

MINUTES

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

The meeting was called to order by Chairman Mark Huggins at 9:12 a.m.

Pledge of Allegiance:

Chairman Huggins led the pledge of allegiance.

Members Present:

Sgt. Mark Huggins, Chairman
Capt. (Ret.) Willie Joe Greene, Vice Chairman
Maj. Raymond Burkart, Jr.
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
Sgt. (Ret.) Larry Reech
Chief Michael Suchanek
Mayor Donald Villere

Members Absent:

Chief Carl Dabadie
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. Adam Carll, NEPC
Mr. Greg Curran, Actuary
Mr. Carlton "Trey" Jones, MPERS' Legal Counsel
Ms. Annie Smith, Attorney, House Retirement Committee
Ms. L. A. Huggins, Monroe Police Dept.
Mr. Ronald Still, Westwego Police Dept.
Mr. Ricky Romero, Jr., Eunice Police Dept.
Mr. C. Theodore Alpaugh, III, Attorney for Mr. Ahner
Mr. Christopher Ahner, Retired New Orleans Police Dept.
Mr. Timothy Bruneau, Retired New Orleans Police Dept.
Mr. Doug Doucette, Investec Asset Management
Mr. Werner Gey van Pittius, Investec 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. Munch seconded by Mr. Greene to approve the minutes of the meeting held October 19, 2016. 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>
Roberts Arnett	Baton Rouge	09/06/16	26.01	3a
Norbert Carroll III	New Orleans	09/23/16	25.14	2a
Phillip Fontenot	Lafayette	09/11/16	29.43	2a
Faron Johnson	Alexandria	09/09/16	28.00	3a
Franklin Lewis	Lake Charles	10/01/16	20.21	Max
Robert Vincent	Lafayette	10/01/16	21.35	2a
Emma Young	Monroe	09/02/16	17.00	Max

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>
Charles Andrews, III	Shreveport	12/01/16	23.01	03
Gary Guggenheim	New Orleans	10/29/16	17.35	2a
Gary Marchese	New Orleans	11/08/16	25.01	Max
Sherman Mushatt	New Orleans	10/31/16	25.00	2a
Dana Rachal	Pineville	11/04/16	28.59	2a
Jimmie Slack	New Orleans	10/29/16	32.54	Max
James Willis	Monroe	10/16/16	25.00	2a
Milton Wolfe, Jr.	Houma	11/14/16	30.00	2a

Motion by Mr. Ford seconded by Mr. Munch 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>
Kerim Brink	New Orleans	10/25/16	25.01	Max
Ricci Fayard	New Orleans	11/01/16	14.68	2a
Charles Hawkins	Ruston	10/24/16	25.28	2a
Floyd Jackson	New Orleans	11/04/16	19.35	Max
Darryl Rainwater	Baker	10/14/16	21.33	Max
James Smith	Baton Rouge	11/26/16	23.08	Max

Disability Retirement:

Mr. Ricky Romero (Eunice) attended the board meeting to provide information relative to his non-duty related disability application.

Motion by Mr. Suchanek seconded by Mr. Reech to approve the non-duty related disability application as presented by Mr. Ricky Romero (Eunice). Without objection the motion carried.

Evaluation of continuing eligibility for disability benefits:

Mr. Christopher Ahner (New Orleans) and Mr. Timothy Bruneau (New Orleans) attended the meeting to provide information relative to their disability benefits. Mr. C. Theodore Alpaugh, III, Attorney for Mr. Ahner approached the podium. Chairman Huggins advised that the evaluation of disability matters may be discussed in open session or executive session. Mr. Alpaugh opted for open session.

Mr. Alpaugh stated he was told this matter would not be heard until both of the two current disability court cases related to this matter are ruled upon and at present time only one of the two cases has been ruled on. He also stated he was not given enough notice to be prepared to appear before the board for a hearing.

Motion by Mr. Ford seconded by Mr. Reech to table this matter until after the case of Jeff Bailes vs. MPERS is ruled upon. 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 October 31, 2016 was \$1,798,723,536 and performance was down -1.1% for the month and up 2.9% for the fiscal year to date.

Mr. Barnes gave a review of MPERS' Real Estate program and explained the 2017 Strategic Investment Plan. The current exposure to real estate is at 10.8% of total fund assets, however, the plan's long-term strategic target to real estate is 8%.

Mr. Barnes and Mr. Carll stated that NEPC recommends long-term target sub-strategy allocations as follows: 50% core real estate, 20% value-add real estate, 20% opportunistic real estate and 10% real estate debt. This recommendation represents a decrease in the core allocation and an increase in the non-core allocation.

In order to achieve the sub-strategy target allocations, NEPC recommends following an investment pacing model over the next few years as follows: In 2017, redeem \$35 million from a core real estate fund (PRISA II and/or Principal US Property) and make no new commitments. In 2018, commit \$10 million to a closed-end real estate debt fund and in 2019, commit \$15 million to a closed-end non-core real estate fund. These recommendations are intended to be used as a directional guideline based on market conditions and revisited annually.

