

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, December 14, 2016, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Mark Huggins at 9:13 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 Carl Dabadie
Chief Scott Ford
Sgt. Chad King
Ms. Amy Mathews, State Treasurer Designee
Mr. Rick McGimsey, Div. of Administration Designee
Mayor Joey Normand
Sgt. (Ret.) Larry Reech
Chief Michael Suchanek
Mayor Donald Villere

Members Absent:

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. Greg Curran, Actuary
Ms. Margaret Corely, Attorney, Senate Retirement Committee
Ms. L. A. Huggins, Monroe Police Dept.
Ms. Michelle Cunningham, Auditor, DHHM
Mr. Paul Schmidt, Bank of New York Mellon
Mr. Raymond Kronz, Bank of New York Mellon
Mr. David E. Settles, State Street Global Advisors

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. King to approve the minutes of the meeting held November 16, 2016. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Suchanek seconded by Mr. Ford 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>
Alan Abadie	Kenner	10/06/16	30.01	02
Jeffrey Carradine	New Orleans	10/22/16	25.21	Max
Christopher Payne	Natchitoches	10/04/16	25.00	02
Keith Wilson	Baton Rouge	10/18/16	29.17	Max

Motion by Mr. Reech 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>
Arlen Barnes	New Orleans	11/26/16	25.05	2a
Terri Braud	Baton Rouge	01/01/17	26.80	Max
Christopher Davis	New Orleans	12/04/16	21.72	2a
Rodney Farrington	Haughton	01/01/17	25.08	03
Bryan Francois	New Orleans	11/19/16	25.30	Max
Laura Shelvin	Abbeville	11/24/16	25.23	Max

Motion by Mr. Reech seconded by Mr. Greene 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>
Derek Brumfield	New Orleans	12/13/16	21.48	Max
Tracy Fulton	New Orleans	12/04/16	24.38	2a
Sheldon Maddox	Deridder	11/05/16	20.04	2a

Investment Consultant's Report:

Mr. David Barnes represented NEPC and presented the Investment Market Update for the system. The total market value as of November 30, 2016 was \$1,796,928,613 and performance was up 0.7% for the month and up 3.7% for the fiscal year to date.

Bank of New York Mellon:

Mr. Paul Schmidt represented BNY Mellon and presented their annual report to the board. Mr. Schmidt presented the board with a review of their services provided to MPERS and financial highlights.

Mr. Raymond Kronz represented BNY Mellon and gave an overview of the Securities Lending process. The annual earnings for Securities Lending for the year of 2016 was approximately \$319,000.00.

State Street Global Advisors:

Mr. David Settles represented State Street Global Advisors to present their annual report. The market value as of November 30, 2016 was \$84,853,063.

Presentation of the annual audit report:

Ms. Michelle Cunningham represented Duplantier, Hrapmann, Hogan and Maher CPA's to present the annual report for Municipal Police Employees' Retirement System for the fiscal year ended June 30, 2016.

The following financial highlights were presented as part of Management's Discussion and Analysis:

* The Municipal Police Employees' Retirement System ended the 2016 fiscal year with \$1.8 billion in net position restricted for pension benefits. This is a decrease of \$70 million or 3.71% from the 2015 fiscal year, primarily due to income returns on the System's investments.

* Contributions to the plan by members and employers totaled \$110 million, a decrease of \$.5 million or .4% over the prior year. This decrease is due to a net increase in the number of active plan members and decrease in the employer contribution rate.

* Funds apportioned by the Public Employees' Retirement Systems' actuarial committee from available insurance premiums tax totaled \$18.6 million, an increase of \$.9 million or 5.09% over the prior year.

* The System experienced a net investment loss in the amount of \$42.2 million during the 2016 fiscal year. This is a 258.47% decrease from net investment income of \$26.6 million during the 2015 fiscal year. The decrease was due primarily to lower market returns due to the current economic climate.

* Pension benefits paid to retirees and beneficiaries increased by \$7.6 million or 6.13%. This increase is due to larger benefits paid to new retirees.

* DROP and IBO withdrawals decreased by \$.4 million or 2.06%.

* Administrative expenses totaled \$1.3 million, a decrease of 7.56%. The cost of administering the system per member during 2016 was \$109.50 per individual compared to \$120.50 per individual in 2015.

