

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, February 17, 2016, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Mark Huggins at 9:14 a.m.

Pledge of Allegiance:

Chairman Mark Huggins led the pledge of allegiance.

Members Present:

Cpl. Mark Huggins, Chairman
Capt. (Ret.) Willie Joe Greene, Vice Chairman
Mr. John Broussard, State Treasurer Designee
Maj. Raymond Burkart, Jr.
Chief Carl Dabadie
Chief Scott Ford
Sgt. Chad King
Mayor Joey Normand
Sgt. (Ret.) Larry Reech
Chief Michael Suchanek

Members Absent:

Mr. Jay Dardenne, Div. of Administration
Chief Dwayne Munch
Senator Barrow Peacock
Representative Kevin Pearson
Mayor Donald Villere

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. David Barnes, NEPC
Mr. Matt Ritter, NEPC
Mr. Greg Curran, Actuary
Ms. L. A. Huggins, Monroe Police Dept.
Mr. Kevin Gergits, BMO Global Asset Management
Mr. David Rosenblatt, BMO Global Asset Management
Mr. Warren DeKinder, Intech
Mr. Richard Yasenchak, Intech

Public Comment:

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

Approval of minutes:

Motion by Mr. King seconded by Mr. Greene to approve the minutes of the meeting held January 20, 2016 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Reech seconded by Mr. Greene 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>
Kary Beebe	Alexandria	01/01/16	27.32	2a
Reginald Fields	Shreveport	01/01/16	27.31	2a
Anthony Roach	Kenner	12/03/15	25.00	Max

Motion by Mr. Suchanek seconded by Mr. Reech 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>
Robert Bardy	New Orleans	12/28/15	38.06	2a
James Craft	Lafayette	02/01/16	36.00	Max
Ned Fowler	Lafayette	01/17/16	34.44	2a
Ronald Kauffman, Jr.	Port Allen	01/23/16	21.29	Max
Larry Lewis	Baton Rouge	02/26/16	27.93	3a
Charles Miller	New Orleans	01/23/16	25.36	3a
Joseph Pratt	Mansfield	02/01/16	30.42	03
Randy Rufty	Bossier City	02/29/16	30.14	02
Beverly Stewart	Monroe	01/17/16	23.74	Max
Arden Taylor	New Orleans	01/13/16	30.37	2a
Kevin Wilcox	Slidell	01/25/16	24.33	2a

Motion by Mr. Reech seconded by Mr. Burkart 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>
Kim Gates	Lafayette	01/03/16	25.72	Max
Stephonne Lewis	Baton Rouge	01/23/16	25.39	2a
James Marsch	Lafayette	01/03/16	25.72	Max
Ned Tolliver, Jr.	New Roads	12/21/15	12.00	Max
Michael Tong	Shreveport	01/01/16	30.89	2a

Disability Retirement:

Ms. Virginia Moody (Bogalusa) attended the board meeting to provide information relative to her non-duty related disability application. Chairman Huggins advised Ms. Moody that she had the option of having her application discussed in open session or executive session. Ms. Moody opted for executive session.

Motion by Mr. Reech seconded by Mr. King to enter into executive session at 9:17 a.m. to discuss Ms. Virginia Moody's non-duty related disability application. Without objection the motion carried.

Back to regular session at 9:21 a.m.

Motion by Mr. Reech seconded by Mr. Burkart to approve the non-duty related disability application submitted by Ms. Virginia Moody. Without objection the motion carried.

Interview Non-Core Real Estate Managers:

Mr. David Barnes with NEPC explained the manager interviews today is the final stage to rebuild the non-core real estate fund since our current non-core fund is winding down to its end.

Mr. Joey Normand arrived at the meeting.

Mr. Matt Ritter with NEPC provided an introductory of each manager to be interviewed and a brief summary of their strategies.

Interviews proceeded as follows:

Brookfield Strategic Real Estate Partners II
Lowell G. Baron
Robert E. White, Jr.

Davis Investment Ventures Fund III
Jonathan G. Davis
Quentin A. Reynolds

Siguler Guff DREOF II Co-investment Fund
James S. Corl
Ryan Mason

Motion by Mr. Normand seconded by Mr. Suchanek to hire Siguler Guff and commit \$25 million to their DREOF II Co-investment Fund within the funds non-core real estate allocation as recommended by NEPC. Without objection the motion carried.

Discussion of Dipaola vs. MPERS and discussion of MPERS vs. City of Baton Rouge:

Motion by Mr. Suchanek seconded by Mr. Greene to enter into executive session at 11:31 a.m. to discuss items number eight and eleven on the agenda: Dipaola vs. MPERS, 19th JDC, No. 591,844 Sec. 26 and discussion of MPERS vs. City of Baton Rouge, 19th JDC, No. 644,979, Sec. 22.

After a roll call vote to enter into executive session, the motion carried with the following result:

Yeas: Broussard, Burkart, Ford, Greene, Huggins, Normand, Reech, Suchanek
Nays: None
Recused: Dabadie, King

Back in regular session at 11:39 a.m.

Discussion of Paul Brown vs. MPERS and discussion of Jeff M. Bailes vs. MPERS:

Motion by Mr. Suchanek seconded by Mr. Greene to enter into executive session at 11:39 a.m. to discuss items number nine and ten on the agenda: Paul Brown vs. MPERS, 19th JDC, No. 643,743, Sec 25 and Jeff M. Bailes vs. MPERS 19th JDC, No. 644,057 Sec. 26.

