\$118,727,929.26	\$127,212,948.34
INTECH	\$ 79,788,218.03	\$ 75,473,806.29
Sterling Capital	\$ 47,857,214.28	\$ 45,694,363.51
LSV Asset Management	\$ 24,804,081.21	\$ 24,330,300.32
Pinnacle Associates Ltd	\$ 43,654,907.49	\$ 48,400,152.48
Harris Inv. Management	\$ 76,870,529.69	\$ 73,558,040.96
Dimensional	\$ 46,954,235.59	\$ 46,703,645.94
Energy Opportunities	<u>\$ 23,539,430.06</u>	<u>\$ 7,513,481.24</u>
Total Equity	\$462,196,545.61	\$448,886,739.08
William Blair	\$138,618,346.70	\$134,770,920.12
Pyrford	\$ 190,063.22	\$ 187,969.16
KBC	\$ 37,489,402.15	\$ 36,815,562.13
Alliance Bernstein	\$101,708,618.40	\$ 99,650,490.05
Batterymarch	<u>\$ 23,525,807.31</u>	<u>\$ 22,354,151.35</u>
Total International	\$301,532,237.78	\$293,779,092.81
State Street Bond	\$ 98,181,578.04	\$ 96,951,431.01
Post	\$ 74,445,496.59	\$ 73,724,173.49
Loomis Sayles	<u>\$110,712,610.18</u>	<u>\$109,458,211.59</u>
Total Fixed Income	\$283,339,684.81	\$280,133,816.09
Real Estate	\$ 50,286,590.73	\$ 50,286,590.73
LaSalle Real Estate Mgmt	\$ 22,942,669.23	\$ 25,024,744.59
LaSalle Growth Fund V	\$ 5,795,875.83	\$ 5,865,519.75
Principal Global	\$ 71,813,399.08	\$ 71,813,399.28
Prudential Global	<u>\$ 14,843,201.52</u>	<u>\$ 14,843,201.52</u>
Total Real Estate	\$165,681,736.39	\$167,833,455.87
Hedge Fund	<u>\$ 12,302,953.85</u>	<u>\$ 12,738,484.57</u>
Total Hedge Fund	\$ 12,302,953.85	\$ 12,738,484.57
Cash	<u>\$ 14,752,943.76</u>	<u>\$ 11,063,928.07</u>
Total Cash	\$ 14,752,943.76	\$ 11,063,928.07
TOTAL ASSETS	\$1,239,806,102.20	\$1,214,435,516.49

Securities Lending Report:

	<u>Fixed Income</u>	<u>Equities</u>
Current Month	\$ 5,405.48	\$ 26,855.07
Calendar Year	\$ 99,876.12	\$476,421.29

Investment consultant's report:

Mr. Eddie Guerra represented Mercer Investment Consulting at the meeting.

Economic Profile:

The S&P 500 rose 1.3%. Value outperformed growth and small caps far exceeded large caps, as the Russell 2000 returned 4.4% versus the Russell 1000's return of 1.5%. The unemployment rate fell to 10% and job losses were less than expected with some analyst expecting future revisions to show positive job growth.

MSCI EAFE rose 3.0% while MSCI EM gained almost 4.5%. The 10-year Treasury yield rose 27 basis points to 3.48% while the 2-year yield was up 16 basis points at 0.84%. Mortgage rates dropped to record lows at 4.71% on the 30-year.

Mr. Guerra reported that the preliminary market value was \$1,223,897,235 as of November 30, 2009.

Mr. Guerra handed out a tentative schedule for the Educational Session which will be held in February 2010. The session will include, Investing 101, Introduction to Private Equity/Venture Capital, Introduction to Other Alternative Investments and Introduction to Private Placements.

Investment Managers Presentation:

Mr. Hugh Costello and Ms. Melinda Newman represented Post Advisory Group to present the annual report. The market value was \$74,445,496 as of November 30, 2009.

<u>Performance results</u>	<u>MPERS</u>	<u>Lehman Bros.</u>
Nov '09	1.09%	1.01%
YTD	35.45%	53.18%
Since Inception*	6.49%	7.99%
*6/1/03		

Real Estate Update:

Mr. Ben Chavarria handed out the operations and maintenance updates for The Golf Club at Stonebridge and Olde Oaks Golf Club. Both courses had a record 20 inches of rain in October to unseasonable early cold weather for the region. The record rain resulted in major flooding for weeks which affected member play along with rescheduling of a few tournaments.

Boot Ranch Update:

Mr. Roche stated that Mr. Jim Percy advised that a special meeting of the Board may be necessary for December 23, 2009 in order to take action prior to the Lehman Brothers foreclosure which is scheduled for the first week of January 2010. Mr. Roche will contact all board members if the meeting is necessary.

Baton Rouge Merger Update:

Mr. Roche advised that MPERS was contacted by the Baton Rouge Pension System (CPERS) regarding errors in the Baton Rouge Merger. The discrepancies include too much credit merged for certain members and too little credit merged for certain members. Mr. Roche reported that a meeting was held by CPERS and MPERS staff to discuss the discrepancies and CPERS will contact Mr. Charles Hall to calculate an adjustment cost to correct the errors.

Mr. Charles Hall reported that in January 2009 he calculated a merger adjustment cost for CPERS using discrepancies provided to him by Mr. Randy Zinna. Mr. Hall provided the adjustment cost to CPERS Trustees as requested.

Mr. Michael Verrett, retired from the Baton Rouge Police Department, advised that he was included in the Baton Rouge Merger and received too little service credit as a result of the error. Mr. Verrett stated that his monthly benefit will increase as soon as the adjustment is done.

Other Business:

Actuarial Valuation update:

Chairman Reech asked Mr. Hall when the actuarial valuation for year ended 6/30/09 would be complete. Mr. Hall advised that he just received the draft from the auditors and should have the final valuation to present to the board at the January 2010 meeting.

The meeting ended at 10:50 a.m.

To the best of my knowledge, the foregoing accurately represents the information presented and discussed at the meeting held on December 16, 2009.

Larry Reech, Chairman

Kathy Bourque, Director