

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, March 16, 2016, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Mark Huggins at 9:09 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
Chief Scott Ford
Sgt. Chad King
Ms. Amy Matthews, State Treasurer Designee
Mr. Rick McGimsey, Div. of Administration Designee
Mayor Joey Normand
Chief Michael Suchanek
Mayor Donald Villere

Members Absent:

Maj. Raymond Burkart, Jr.
Chief Carl Dabadie
Chief Dwayne Munch
Senator Barrow Peacock
Sgt. (Ret.) Larry Reece
Representative Kevin Pearson

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. David Barnes, NEPC
Mr. Rhett Humphreys, NEPC
Mr. Gary Curran, Actuary
Ms. L. A. Huggins, Monroe Police Dept.
Ms. Collen Fincher, New Orleans Police Dept.
Mr. Bryan Thomas, Baton Rouge Police Dept.
Ms. Terry H. Bailes
Mr. Jeff M. Bailes, Retired Monroe Police Dept.
Mr. Paul Brown, Retired Monroe Police Dept.
Mr. James L. Carroll, Attorney for Mr. Bailes and Mr. Brown
Mr. Danny Pringle, LUPA
Mr. Craig Desormeaux, LUPA
Mr. Cleveland Thomas, Baton Rouge Police Dept.
Mr. Kelley Thomas, Baton Rouge Police Dept.
Mr. Joe Bourgeois, Retired Baton Rouge Police Dept.
Mr. Chris Nassif, Retired Alexandria Police Dept.
Mr. Carlton "Trey" Jones, MPERS Counsel
Mr. Kimon Passios, Pinnacle Associates, Ltd.
Mr. Peter Marron, Pinnacle Associates, Ltd.
Mr. J. P. Leasure, Pacific Asset Management
Mr. Michael Spitler, Pacific Asset Management
Ms. Margaret Corley, Senate Retirement, Attorney

Public Comment:

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

Approval of minutes:

Motion by Mr. Ford seconded by Mr. Greene to approve the minutes of the meeting held February 17, 2016 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Greene seconded by Mr. King 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>
Lisa Erwin	Bogalusa	02/01/16	22.53	Max
Gary Hobbs	Mansfield	02/01/16	26.24	2a

Motion by Mr. Ford seconded by Mr. Suchanek 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>
James Attuso	Baton Rouge	03/24/16	29.00	2a
Danny Burleigh	Rayne	04/01/16	19.25	Max
Debra Cook	New Orleans	02/22/16	25.08	03
Clarence Cornelius	New Orleans	03/03/16	30.01	Max
Dornice Dycus	Slidell	02/15/16	21.26	Max
Lynn Ferguson	Baton Rouge	03/26/16	28.00	Max
Lawrence Gates	New Orleans	02/27/16	35.03	Max
Louis Gaydosh	New Orleans	02/29/16	21.38	02
Christopher Nassif	Alexandria	02/27/16	28.08	Max
Junius Rogers, Jr.	Gretna	02/09/16	25.18	Max
Reginald Washington	Shreveport	03/01/16	28.06	Max

Motion by Mr. Ford seconded by Mr. King 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>
John Benoit	Lake Charles	01/30/16	25.03	Max
George Caldwell	Baton Rouge	02/20/16	20.04	2a
Ashton Dewey	Baton Rouge	03/23/16	20.17	Max
Fletcher Idom III	Lake Charles	03/19/16	20.22	2a
Raynard Lyons	New Orleans	03/18/16	17.22	Max
Harry Stovall, Jr.	New Orleans	02/29/16	25.93	2a
James Vercher	Bossier City	02/08/16	13.45	2a

Disability Retirement:

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

Motion by Mr. King seconded by Mr. Suchanek to enter into executive session at 9:12 a.m. to discuss Ms. Collen Fincher's non-duty related disability application. Without objection the motion carried.

Back to regular session at 9:17 a.m.

Motion by Mr. Suchanek seconded by Mr. Villere to approve the non-duty related disability application submitted by Ms. Collen Fincher (New Orleans). After a roll call vote, the motion carried with the following result:

Yeas: Ford, King, Matthews, McGimsey, Normand, Suchanek, Villere, Greene

Nays: None

Mr. Bryan Thomas (Baton Rouge) attended the board meeting to provide information relative to his non-duty related disability application.

Motion by Mr. King seconded by Mr. Ford to approve the non-duty related disability application submitted by Mr. Bryan Thomas (Baton Rouge). After a roll call vote, the motion carried with the following result:

Yeas: Ford, King, Matthews, McGimsey, Normand, Suchanek, Villere, Greene

Nays: None

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 9:21 a.m. to discuss item number seven 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: Ford, Matthews, McGimsey, Normand, Suchanek, Villere, Greene

Nays: None

Recused: King

Back in regular session at 9:31 a.m.

Discussion of Paul Brown vs. MPERS, Jeff M. Bailes vs. MPERS and Bossier Parish vs. G2 Golf, LLC:

Motion by Mr. Suchanek seconded by Mr. King to enter into executive session at 9:32 a.m. to discuss items number eight, nine and ten on the agenda: Paul Brown vs. MPERS, 19th JDC, No. 643,743, Sec 25, Jeff M. Bailes vs. MPERS 19th JDC, No. 644,057 Sec. 26 and Bossier Parish vs. G2 Golf, LLC et al., 26th JDC, Number 148,996, Division F.

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

Yeas: Ford, King, Matthews, McGimsey, Normand, Suchanek, Villere, Greene

Nays: None

Back in regular session at 10:11 a.m.

