

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, November 16, 2011, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Kelly Gibson at 9:00 a.m.

Pledge of Allegiance:

Chairman Kelly Gibson led the pledge of allegiance.

Members Present:

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

Members Absent:

Senator D.A. "Butch" Gautreaux
Representative Kevin Pearson

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. Brett Hazen, Segal Advisors
Mr. Gary Curran, GS Curran & Company, Ltd
Mr. Richard Hartzell, JPMorgan
Ms. Stephanie Little, Attorney House Retirement
Ms. Lauren Bailey, Attorney Senate Retirement
Ms. Laura Gail Sullivan, Senate Counsel
Ms. LA Tucker, Monroe Police Department
Mr. Michael Callaway, Monroe Police Department
Mr. James Murphy, Prudential Real Estate Advisors
Mr. Terry McHugh, Prudential Real Estate Advisors
Mr. Blake Pontius, William Blair
Mr. John McLaughlin, William Blair
Mr. Chris Robertson, Touchstone Golf
Mr. Kevin Coppins, Olde Oaks Golf Manager
Mr. Reagan Davis, Stonebridge Golf Manager

Public Comment:

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

Approval of minutes:

Motion by Mr. Huggins seconded by Mr. Greene to approve the minutes of the meeting held October 19, 2011 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Caraway seconded by Mr. Reech 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>
Kevin Cavell	Baton Rouge	11/23/11	23.52	Max
David Courtney	Zachary	11/01/11	28.40	2a
John Delucca	New Orleans	11/28/11	15.32	2a
April Overman	New Orleans	07/11/10	26.24	Max
Donald Wiley, Jr.	Jonesville	11/03/11	13.75	Max

Motion by Mr. Greene 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>
Phillip Brewton	Lake Charles	09/29/11	30.00	02
Vinetta Briscoe	Sulphur	09/05/11	21.59	Max
Johnnie Cook	Shreveport	10/01/11	25.08	Max
Brian Mattison	Lake Charles	10/01/11	27.46	02
Wayne Smith	Shreveport	10/01/11	31.13	2a

Motion by Mr. Reech seconded by Mr. Huggins 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>
Smylie Anderson	Monroe	10/31/11	34.07	2a
Steven Becker	Bossier City	12/01/11	27.81	Max
David Kirsch	New Orleans	11/01/11	27.45	2a
Karl Palmer	New Orleans	12/01/11	25.15	Max
Rodney Price	Shreveport	11/01/11	27.84	2a
Dorman Sinclair, Jr.	Baton Rouge	12/01/11	27.12	Max
Jeff Smith, Jr.	Baton Rouge	11/25/11	28.98	03

Investment Managers Presentation:

Prudential Real Estate:

Mr. James Murphy and Mr. Terry McHugh represented Prudential Real Estate Investors to present the annual report. Prudential PRISA II has received a total of \$31,467,000 since inception (6/29/07). The market value as of September 30, 2011 was \$24,267,030.

William Blair & Company:

Mr. Blake Pontius and Mr. John McLaughlin represented William Blair & Company to present the annual report. Market value as of October 31, 2011 was \$159,908,344.

	<u>MPERS</u>	<u>MSCI EAFE</u>
October 2011	10.02%	9.65%
Year to Date	-6.97%	-6.38%
3 Years	17.86%	10.42%
Since Inception*	10.38%	7.68%
*7/31/03		

Custodian Report by JPMorgan:

Mr. Richard Hartzell represented JPMorgan at the meeting. Total market value as of October 31, 2011 was \$1,324,910,131.71.

Real Estate Update:

Touchstone Golf:

Mr. Chris Robertson represented Touchstone Golf to give an update on the current cash flow numbers and provide detail for the request of additional funding for Stonebridge and Olde Oaks Golf Clubs. The request addresses outstanding accounts payable and improvement projects. The funding request for the remainder of 2011 for Stonebridge is \$177,000.00 and for Olde Oaks is \$137,500.00.

Mr. Robertson introduced the general manager from Olde Oaks Golf Club, Mr. Kevin Coppins and the general manager from Stonebridge Golf, Mr. Reagan Davis.