After a roll call vote to enter into executive session, the motion carried with the following result:

Yeas: Broussard, Burkart, Dabadie, Ford, King, Greene, Huggins, Normand, Reech, Suchanek
Nays: None

Back in regular session at 11:45 a.m.

Investment Consultant's Report:

Mr. Barnes presented the Investment Market Update for the system. The total market value as of January 31, 2016 was \$1,664,721,901 and performance was down -3.9% for the month and down -8.0% for the fiscal year to date.

Mr. Barnes reported Pacific Asset Management announced the departure of a senior managing director driven by personal reasons. This announcement is cause to place the manager on "Watch" status. Watch status will still allow the manager to participate in future searches, but current and prospective clients must be made aware of the issues.

Mr. Barnes reported Prudential Real Estate Investors recently implemented revisions to PRISA II fees in order to bring the overall fee level in line with the market. The board asked Mr. Roche to review the contract between MPERS and Prudential to determine all terms are upheld.

Mr. Barnes reported that MPERS' hedge fund managers, EnTrust and Permal have combined. The business combination will create a new global alternatives firm with total assets of \$29 billion representing approximately \$12 billion in assets from EnTrust and \$17 billion from Permal. EnTrustPermal will continue to retain their legacy products, namely Permal Fixed Income Holdings, Permal Macro Holdings and EnTrust Capital Diversified without any combination but managed from a combined investment platform.

At the present time, all Permal and Entrust products are placed on "Hold" and will not be considered in current and future searches until further notice while the transition is evaluated. Hold status will not allow manager to be included in future searches unless a client specifically requests and current clients must be advised to review the manager.

Mr. Barnes reported that Kleinwort Benson Investors recently notified its clients that Oddo & Cie, an existing shareholder, completed a transaction to increase its stake in KBI's ultimate parent. KBI expects to remain a stand-alone entity within Oddo, and the firm believes that no changes will occur to management of the organization or the portfolios as a result of the change in parent. NEPC met with KBI to discuss the announced change in ownership and determined they will be rebranded at some point. NEPC is placing KBI on "Hold" status and will inform the board of any ongoing changes and will make recommendations as necessary. Hold status will not allow manager to be included in future searches unless a client specifically requests and current clients must be advised to review the manager.

Motion by Mr. Broussard seconded by Mr. Reech to place Pacific Asset Management on "Watch" status, Entrust and Permal on "Hold" status and KBI on "Hold" status until further notice, as recommended by NEPC. Without objection the motion carried.

BMO Global Asset Management:

Mr. Kevin Gergits and Mr. David Rosenblatt represented BMO Global Asset Management to present their annual report. The account value as of January 31, 2016 was \$106,703,812.

INTECH:

Mr. Warren DeKinder and Mr. Richard Yassenchak represented INTECH to present their annual report. The market value as of January 31, 2016 was \$113,306,232.

Mr. King and Mr. Broussard left the meeting.

Actuary Comments:

Mr. Greg Curran provided the board with a handout requesting approval of updated lump sum conversion factors and option tables with regard to calculating option benefits and using Blue Collar tables. The updated factors will be effective July 1, 2016.

Motion by Mr. Greene seconded by Mr. Suchanek to approve updated factor tables to be effective July 1, 2016 as recommended by G. S. Curran & Co. Without objection the motion carried.

Mr. Curran discussed the issues related to Act 43 of the 2015 Regular Session of the Louisiana Legislature which requires employers who fully or partially terminate participation in MPERS to pay the portion of the system's unfunded accrued liability attributable to the employer's participation in the system. A draft of legislation to be introduced in the 2016 Regular Session was provided to the board for their review. Discussion was held on several options to clarify the concept of the original legislation.

Motion by Mr. Normand seconded by Mr. Ford to suspend Act 43 of 2015 Regular Session. After roll call vote, motion failed with the following result:

Yeas: Normand

Nays: Burkart, Dabadie, Ford, Reech, Suchanek, Greene

Abstained: Huggins

Motion by Mr. Reech seconded by Mr. Greene to withdraw current legislation filed in the 2016 Regular Session regarding clarification of Act 43 of 2015 Regular Session. Without objection the motion carried.

Director's Report:

Ms. Bourque provided the Board with a list of invoices paid by the retirement system during the prior month for their review. The Board had no questions regarding any payments issued.

Ms. Bourque recommended adding membership education to a future agenda in order to update the board on current membership requirements of MPERS.

Ms. Bourque reported that MPERS has been served with a lawsuit from Bossier Parish filed on January 13, 2016, Bossier Parish vs. G2 Golf, L.L.C. et al. No. 148,966, Division F, 26th JDC, seeking injunctive relief and damages related to the operation of the wastewater system at Olde Oaks development. Bossier Parish has sued the purchaser of the development, G2 Golf, L.L.C., as well as its owner, Eugene Yi, the contractor operating the system and MPERS. The first hearing is set for February 29, 2016.

Other Business:

Mr. Huggins asked Mr. Roche for an update on the search for securities litigation firms. Mr. Roche advised that all responses from interested firms are due at MPERS' office by February 29, 2016.

Motion by Mr. Reech seconded by Mr. Normand to adjourn the meeting at 1:38 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 February 17, 2016.