

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, June 15, 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
Maj. Raymond Burkart, Jr.
Chief Carl Dabadie
Chief Scott Ford
Sgt. Chad King
Ms. Amy Mathews, State Treasurer Designee
Mr. Rick McGimsey, Div. of Administration Designee
Chief Dwayne Munch
Mayor Joey Normand
Senator Barrow Peacock
Chief Michael Suchanek
Mayor Donald Villere

Members Absent:

Sgt. (Ret.) Larry Reech
Representative Kevin Pearson

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. David Barnes, NEPC
Mr. Greg Curran, Actuary
Ms. L. A. Huggins, Monroe Police Dept.
Ms. Margaret Corley, Attorney, Senate Retirement Committee
Ms. Annie Smith, Attorney, House Retirement Committee
Mr. Bill Grayson, Principal Real Estate Investors
Mr. Darren Kleis, Principal Real Estate Investors
Mr. Warren J. Gibson, Sr., New Orleans Police Dept.
Mr. James M. Freeland, Summit Partners

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 May 18, 2016 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Greene 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>
Annette Blue	Mansfield	05/01/16	30.21	Max
Christopher Davis	New Orleans	04/28/16	21.72	2a
Michael Lasuzzo	Shreveport	05/01/16	25.43	2a
Todd Morrell	New Orleans	04/03/16	25.06	02
James Vernon IV	Baton Rouge	04/19/16	28.98	2a
Barbara Vittitoe	Westwego	03/21/16	20.01	2a
Steven Williams	New Orleans	02/11/16	25.00	Max

Motion by Mr. Suchanek seconded by Mr. Ford 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>
Kirk Allen	New Orleans	05/08/16	30.13	2a
Christopher Billiot	New Orleans	06/18/16	22.75	3a
Jimmie Dunaway	Baker	07/01/16	29.14	2a
Laura Kirklin	Oakdale	06/05/16	20.00	Max
William Labiche	New Orleans	04/05/16	30.34	02
Eugene Lumpkins	Monroe	07/01/16	20.12	Max
Hilrae Mott	Lafayette	07/01/16	20.25	2a
Scott Rayford	New Orleans	05/31/16	22.50	2a
Melissa Salamoni	Baton Rouge	06/04/16	28.97	3a
Laurice Teague	Baton Rouge	06/30/16	26.77	Max
David Tetlow	Baton Rouge	06/04/16	25.93	Max

Motion by Mr. Dabadie seconded by Mr. Suchanek 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>
Billy Toten	Lake Charles	06/01/16	25.04	Max

Motion by Mr. Greene seconded by Mr. Munch to defer item number 6 on the agenda, Disability Application for Mr. Warren Gibson, until Mr. Gibson arrives. Without objection the motion carried.

Investment Consultant's Report:

Mr. David Barnes represented NEPC and presented the Investment Market Update for the system. The total market value as of May 31, 2016 was \$1,763,505,221 and performance was down -0.1% for the month and down -2.3% for the fiscal year to date.

Mr. Chad King arrived at the meeting.

Mr. Barnes referenced a memo from NEPC to the Board of Trustees regarding recent developments within Sterling Capital Management. Sterling Capital recently notified its clients that Mr. Eduardo Brea, Senior Managing Director, will retire effective December

1, 2016. Mr. Brea has been a member of Sterling's Equity team since 1995 and is the Portfolio Manager of Sterling Capital's Fundamental Small Cap Value and Small-Mid Cap Value strategies. This retirement is a result of Vanguard's recent announcement that Sterling Capital Management will no longer serve as an advisor to Vanguard's Explorer Value Fund.

Given the ongoing level of senior portfolio manager turnover in the last three years and the uncertainty related to the new portfolio manager structure, NEPC recommends that MPERS redeem the full value of the Sterling SMID Cap Value portfolio and allocate the assets to the two remaining Small-Mid Cap portfolios (LSV and Pinnacle).

Motion by Mr. Ford seconded by Mr. Burkart to approve NEPC's recommendation for MPERS to redeem the full value of the Sterling SMID Cap Value Portfolio and allocate the assets to the two remaining Small-Mid Cap portfolios of LSV Asset Management and Pinnacle Associates Ltd. equally. Without objection the motion carried. Senator Peacock abstained.

Mr. Barnes referenced a memo from NEPC to the Board of Trustees regarding an update to Kleinwort Benson Investors' (KBI) organizational change. KBI recently notified its clients that Amundi Asset Management acquired an 87.5% shareholding in the firm, with the simultaneous acquisition of a 12.5% holding by employees. KBI expects to remain a stand-alone entity within the Amundi Group.

NEPC reaffirms its *Watch* status for strategies managed by KBI. NEPC intends to re-evaluate the *Watch* status in six months and will closely monitor asset flows, performance and additional changes to the investment team during this period.

As a follow-up from the previous board meeting regarding Guggenheim's request for MPERS to sign a consent agreement allowing them to hire MaplesFS as an Independent Client Representative, Mr. Barnes provided additional information regarding the fees involved with using an independent, third party reviewer.

Motion by Ms. Mathews seconded by Mr. Suchanek to authorize the Director, Kathy Bourque, to sign the consent agreement with Guggenheim High Yield Fund to hire an Independent Client Representative, MaplesFS, to review any conflicts that may arise before an affiliated transaction is conducted. Without objection the motion carried. Senator Peacock abstained.

Mr. Barnes presented the board with an annual update of MPERS' Private Equity Program and 2016 Strategic Investment Plan. A brief history of MPERS' private equity program was also given. To help attain MPERS' target allocation of 5% to private equity, NEPC recommended a \$25 million allocation to buyouts and growth equities. The funds would be issued from any over weighted allocation at the time of the capital call.