Motion by Mr. Reech seconded by Mr. Huggins to authorize the funding of \$177,000.00 for Stonebridge Golf Club and \$137,500.00 Olde Oaks Golf Club as requested by Touchstone to cover accounts payable outstanding balances and improvement projects through December 31, 2011. With Mr. Elg objecting, the motion carried.

Investment Consultant's Report:

Mr. Brett Hazen represented Segal Advisors at the meeting and presented the analysis of performance ending October 31, 2011. Market value as of October 31, 2011 was \$1,325,304,617. Performance for the month of October 2011 was 7.37%.

Adoption of board meeting schedule:

The proposed dates for board meetings in 2012 are as follows:

January 18	July 18
February 15	August 15
March 21	September 19
April 18	October 18
May 16	November 14
June 20	December 12

Motion by Mr. Elg seconded by Mr. Munch to approve the board meeting schedule for 2012 as presented subject to changes as they may become necessary. Without objection the motion carried.

Other Business:

Actuarial Valuation Update:

Mr. Gary Curran discussed several issues involving the calculation of the yearly actuarial valuations. He advised that previous valuations were done using an approach where the asset values were arrived at by smoothing in unrealized capital gains and

losses. Mr. Curran stated that there are some disadvantages with using this approach because of the unreliability of the unrealized capital gains and losses. Mr. Curran recommended using the average market rate of return in the smoothing method. He stated there was some minor transition cost in changing methods but the costs would only affect the first year. He also recommended using a 5 year averaging with a 15% corridor as opposed to the current 3 year averaging with a 20% corridor feeling that this is more appropriate with the current asset mix of the system. When the adjusted value falls outside of the corridor limits, the actuarial value of assets is set equal to the average of the limited and adjusted value.

Mr. Curran stated that on the liability side he felt that the system should not be using the current mortality rate of its members but the future projected mortality rate of its members based upon the time that they will be retiring. This would give a more accurate effect to the projection of future benefit payments.

Mr. Curran's review of the statute governing DROP interest payable leads him to question the actual meaning of that statute.

Motion by Mr. Reech seconded by Mr. Dean to obtain an opinion from Legal Counsel for the proper interpretation of the DROP interest statute. Without objection the motion carried.

Compensation for Actuary:

Motion by Mr. Dean seconded by Mr. Huggins to compensate G.S. Curran & Company in addition to their monthly retainer for actuarial analysis for various proposals as requested by the Funding Review Panel. Without objection the motion carried.

Appeal for Disability Benefits:

Mr. Roche advised that Ms. Malinda Holden (New Orleans) filed an appeal against MPERS for the denial of her application for duty related disability and the Judge ruled against MPERS and granted Ms. Holden her disability retirement.

Olde Oaks Development:

Mr. Roche advised that the South Bossier Volunteer Fire Department, Fire District Two, requested permission to tie into Olde Oaks Development sewer system which is located behind the fire department.

Motion by Mr. Reech seconded by Mr. Dean to approve the request from the South Bossier Volunteer Fire Department to tie into the sewer system at Olde Oaks Development at the expense of the Fire Department. Without objection the motion carried.

Real Estate Issues:

Mr. Elg advised that after reviewing the auditor's financial records from Olde Oaks Golf Club, Stonebridge Golf Club and Olde Oaks Development which indicates that since purchasing the three entities MPERS has lost a total of \$46 million. Total appraised value of the all three properties was \$11.2 million in 2009.

Motion by Mr. Elg seconded by Mr. Dean (for discussion purposes only) to hire a real estate firm to auction off Olde Oaks Golf Club, Stonebridge Golf Club and Olde Oaks Development. The motion failed.

Chairman Gibson asked the Chairman of the real estate committee, Mr. Roche to call a meeting to discuss exit strategy issues for the three real estate properties and appointed Mr. Elg to that committee.

Motion by Mr. Dean seconded by Mr. Reech to adjourn the meeting at 11:38 a.m.
Without objection the motion carried.

To the best of my knowledge, the foregoing minutes accurately represent the actions
taken at the meeting held November 16, 2011.

Kelly Gibson, Chairman

Kathy Bourque, Director