

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, April 20, 2016, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Mark Huggins at 9:08 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
Maj. Raymond Burkart, Jr.
Mr. John Broussard, State Treasurer Designee
Chief Carl Dabadie
Chief Scott Ford
Mr. Rick McGimsey, Div. of Administration Designee
Mayor Joey Normand
Sgt. (Ret.) Larry Reech
Chief Michael Suchanek
Mayor Donald Villere

Members Absent:

Sgt. Chad King
Chief Dwayne Munch
Senator Barrow Peacock
Representative Kevin Pearson

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. David Barnes, NEPC
Mr. Gary Curran, Actuary
Ms. L. A. Huggins, Monroe Police Dept.
Ms. Maria Pearson, New Orleans Police Dept.
Mr. Lawrence Fortuna, New Orleans Police Dept.
Mr. Claude Schlesinger, Attorney for Mr. Fortuna
Mr. Timothy Bruneau, Retired New Orleans Police Dept.
Mr. Chris Ahner, Retired New Orleans Police Dept.
Mr. Jeff Gallahue, KBI
Mr. Pdraig Sheehy, KBI
Mr. Stephen Weeks, William Blair
Mr. Blake Pontius, William Blair
Mr. Chris Nassif, Retired Alexandria Police Dept.

Public Comment:

Chairman Huggins called for public comment.

Mr. Chris Nassif, retired from Alexandria Police Department and President of the Louisiana Union of Police Association, addressed the Board of Trustees with concerns regarding the Board of Trustees reviewing prior medical retirements. Mr. Nassif

questioned whether or not the Board is going to continue to review medical retirements that prior board members have approved. Mr. Normand responded that the board would review any disability recipient if they had reason to believe the review was necessary.

Approval of minutes:

Mr. Broussard had a statement in regards to some information noted in the March 16, 2016 minutes referencing a due diligence visit to be attended by some board members and the investment consultant. Mr. Broussard relayed a message from Mr. John Kennedy, State Treasurer, to be extremely judicious in executing due diligence trips. The trips should be limited to professional investment staff and a limited number of board members with prior approval by vote of the board.

Motion by Mr. Greene seconded by Mr. Burkart to approve the minutes of the meeting held March 16, 2016 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Suchanek seconded by Mr. Burkart 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>
Troy Bush	New Orleans	12/31/15	26.10	2a
Veronice Johnson	Baton Rouge	02/09/16	30.07	3a
Stephen Lentz	New Orleans	02/29/16	22.96	Max
John Mitchell	New Orleans	12/24/15	25.14	Max
Frederick Morton IV	New Orleans	02/14/16	25.00	02
Clifton Neely	New Orleans	02/29/16	27.29	2a
Melinda Renfrow	Baton Rouge	03/01/16	22.37	2a
Charlene Young	Baton Rouge	02/18/16	14.72	Max

Motion by Mr. Reech 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>
David Abbott	New Orleans	04/01/16	25.41	2a
Ralph Caesar	New Orleans	03/31/16	30.53	2a
William Craddock	Sulphur	05/01/16	28.22	Max
Gwen Guggenheim	New Orleans	03/31/16	29.00	Max
Steven Kistler	Denham Springs	04/08/16	30.19	3a
Otis Nacoste	Baton Rouge	04/23/16	25.87	3a
Angelo Smith	New Orleans	03/19/16	31.14	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>
Donald Folse, Jr.	Franklinton	02/25/16	19.81	2a
Jude McElroy	Houma	03/02/16	25.04	2a
Jeffery Sanders	Monroe	03/07/16	24.74	2a

Motion by Mr. Greene seconded by Mr. Reech to approve the application for Early 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>
Edward Deen	Shreveport	04/01/16	20.08	Max

Disability Retirement:

Mr. Lawrence Fortuna (New Orleans) attended the board meeting to provide information relative to his duty related disability application.