Motion by Ms. Mathews seconded by Mr. Greene to commit \$25 million to Private Equity and for that commitment to be allocated to buyouts and growth equities. Without objection the motion carried. Senator Peacock abstained.

NEPC will provide the board with a list of all Private Equity managers in buyouts and growth equities in which NEPC feels are institutional quality managers at the July 20, 2016 meeting so that the board can select specific managers in which they would be inclined to interview.

Back to item number 6 on the agenda.

Disability Retirement:

Mr. Warren J. Gibson, Sr. (New Orleans) attended the board meeting to provide information relative to his duty related disability application.

Motion by Mr. Suchanek seconded by Mr. Ford to approve the duty related disability application as submitted by Mr. Warren J. Gibson, Sr. (New Orleans). After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, Ford, Mathews, McGimsey, Munch,
Suchanek
Nays: Normand, Villere, Greene
Abstained: Huggins, Peacock

Motion by Senator Peacock seconded by Mr. Munch to take item number 10 out of order. With no objections the motion carried.

Approval of Operating and Building Budgets for Fiscal Year 2016 – 2017:

Ms. Bourque presented a proposed Operating Budget for the Fiscal Year 2016 – 2017 and gave a brief explanation of some line items. Discussions led to salaries and organizational chart.

Motion by Mr. Normand seconded by Mr. Greene to approve the Operating Budget with a 2% salary increase. After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Dabadie, Ford, King, Munch, Normand, Suchanek,
Greene
Nays: Mathews, McGimsey, Peacock, Villere
Abstained: Huggins

Motion by Mr. Ford seconded by Mr. Greene to approve the Building Budget for Fiscal Year 2016 - 2017 as presented. Without objection the motion carried.

Senator Peacock left the meeting.

Principal Real Estate Investors:

Mr. Bill Grayson and Mr. Darren Kleis represented Principal Real Estate Investors and presented their annual report to the board. The market value as of May 31, 2016 was \$141,340,066.

Summit Partners:

Mr. James Freeland represented Summit Partners and presented their annual report to the board. The market value as of May 31, 2016 was \$21,674,842.

Accept ballot count for Non Chiefs District I:

The results of the Non Chiefs District I Trustee election as certified by Hawthorn, Wymouth & Carroll, LLP are as follows:

Cpl. Mark Huggins (Monroe)	100
Capt. Brad Walker (Natchitoches)	69

Motion by Mr. Greene seconded by Mr. Munch to accept the ballot count for Non Chiefs District I. Mr. Huggins will be sworn in at the July 20, 2016 board meeting for another five year term. With no objections the motion carried.

Actuarial Comments:

Mr. Greg Curran attended the meeting to provide any actuarial information if needed. Discussions were held relative to the impact of Act 43 of 2015, more specifically, R.S. 11:2225.4(A)(2) which requires employers who 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. Clarification was given concerning the board's efforts to attain feedback from municipalities affected are in order to help improve the language in Act 43 to represent the true intent of the legislation.

Attorney Comments:

Mr. Roche explained that within the last hour he received the information needed in order to develop a RFP for the Executive Director position. He will use this information to prepare and present a RFP at the July 20, 2016 meeting. The Chairman asked Mr. Roche to send that information to Mr. Larry Reech, Staff Committee Chairman for review.

Mr. Roche explained that he had previously developed an organizational chart for MPERS and provided the chart to the chairman of the staff committee. Mr. Huggins asked to research as to which other board members were assigned to that committee.

Mr. Roche reported, as a follow-up to last meeting, Ms. Pauline Snell (Many) received her demand letter for repayment of benefits received, but not due to her, as a result of fraudulent actions. He stated that no response has been received from her and after thirty days of receipt, he will proceed with legal action to collect those funds.

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 announced the dates of the LAPERS conference and stated that some trustees suggested moving the board meeting from Wednesday, September 21, 2016 to Tuesday, September 20, 2016 after the conference has adjourned for the day. It was agreed to moving the September 2016 board meeting to September 20, 2016, with time of the meeting to be determined once the conference agenda is received.

Other Business:

Mr. Roche informed the board that Mr. Ronald Still retired from the Gretna Police Department in 2003 and began receiving a regular retirement benefit from MPERS immediately. The day after his retirement, Mr. Still became employed with the Westwego Police Department as an eligible fulltime employee to participate in MPERS. Erroneously, Mr. Still was enrolled and accepted into Municipal Employees' Retirement System (MERS).

MPERS' statute R.S. 11:2220(A)(1)(e) states "regardless of age, if a retiree of this system becomes an employee as defined in R.S. 11:2212(11), payment of retirement benefits shall be suspended and the employee and employer shall contribute to the system toward creditable service."

Upon discovering that Mr. Still was employed as an eligible fulltime employee to participate in MPERS, his retirement benefits will be suspended effective July 1, 2016.

It was agreed upon to authorize MPERS' legal counsel and actuary to meet with MERS and decide upon a resolution.

Mr. Still attended the board meeting and addressed the board with the understanding that his benefit from MPERS will cease at this time.

Mr. Normand asked the board on the status of the draft of legislation regarding disability benefits. Mr. Burkart asked for any draft language to be forwarded to him being that he is the chairman of the legislative committee within the board.

The MPERS staff was introduced to the Board of Trustees.

Motion by Mr. Suchanek seconded by Mr. Burkart to adjourn the meeting at 12:06 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 June 15, 2016.

Mark Huggins, Chairman

Daphne Rusk, Administrative Assistant