

MINUTES

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

The meeting was called to order by Chairman Mark Huggins at 9:10 a.m.

Pledge of Allegiance:

Chairman Mark Huggins led the pledge of allegiance.

Chairman Huggins called for a moment of silence in remembrance of the Law Enforcement Officers in Dallas and Baton Rouge that were killed in the line of duty recently.

Oath of Office:

Mr. Roche administered the Oath of Office to Corporal Mark Huggins to serve a term of 5 years from July 1, 2016 to June 30, 2021.

Members Present:

Cpl. Mark Huggins, Chairman
Capt. (Ret.) Willie Joe Greene, Vice Chairman
Maj. Raymond Burkart, Jr.
Ms. Amy Mathews, State Treasurer Designee
Chief Dwayne Munch
Mayor Joey Normand
Sgt. (Ret.) Larry Reech
Chief Michael Suchanek
Mayor Donald Villere

Members Absent:

Chief Carl Dabadie
Jay Dardenne, Division of Administration
Chief Scott Ford
Sgt. Chad King
Representative Kevin Pearson
Senator Barrow Peacock

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. David Barnes, NEPC
Mr. Aarish Patell, NEPC
Mr. Gary Curran, Actuary
Ms. L. A. Huggins, Monroe Police Dept.
Ms. Margaret Corley, Attorney, Senate Retirement Committee
Ms. Annie Smith, Attorney, House Retirement Committee
Mr. Ronald Still, Westwego Police Dept.
Mr. Carlton "Trey" Jones, MPERS' Legal Counsel
Ms. Kristen Jackson, Dimensional Fund Advisors
Ms. Emily Cornell, Dimensional Fund Advisors
Mr. Scott Brymer, Acadian Asset Management
Mr. Jim Klapman, Acadian Asset Management

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. Suchanek to approve the minutes of the meeting held June 15, 2016 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Suchanek seconded by Mr. Reech 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>
Tillmon Cox	Baton Rouge	05/17/16	28.75	2a
Clement Dison	New Orleans	05/12/16	25.00	2a
Brenda Gann	Baton Rouge	05/12/16	23.48	2a
Robert Gann, Sr.	Baton Rouge	05/12/16	20.44	2a
Georgia Myers	Bossier City	05/15/16	12.66	Max
Barry Parrish	Baton Rouge	05/03/16	29.02	2a
Thomas Reich	Shreveport	06/01/16	25.07	2a
Cleveland Thomas	Opelousas	06/01/16	25.08	2a

Motion by Mr. Greene 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>
Calvin Fontenot	Opelousas	07/01/16	40.20	2a
Priscilla Goodwin	Jennings	07/18/16	25.00	03
Michael Knaps	Baker	07/01/16	31.73	2a
Karl Kreider	New Orleans	07/01/16	25.59	3a
Frederick Morton IV	New Orleans	06/14/16	25.00	02
Kenneth Pointer	Baton Rouge	07/30/16	26.01	2a
Luther Randall	New Orleans	07/01/16	25.38	3a
Michael Rennier	Alexandria	06/30/16	31.86	2a
Willie Shaw	Shreveport	08/01/16	23.39	Max

Motion by Mr. Reech 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>
Cecil Daniel	Baker	07/01/16	16.00	3a
Michael Day	Shreveport	06/03/16	29.70	02
Stephen Fonte	Kenner	07/30/16	12.93	2a
Varden Guillory	Eunice	06/26/16	25.12	02
Tobey Meeler	Shreveport	05/21/16	25.03	Max
Bonnie Vaughan	Lake Charles	07/21/16	16.47	Max

Motion by Mr. Reech seconded by Mr. Greene to move to item number 8 on the agenda, Investment Consultant's report by NEPC. 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 June 30, 2016 was \$1,763,801,731 and performance was 0.0% for the month and down -2.3% for the fiscal year to date.

Mr. Barnes recapped the Private Equity Strategic Plan for MPERS and provided the board with information outlining the need and the role of Private Equity Funds.

Mr. Aarish Patell, Research Consultant with NEPC, profiled 5 managers in which NEPC considers to be the best buyout opportunities currently available in the market. The 5 profiled managers included Gamut Capital Management, J.F. Lehman & Company, Lightyear Capital LLC, HarbourVest Partners LLC and Private Advisors LLC.

NEPC recommended interviewing Gamut Capital Management, J. F. Lehman & Company and HarbourVest Partners LLC.

Motion by Ms. Mathews seconded by Mr. Reech to invite HarbourVest Partners LLC, J. F. Lehman & Company and Private Advisors LLC to the August 17, 2016 board meeting to be interviewed for management of a \$25 million commitment to buyout/growth Private Equity allocation. With Mr. Normand objecting, the motion carried.

Back to item number 7 on the agenda.

Discussion of Bossier Parish vs. G2 Golf, LLC

Motion by Mr. Suchanek seconded by Mr. Normand to enter into executive session at 10:15 a.m. to discuss Bossier Parish vs. G2 Golf, LLC et al., 26th JDC, Number 148,996, Division F. After a roll call vote, the motion carried unanimously.

Back in regular session at 10:34 a.m.

Acadian Asset Management:

Mr. Jim Klapman and Mr. Scott Brymer represented Acadian Asset Management and presented their annual report to the board. The market value as of June 30, 2016 was \$86,986,905.