Motion by Mr. Reech seconded by Mr. Burkart to approve the duty related disability application as submitted by Mr. Lawrence Fortuna (New Orleans). After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, Ford, Broussard, McGimsey, Normand, Reech, Suchanek, Villere, Greene

Nays: None

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

Motion by Mr. Suchanek seconded by Mr. Greene to enter into executive session at 9:27 a.m. After a roll call vote, the motion carried with the following result:

Yeas: Dabadie, Ford, Broussard, McGimsey, Normand, Reech, Suchanek, Villere, Greene

Nays: None

Recused: Burkart

Back in regular session at 9:52 a.m.

Motion by Mr. Greene seconded by Mr. Ford to deny the duty related disability application as submitted by Ms. Maria Pearson (New Orleans). After a roll call vote, the motion carried with the following result:

Yeas: Dabadie, Ford, Broussard, McGimsey, Normand, Reech, Suchanek, Villere, Greene

Nays: None

Recused: Burkart

Motion by Mr. Ford seconded by Mr. Greene to move out of order to items number nine and ten on the agenda. Without objection the motion carried.

Kleinwort Benson Investors:

Mr. Pdraig Sheehy and Mr. Jeff Gallahue represented Kleinwort Benson Investors to present their annual report. The market value as of March 31, 2016 was \$91,264,695.

William Blair:

Mr. Blake Pontius and Mr. Stephen Weeks represented William Blair to present their annual report. The market value as of March 31, 2016 was \$181,586,029.

Back to regular order of the agenda.

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

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

Motion by Mr. Reech seconded by Mr. Suchanek to enter into executive session at 10:53 a.m. to discuss continuance of Mr. Christopher Ahner's disability pension at 100%. After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, Ford, Broussard, McGimsey, Normand, Reech, Suchanek, Villere, Greene

Nays: None

Back in regular session at 11:43 p.m.

Motion by Mr. Norman seconded by Mr. Burkart to defer action on Mr. Ahner's disability pension until next meeting and have Mr. Ahner properly represented by counsel to address the continuance of his disability pension in accordance with R.S. 11:2223(E). After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, Ford, Broussard, McGimsey, Normand, Suchanek,

Nays: Reech, Villere, Greene

Mr. Ahner addressed the board and expressed his disgust and disappointment with the board's current actions.

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

Motion by Mr. Greene seconded by Mr. Suchanek to enter into executive session at 11:52 a.m. to discuss continuance of Mr. Timothy Bruneau's disability pension at 100%. After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, Ford, Broussard, McGimsey, Normand, Reech, Suchanek, Villere, Greene

Nays: None

Back in regular session at 11:57 a.m.

Motion by Mr. Dabadie seconded by Mr. Suchanek to continue Mr. Bruneau's disability pension at 100% based on updated medical information received. After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, Ford, Broussard, McGimsey, Normand, Reech, Suchanek, Villere, Greene

Nays: None

Motion by Mr. Suchanek seconded by Mr. Reech to continue disability pension at 100% based on updated medical information received for Mr. Andres Gonzalez, Mr. Jude Lewis and Mr. Stephen Pepin. After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, Ford, Broussard, McGimsey, Normand, Reech, Suchanek, Villere, Greene

Nays: None

Motion by Mr. Suchanek seconded by Mr. Normand to defer action on Mr. Matthew Martello and Mr. Kevin Thomas' disability pension until next meeting and have Mr. Martello and Mr. Thomas properly represented by counsel to address the continuance of their disability pension in accordance with R.S. 11:2223(E).

An amendment to the motion was offered by Mr. Reech and seconded by Mr. Suchanek to exempt Mr. Kevin Thomas from the previous motion. After a roll call vote, the motion failed with the following result:

Yeas: Reech

Nays: Burkart, Dabadie, Ford, Broussard, McGimsey, Normand, Suchanek, Villere, Greene

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

Yeas: Burkart, Dabadie, Ford, Broussard, McGimsey, Normand, Suchanek, Villere,

Nays: Reech, Greene

Investment Consultant's Report:

Mr. David Barnes represented NEPC and presented the Investment Market Update for the system. The total market value as of March 31, 2016 was \$1,741,045,939 and performance was up 5.1% for the month and down -3.6% for the fiscal year to date.