Motion by Mr. Greene seconded by Mr. Burkart to redeem \$35 million from the core real estate fund, Prudential PRISA II, and make no new commitments in 2017, as recommended by NEPC. Without objection the motion carried.

Mr. Barnes also pointed out MPERS' investment performance ranking is in the 20th percentile, meaning this plan outperformed 80% of other defined benefit pension plans.

Motion by Mr. Reech seconded by Mr. Greene to move to item number 11 on the agenda: Town of Independence proposal on unpaid contributions 2007 – 2016. Without objection the motion carried.

Town of Independence proposal on unpaid contributions 2007 - 2016:

Mr. Carlton Jones explained that MPERS and MERS met with the Town of Independence regarding unpaid retirement contributions. As part of an investigative audit report of the Town of Independence by the Legislative Auditor, it was discovered

that the town placed most police employees and municipal employees on social security withholding instead of making retirement contributions.

Currently, all eligible municipal police employees have been enrolled and are contributing to MPERS. However, it has been determined that the Town of Independence owes MPERS approximately \$292,000.00 in past employer and employee contributions, including interest, for current and former police employees. On October 13, 2016, a demand was sent to the Town of Independence for those funds.

In response to MPERS' demand letter, the Town of Independence requested a payment plan of \$20,000.00 per year for the next four years, after which the payment plan will be revisited.

Motion by Mr. Reech seconded by Mr. Burkart to request the collection of delinquent contributions due from the Town of Independence, plus interest, from the State Treasurer's Office based on R.S. 11:2227D(2)(a) and R.S. 11:281(B)(1). Without objection the motion carried.

Back to regular order, item number 9.

Investec Asset Management:

Mr. Doug Doucette and Mr. Werner Gey van Pittius represented Investec Asset Management and presented their annual report to the board. The market value as of October 31, 2016 was \$46,976,521.

Update on Mr. Ronald Still's retirement eligibility:

Mr. Greg Curran provided an updated calculation in order to transfer Mr. Ronald Still's service from MERS to MPERS.

Motion by Mr. Normand seconded by Mr. Suchanek to provide Mr. Still a reduced lifetime monthly benefit in the amount of \$3,061.40 with DROP funds reduced to \$100,000.00. This settlement is contingent upon MERS, Mr. Still and MPERS signing an agreement drafted by both retirement systems. The motion carried with Mr. Munch abstaining.

Mr. Still expressed his plans are to retire December 1, 2016 and asked to sign all necessary paperwork.

Approval of Louisiana Compliance Questionnaire for FY 6/30/16:

Motion by Mr. Villere seconded by Mr. King to adopt a resolution authorizing the Chairman of the Board and the System's Director to execute the Annual System's Survey and Compliance Questionnaire as of June 30, 2016 as required by statute. Without objection the motion carried.

Motion by Mr. Suchanek seconded by Mr. Greene to move to item number 15 on the agenda: Actuarial Comments. Without objection the motion carried.

Actuarial Comments:

Mr. Greg Curran provided a handout of proposed legislation language relative to unfunded accrued liability payments by any participating employer that dissolves its police department. Mr. Curran met with some of the MPERS' legislative committee members on the prior evening to discuss the issues with the original language of R.S. 2225.4.

Mr. Curran discussed options such as eliminating the opt in/out of membership and/or providing a warning to employers in which overall salaries drop and suspend payments until the following year but if the salaries are back within proper range all charges are void. In other words, give the employer a year to correct the problem before demanding payments.

Motion by Mr. Burkart seconded by Mr. Villere to advertise to procure an author for legislation language changes. Without objection the motion carried.

Mr. Curran announced the 2016 Actuarial Valuation will be presented at the December 14, 2016 board meeting, at which time the official DROP interest rate will be announced along with the upcoming fiscal year retirement contribution rates.

Back to item number 13 on the agenda.

Approval of RFP for General Counsel and Executive Director:

Ms. Bourque provided the board with a draft of an advertisement and job description for the positions of Executive Director for MPERS and Attorney for MPERS.

Motion by Mr. Burkart seconded by Mr. King to approve advertisements for Executive Director for MPERS and Attorney for MPERS with publishing of Executive Director position now and publishing for Attorney position at a later date. Without objection the motion carried.

Attorney's Comments:

Mr. Roche reported that the petition to recover retirement benefits paid to Pauline Snell (Many) has been filed by MPERS with the 11th JDC.

Mr. Normand asked for a copy of the securities litigation policy in which MPERS developed previously while advertising for such services. Mr. Roche stated that he will provide a copy of that policy to Mr. Normand by the December 14, 2016 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.

Other Business:

The 2017 board meeting schedule will be presented at the December 14, 2016 board meeting. The January board meeting will be moved from January 18, 2017 to January 25, 2017.

Motion by Mr. Ford seconded by Mr. King to adjourn the meeting at 11:31 a.m. Without objection the motion carried.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held November 16, 2016.

Mark Huggins, Chairman

Daphne Rusk, Administrative Assistant