Dimensional Fund Advisors:

Ms. Kristen Jackson and Ms. Emily Cornell represented Dimensional Fund Advisors and presented their annual report to the board. The market value as of June 30, 2016 was \$56,058,622.

Motion by Mr. Reech seconded by Mr. Greene to move to item number 12 on the agenda, Actuarial comments. Without objection the motion carried.

Actuarial Comments:

Mr. Gary Curran attended the meeting to provide actuarial information. 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 terminates participation in MPERS to pay the portion of the system's unfunded accrued liability attributable to the employer's participation in the system.

Mr. Curran provided the board with a listing of all participating municipalities with their number of participants and salary associated with their relative size in the system. This comparison was provided to help adjust the language of Act 43 of 2015 and ease the burden of the small municipalities' affected by the allocated Unfunded Accrued Liability (UAL) payments.

One main hindrance is the fact that some members have the option of withdrawing membership from the retirement system if they are otherwise required to pay into the Social Security system. This option creates an unpredictable environment and can cause a municipality to inherit a large invoice from MPERS for their allocated portion of the UAL.

Another factor of instability is when a small municipality has members entering DROP. Because those members are not contributing into the retirement system, the salary reported and number of contributing members are reduced and appears to have reduced the membership below the current threshold mark of 30%, therefore invoking a liability payment due to MPERS.

Mr. Normand provided a suggestion that the retirement system notify a municipality when its membership decreases below the threshold allowance but grant said municipality a one year warning period to recapture compliance.

The legislative committee will meet to discuss options to improve Act 43 of 2015. Mr. Burkart, Chairman of the Legislative committee, asked for anyone with suggestions relative to this matter to please forward to him ahead of the meeting.

Mr. Curran provided information relative to Mr. Ronald Still's (Westwego) retirement benefit as a follow-up to the June 15, 2016 board meeting. Mr. Curran advised that this situation does not have an actuarial solution but could possibly be corrected by the transfer statutes. Mr. Curran provided specific costs involved if Mr. Ronald Still's credit would be transferred to MPERS.

Mr. Curran and Mr. Roche will meet to look at other alternatives for Mr. Ronald Still to retire and receive a benefit from MPERS. Chairman Huggins asked for any alternative suggestions be distributed as available.

Disability Committee recommendations:

The board was provided with some recommendations to improve the language for on-duty injury disability qualifications by Mr. Joey Normand. Mr. Burkart, Chairman of the Disability committee, will take this information under advisement and encourage any other relevant suggestions or recommendations.

Attorney Comments:

Mr. Randy Roche provided the board with responses from the Town of Sarepta and the Village of Tickfaw. These letters were as the result of conversations Mr. Roche had with them discussing the UAL letters sent from MPERS requesting payment.

Mr. Roche informed the board of two potential security litigation suits. The two firms seeking authorization to proceed as lead plaintiffs in two separate suits are Block & Leviton LLP and Scott+Scott LLP.

Motion by Mr. Reech seconded by Mr. Burkart to authorize Scott+Scott LLP to proceed with litigation as lead plaintiff on a case concerning price fixing in the SSA bond market by some of the world's largest banks. Preliminary loss for MPERS is over \$500,000.00. After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Munch, Reech, Suchanek, Greene
Nays: Mathews, Normand, Villere,

Motion by Mr. Reech seconded by Mr. Burkart to authorize Block & Leviton LLP to proceed with litigation as lead plaintiff on a case concerning securities fraud against a Real Estate Investment Trust, or REIT. Preliminary loss for MPERS is over \$165,000.00. After a roll call vote, the motion carried with the following result:

Yeas: Burkart, Munch, Reech, Suchanek, Greene
Nays: Mathews, Normand, Villere

Mr. Roche reported, as per instructions at the prior board meeting, he forwarded information relative the MPERS' Director RFP to Mr. Reech, Chairman of the Personnel committee.

Mr. Normand asked for update on Ms. Pauline Snell (Town of Many). Mr. Roche stated that he received acknowledgement of receipt of demand letter from Ms. Snell's attorney.

Motion by Mr. Normand seconded by Mr. Suchanek to authorize Mr. Roche to take legal action to recover funds from Ms. Snell.

Amendment to the motion offered by Mr. Burkart seconded by Mr. Reech to allow 30 days for negotiations and when discussions fail, file suit to recover 100% of funds due to MPERS. With Mr. Normand objecting to the amendment, the amendment carried.

With Mr. Normand objecting to the original motion as amended, 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 announced the September board meeting will be held immediately after the last session of the LAPERS conference in New Orleans on September 20, 2016 at 3:30 p.m. at The Roosevelt Hotel, 130 Roosevelt Way, New Orleans, LA 70112.

Other Business:

Mr. Suchanek thanked Ms. Bourque for attending the Louisiana Association of Chiefs of Police Conference in Lake Charles and answering questions in reference to the retirement system.

Chairman Huggins reminded the board of the members on the Personnel committee with Mr. Reech as the chairman, Mr. Burkart, Mr. Villere and he added Ms. Mathews and Mr. King.

Mr. Reech acknowledged receipt of information from the Treasurer's office with regard to the MERS search for Director. He stated that he has no interest in replacing any current key employees at this time. He instructed Mr. Roche to retain the information in proper format for use at the proper time. Mr. Reech thanked Ms. Bourque and her staff for their service.

Motion by Mr. Greene seconded by Mr. Reech to adjourn the meeting at 12:12 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 July 20, 2016.