

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, May 18, 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.
Chief Carl Dabadie
Sgt. Chad King
Ms. Amy Mathews, State Treasurer Designee
Mayor Joey Normand
Sgt. (Ret.) Larry Reech
Chief Michael Suchanek
Mayor Donald Villere

Members Absent:

Jay Dardenne, Div. of Administration
Chief Scott Ford
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. Daphne Levenson, former GSRCPD Director
Ms. Pauline Snell, Retired Many Police Dept.
Mr. C. Theodore Alpaugh, III, Attorney for Mr. Ahner
Mr. Chris Ahner, Retired New Orleans Police Dept.
Ms. Stephanie Landry, New Orleans Police Dept.
Mr. Carlton "Trey" Jones, MPERS Attorney
Mr. Fabian Franklin, Hammond Police Dept.
Mr. Robert McManama, Loomis Sayles
Mr. Robert Clark, Sterling Capital
Mr. Eduardo Brea, Sterling Capital
Mr. Paul Brown, Retired Monroe Police Dept.
Mr. Michael Blatchley, BLB&G
Ms. Amanda Rekemeier, BLB&G
Ms. Katherine Burke, BLB&G

Public Comment:

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

Approval of minutes:

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

Amended motion by Mr. Reech seconded by Ms. Mathews to change the motion in the April 20, 2016 minutes to state BLB&G is hired to monitor and litigate cases as directed by MPERS. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Reech 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>
Louis Clark	Bogalusa	03/21/16	14.01	02
Lee McCaleb	Baton Rouge	03/04/16	20.16	02
John Windham, Jr.	Baton Rouge	03/06/16	28.86	2a

Motion by Mr. Greene seconded by Mr. Burkart 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>
Richard Crawford	Baton Rouge	06/01/16	20.04	2a
Barry Fortenberry	Baton Rouge	04/30/16	34.84	3a
Mark McKane	Bastrop	05/17/16	25.02	2a
Brian Nicaud, Sr.	Slidell	04/18/16	25.01	2a
Philip Scroggins	Shreveport	06/01/16	24.26	3a
James Stewart	Bossier City	05/29/16	27.72	2a
Michelle Stokes	New Orleans	04/16/16	23.76	2a
Anna Trammell	Shreveport	06/01/16	23.22	02

Motion by Mr. Suchanek 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>
Stephen Newcomb	Monroe	05/25/16	13.15	Max
Christopher Starling	Lafayette	05/22/16	22.54	Max
Kert Thomas	Scott	04/09/16	26.00	Max
Laura Welch	Slidell	04/19/16	12.20	Max

Disability Retirement:

Mr. Fabian Franklin (Hammond) attended the board meeting to provide information relative to his non-duty related disability application. Chairman Huggins advised Mr.

Franklin that he had the option of having his application discussed in open session or executive session. Mr. Franklin opted for executive session.

Motion by Mr. Reech seconded by Mr. King to enter into executive session at 9:12 a.m. After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, King, Mathews, Normand, Reech, Suchanek, Villere, Greene

Nays: None

Back in regular session at 9:28 a.m.

Motion by Mr. Reech seconded by Mr. Villere to approve the non-duty related disability application by Mr. Fabian Franklin (Hammond) predicated upon receiving a letter from the Hammond Police Dept. stating there is no other position available at the same rank and benefits. After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, King, Mathews, Normand, Reech, Suchanek, Villere, Greene

Nays: None

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

Motion by Mr. Reech seconded by Mr. Burkart to table this agenda item until the August 17, 2016 meeting to allow the members involved to acquire more information relative to obtaining medical records and the outcome of a court case similar in nature. After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, King, Mathews, Reech, Suchanek, Greene

Nays: Normand, Villere

Evaluation of continuing retirement benefits for Pauline Snell (Town of Many) due to findings of Legislative Auditor

Ms. Pauline Snell (Many) attended the board meeting to provide information relative to the review of her retirement benefits. Chairman Huggins advised Ms. Snell that she had the option of having her application discussed in open session or executive session. Ms. Snell opted for executive session.

Motion by Mr. Suchanek seconded by Mr. Greene to enter into executive session at 9:41 a.m. After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, King, Mathews, Normand, Reech, Suchanek, Villere, Greene

Nays: None

Ms. Snell was not included in executive session discussions.

Back in regular session at 10:06 a.m.

Mr. Carlton "Trey" Jones, attorney for MPERS, advised that issues with regards to Ms. Pauline Snell were discovered as the result of a public report released by the Legislative Auditor citing the City of Many for various matters. The issue with Ms. Snell is that she was 100% dedicated to providing grant work at Northwestern University as part of a criminal justice program. The question is in regards to the payment of retirement contributions and state supplemental along with issues of eligibility of membership in MPERS. Ms. Snell has been asked to attend this meeting to provide answers to the board on this subject.

The matter was discussed at length with Ms. Snell answering a series of questions from the board members, along with a statement from Ms. Daphne Levenson, a former supervisor of Ms. Snell.

Motion by Mr. Normand seconded by Mr. Burkart to immediately terminate Ms. Snell's retirement benefits because of ineligibility of years of service. After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, King, Mathews, Normand, Reech, Suchanek, Villere,
Greene

Nays: None

Motion by Mr. Normand seconded by Mr. Villere to instruct MPERS' legal counsel to vigorously seek back pay for all benefits improperly received by Ms. Snell. Without objection the motion carried.