Mr. Barnes recommended two changes to move cash flows as a result of a motion at the March 16, 2016 meeting changing the target weights of the fund. The first recommendation is to move \$21 million from small-mid cap equity composite (\$7 million each) into the emerging markets equity portfolio. This move will help keep in line with the risk balance the fund is targeting.

The second recommendation is to transfer \$15 million from Prudential's PRISA II fund and place in Standard Life, GTAA composite. This action will reduce the over weighted real estate composite in the portfolio.

Motion by Mr. Normand seconded by Mr. Broussard to approve the cash flow restructure as recommended by NEPC. Without objection the motion carried.

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

Motion by Mr. Broussard seconded by Mr. Greene to authorize Mr. Villere, Mr. Burkart and Mr. Reech to attend the due diligence visits to New York with NEPC to meet with the aforementioned money managers. Without objection the motion carried.

Review of Securities Litigation Applicants:

Mr. Roche provided a summary comparison of the firms interested in providing securities litigation services to MPERS. Mr. Broussard explained that other retirement systems use one monitoring firm and other firms to represent the system in litigation.

Motion by Mr. Broussard seconded by Mr. Greene to retain BLB&G as the monitoring firm and retain the firms of Block & Leviton, Berman DeValerio and Scott & Scott. Without objection the motion carried.

Chairman Huggins added that he would like a status report each month including recovery amounts. These reports should be provided by each firm retained.

Approval of proposed fee schedule from DHHM for quarterly review:

Ms. Bourque provided the board with an estimate from DHHM for services of determining proper reporting of investment transactions and proper collection of investment income on a quarterly basis. The fee is estimated not to exceed \$9,650 per quarter assuming that unexpected circumstances will not be encountered during the engagement. This engagement is for the period ending June 30, 2016.

Motion by Mr. Broussard seconded by Mr. Burkart to approve quarterly reviews of investment transactions as submitted by DHHM for period ending June 30, 2016. Without objection the motion carried.

Adopt election schedule for Non Chief District I:

Ms. Bourque presented the election schedule for Non Chief District I.

<u>April 29, 2016</u>	Election Schedule, Rules and Petitions mailed to eligible voting members
<u>May 13, 2016</u>	Petitions due in the post office box of Hawthorn, Waymouth & Carroll by 4:30 p.m.
<u>May 18, 2016</u>	Nominations accepted by Board of Trustees
<u>May 27, 2016</u>	Ballots mailed to eligible voting members
<u>June 13, 2016</u>	Ballots due in the post office of Hawthorn, Waymouth & Carroll by 4:30 p.m.
<u>June 14, 2016</u>	Ballots counted and verified beginning at 10:00 a.m. at the office of Hawthorn, Waymouth & Carroll, 8555 United Plaza Blvd., Baton Rouge, LA 70809
<u>June 15, 2016</u>	Board accepts certified ballot count and publishes results
<u>July 1, 2016</u>	Elected trustee takes office

Motion by Mr. Reech seconded by Mr. Burkart to accept the election schedule for Non Chief District I. Without objection the motion carried.

Actuarial Comments:

Mr. Gary Curran attended the meeting and gave information on the impact of investment earnings forecasted at zero along with other forecasted information. More accurate estimates will be determined after fiscal year end and final numbers will be determined after all other factors are put into the equation. The final actuarial valuation numbers are usually presented at the November or December board 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 advised that Representative Jones, a member of the House Retirement Committee, requested information from each retirement system. The information requested was relative to travel expenses of board members and staff along with any

investment write offs that the system incurred. This information was compiled by DHHM, Ms. Bourque, and Ms. Rusk then submitted to Representative Jones. Ms. Bourque will forward a copy of the information submitted to all board members.

Other Business:

Mr. Normand reiterated that MPERS has a problem with its current disability law. He asked that the Director immediately check with other systems to see how they handle 100% disability benefits and present a set of options to change our current law.

Chairman Huggins appointed Mr. Burkart to head a committee to research and develop legislation to change our current disability statutes. The committee members will include Mr. Dabadie, Mr. Broussard and Mr. Villere.

Motion by Mr. Reech seconded by Mr. Greene to adjourn the meeting at 1:05 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 April 20, 2016.

Mark Huggins, Chairman

Daphne Rusk, Administrative Assistant