Evaluation of continuing eligibility for disability benefits under R.S. 11:2223(E)

Mr. Paul Brown (Monroe) attended the board meeting to provide information relative to continuance of his 100% duty related disability pension. Chairman Huggins advised Mr. Brown that he had the option of having his 100% benefits eligibility discussed in open session or executive session. Mr. Brown opted for open session.

Mr. James L. Carroll, Legal Counsel for Mr. Paul Brown and Mr. Jeff Bailes provided handouts regarding his two clients and their eligibility for continued disability benefits at 100% of his average final compensation rate.

Mr. Carroll recounted the board's actions in approving Mr. Brown's and Mr. Bailes' disability benefits at 100% in 2007 and the decision to reduce benefits to a regular disability benefit in October 2015. Mr. Carroll gave reasons he believes that his two clients' benefits should not be reduced.

Mr. Carlton "Trey" Jones stated the question is whether Mr. Brown and/or Mr. Bailes qualify under the disability law LA. R.S. 11:2223(E)(2) ...Any disability retiree who is blinded or who loses the total use of a limb solely as a result of injuries sustained on or after July 1, 2003, in the performance of his official duties, and whose condition is certified by the State Medical Disability Boards, shall receive a benefit equal to his final average compensation.

Motion by Mr. Norman seconded by Mr. Greene to review all nine disability benefit recipients that are receiving 100% of his average final compensation at the April 20, 2016 meeting in open session and to notify each recipient of the meeting date and time with the offer to attend the meeting or send a representative.

Substitute motion by Mr. Villere seconded by Mr. Suchanek to exclude the two disability retirees present, Mr. Paul Brown and Mr. Jeff Bailes from the additional review at the April 20, 2016 board meeting. With no objections the motion carried.

Motion by Mr. Greene seconded by Mr. King to restore benefits to 100% of compensation effective this date and retroactive to October 2015 for both retirees, Mr. Paul Brown and Mr. Jeff Bailes.

After roll call vote, the motion carried with the following result:

Yeas: Ford, King, Matthews, McGimsey, Normand, Suchanek, Villere, Greene

Nays: None

Motion by Mr. Villere seconded by Mr. Normand to modify Mr. Paul Brown's benefit from a 100% compensation disability benefit to a regular disability benefit.

After roll call vote, the motion carried with the following result:

Yeas: Ford, King, Matthews, McGimsey, Normand, Suchanek, Villere,

Nays: Greene

Motion by Mr. Villere seconded by Mr. Normand to modify Mr. Jeff Bailes' benefit from a 100% compensation disability benefit to a regular disability benefit.

After roll call vote, the motion carried with the following result:

Yeas: Ford, King, Matthews, McGimsey, Normand, Suchanek, Villere,

Nays: Greene

Ms. Margaret Corley arrived at the meeting.

Investment Consultant's Report:

Mr. David Barnes represented NEPC and presented the Investment Market Update for the system. The total market value as of February 29, 2016 was \$1,656,384,847 and performance was down -0.3% for the month and down -8.2% for the fiscal year to date.

Mr. Rhett Humphreys represented NEPC and reviewed the objectives of the asset allocations and the need for restructure.

Mr. Barnes recommended changes to MPERS' current asset allocations. The recommended changes represents a reduction in the target allocation to real assets (liquid) by 3% and move 1% into large cap equities, 1% into core bonds and 1% into global asset allocation. Also, in order to begin balancing private markets investments, the recommendation is to slightly reduce the target to real estate by 2% and slightly increase the target to private equity by 2%.

Motion by Mr. King seconded by Mr. Villere to approve the asset allocation restructure as recommended by NEPC. Without objection the motion carried.

Mr. Barnes explained Energy Opportunities Capital Management experienced an ownership change and for this reason NEPC will put the firm on *Watch* status and will reevaluate the status in six months. NEPC will closely monitor asset flows, performance and additional changes to the investment team during this period.

Mr. Barnes stated that based on their analysis of the proposed merger of Entrust and Permal, NEPC's research is changing the rating from *Preferred* to *Neutral* for all legacy products of Permal and Entrust. Overall, NEPC thinks the organization has significant strengths and the merger has the potential to be beneficial to the firms and their investors. However, given some uncertainties, they believe a *Neutral* rating is appropriate at this juncture.

Mr. Barnes announced he will conduct onsite due diligence visits in New York towards the end of May 2016 or beginning of June 2016. His plans include visits to Entrust, Permal, Guggenheim, Pinnacle and other firms within MPERS' portfolio. He invited any interested board members to attend.

Mr. King left the meeting.

Pacific Asset Management:

Mr. J. P. Leasure and Mr. Michael Spitler represented Pacific Asset Management to present their annual report. The account value as of February 29, 2016 was \$41,151,919.

Pinnacle Associates:

Mr. Peter Marron and Mr. Kimon Passios represented Pinnacle Associates to present their annual report. The market value as of February 29, 2016 was \$64,374,970.

Review and approval of updated Assumptions to be used for Actuarial Equivalence Factors:

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

Mr. McGimsey left the meeting.

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 explained when a disability retirement is granted to a member, the first five years the recipient is required to submit medical reports and earnings statements to MPERS. Earnings statements are required every year thereafter and medical reports are due every three years thereafter. If the retiree has earned more than his allowable earnings, MPERS reduces the member's benefit for the remainder of the year.

Other Business:

Mr. Roche stated responses from the RFPs for securities litigation firms have been received by the director. Mr. Huggins asked Mr. Roche to prepare a summary review of all the responses and provide to the board for the next meeting.

Motion by Mr. Ford seconded by Mr. Greene to adjourn the meeting at 1:21 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 March 16, 2016.

Mark Huggins, Chairman

Daphne Rusk, Administrative Assistant