Amended motion by Mr. Burkart seconded by Mr. Reech to use MPERS' in-house attorney to draft demand letter and seek repayment. Without objection the motion carried.

Motion by Mr. King seconded by Mr. Greene to move out of order on agenda to item number ten – Presentation by Loomis Sayles. Without objection the motion carried.

Loomis Sayles:

Mr. Robert McManama represented Loomis Sayles and presented their annual report to the board. The market value as of April 30, 2016 was \$159,269,941.

Mr. Normand left 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 April 30, 2016 was \$1,763,593,345 and performance was up 1.2% for the month but down -2.3% for the fiscal year to date.

Mr. Barnes referenced a memo from Guggenheim High Yield Fund requesting MPERS' consent to hire an Independent Client Representative, MaplesFS, to review any conflicts that may arise before an affiliated transaction is conducted. The Independent Client Representative would have the authority to consent or not consent to any proposed affiliated transaction on behalf of the Guggenheim high Yield Fund, if the Consent Agreement is approved.

NEPC believes that the addition of an independent, third party reviewer of affiliated transactions is a positive development. They also believe MaplesFS to be a reputable service provider in this area.

Discussion pointed to fees involved in evaluations of transactions. The board asked Mr. Barnes to get more specific data on a fee comparison of typical transaction costs versus their expected independent evaluation fee.

Sterling Capital:

Mr. Robert Clark and Mr. Edwardo Brea represented Sterling Capital and presented their annual report to the board. The market value as of April 30, 2016 was \$34,408,533.

Approval of proposed fee schedule from DHHM for FYE 6/30/16:

Ms. Bourque provided the board with proposed fee schedules from DHHM for services of auditing financial statements, agreed upon procedures engagement – census data testing and audit of employer pension schedules.

Motion by Mr. Suchanek seconded by Mr. Greene to approve the proposed fee schedules as submitted by DHHM for period ending June 30, 2016. Without objection the motion carried.

Motion by Ms. Mathews seconded by Mr. Reech to draft an Invitation to Bid (ITB) for auditing services of MPERS for the fiscal year 2017 – 2018. Without objection the motion carried.

Approval of proposed fee schedule from G. S. Curran & Co. for FYE 6/30/16:

Motion by Mr. Reech seconded by Mr. Dabadie to approve the proposed fee schedule for actuarial services as submitted by G. S. Curran & Co. for period ending June 30, 2016. Without objection the motion carried.

Accept nominations for Non-Chief District I:

Ms. Bourque announced that Non-Chief District I received two nomination petitions - Cpl. Mark Huggins, Monroe Police Dept. and Capt. Brad Walker, Natchitoches Police Dept.

Motion by Mr. Reech seconded by Mr. Greene to accept the two nomination petitions for Non-Chief District I. Without objection the motion carried.

Actuarial Comments:

Mr. Greg Curran attended the meeting and provided a report giving specific information on the impact of Act 43 of 2015, more specifically, R.S. 11:2225.4(A)(2) which requires employers who partially terminates participation in MPERS to pay the portion of the system's unfunded accrued liability attributable to the employer's participation in the system. The actuary identified 14 employers who, based on salaries reported, had more than a 30% decline in salaries from the fiscal year 2014 valuation to the fiscal 2015 valuation, which constitutes a partial dissolution under the new law.

Discussion pointed to the fact of small municipalities that have members opting out of MPERS membership due to mandatory Social Security membership and/or have members entering DROP, can lead to unintended consequences of this legislation.

It was decided to send the liability payable to these 14 employers and process any feedback received. The liability payments are due beginning July 1, 2016 and may be paid in either a lump sum or in payments amortized over ten years using the valuation interest rate of 7.5%. The lump sum payments or annual amortization payments received after July 1, 2016 accrue interest at 7.5% from the due date until the date paid.

Attorney Comments:

Mr. Roche explained a problem with last month's motion regarding securities litigation. It was noted that the monitoring process is a separate service from the actual litigation process. Concern was expressed in regards to MPERS being the lead in many of these cases in the past and it is not the intent of the board to resume that role.

Further discussion was held to clarify the understanding of the securities litigation process as such that all 4 firms hired are authorized to monitor the fund. Once a cause for litigation is identified by a firm(s), the firm(s) will contact MPERS' legal counsel who will notify the board. If the board is interested in pursuing with the litigation, they will request the litigation firm(s) to make a presentation to the board to answer any questions in regards to the case and obtain approval to commence litigation.

Mr. Dabadie 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 provided the board with proposed Operating and Building budgets for the 2016 – 2017 fiscal year to be reviewed and discussed at the June 15, 2016 board meeting to be effective for July 1, 2016.

Motion by Ms. Mathews seconded by Mr. Villere to create the criteria for a RFP for an Executive Director for MPERS. Without objection the motion carried.

Other Business:

Motion by Mr. Burkart to include on MPERS' disability application, certification as to whether or not the applicant has applied for other jobs within the police department. For lack of a second to the motion, the motion failed.

Motion by Mr. Reech seconded by Mr. Greene to adjourn the meeting at 1:25 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 May 18, 2016.

Mark Huggins, Chairman

Daphne Rusk, Administrative Assistant