Ms. Cunningham stated the audit will include a management letter in regards to the City of Baton Rouge reporting overtime wages on participants who became members of the System subsequent to the merger on February 26, 2000. This practice is not in compliance with the law and therefore should be resolved.

Motion by Mr. Normand seconded by Mr. Ford to include the exit conference information regarding findings and corrective action in the annual audit report. Without objection the motion carried.

Mr. Dabadie and Mr. Villere left the meeting.

Presentation of the annual actuarial valuation report:

Mr. Greg Curran of G.S. Curran & Company, Ltd presented the results of the actuarial valuation of assets and liabilities, as well as funding requirements for the Municipal Police Employees' Retirement System as of June 30, 2016. A brief summary of the more important figures developed in this valuation, with comparable results from the previous valuation are as follows:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Membership Census		
1) Retirees & Survivors	4,637	4,538
2) Actives	5,666	5,535
3) DROP	191	228
4) Vested Deferred	175	168
5) Terminated Due a Refund	1,324	1,320

Discussion of retirement benefits paid after death of member:

Ms. Bourque explained that a family member of a deceased retiree had not notified the system of the member's death and had collected \$66,346.47 of undue retirement benefits. Notice was given via certified mail to this person to return the funds and contact MPERS immediately. Although a written signature of receipt of the letter has been received by MPERS, it has been over 30 days and no response has been received.

Motion by Mr. Burkart seconded by Mr. Suchanek to have Mr. Carlton "Trey" Jones, Attorney with Roedel Parsons to press charges with full restitution with the district attorney in the appropriate parish in Louisiana. Without objection the motion carried.

Attorney's Comments:

Mr. Roche reported the public notice of intention to introduce a retirement bill by MPERS has been advertised and the bill making changes to Act 43 of 2015, more specifically, R.S. 11:2225.4(A)(2) is in order and ready for an author. Mr. Roche and Mr. Greg Curran will seek an author but will inform the board if unable to do so.

Mr. Roche suggested to the board that it would be wise to move forward with the advertisement process to seek a full-time, in-house attorney. Mr. Roche stated that he would be eager to help with the advertisement and transition process.

Motion by Mr. Reech seconded by Mr. Greene to proceed with the advertisement process for a full-time, in-house attorney for MPERS. Without objection the motion carried.

Mr. Normand asked whether or not Mr. Ronald Still has signed an agreement with MPERS and MERS. Ms. Bourque stated the agreement is currently being reviewed by MERS and their legal counsel. As of this date, no transfer of funds have been made to MPERS and Mr. Still is not eligible for a January 1, 2017 benefit.

Mr. Normand asked for an update regarding the Town of Independence and contributions due to MPERS. Ms. Bourque advised that a meeting was held at the State Capital with Senator Mizell, MPERS and MERS to discuss the town's options and intentions. The town attorney later indicated they will make full payment of contributions and interest due before December 31, 2016.

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 that she and Mr. Greg Curran will attend a Joint Retirement Committee meeting on Thursday, December 15, 2016 at the State Capital to present the 2016 Actuarial Valuation.

Mr. Burkart inquired about the status of the lawsuit filed by MPERS against Ms. Pauline Snell (Many) in Sabine Parish. Mr. Roche explained the suit has been filed and receipt of the court has been received by MPERS. No other update is known at this time.

Discussion of RFP for Executive Director and job descriptions:

Ms. Bourque advised that the advertisement for the Executive Director was published in the local newspaper as well as online and the deadline for applications to be returned is December 29, 2016.

Mr. Reech announced the Personnel Committee will meet to discuss job duties and expectations of the Executive Director. The Personnel Committee includes Mr. Reech as Chairman as well as Mr. Villere, Mr. Burkart, Ms. Mathews and Mr. King. He also invited any other interested board members to attend.

Adopt 2017 board meeting schedule:

Motion by Mr. Reech seconded by Mr. Greene to adopt the 2017 board meeting schedule as presented. Without objection the motion carried.

January 25, 2017	July 19, 2017
February 15, 2017	August 16, 2017
March 15, 2017	September 17, 2017 *New Orleans
April 19, 2017	October 18, 2017
May 17, 2017	November 15, 2017
June 21, 2017	December 13, 2017

Election of Chairman and Vice Chairman for 2017:

Mr. Ford nominated Mr. Mark Huggins as Chairman for 2017. There were no further nominations.

Motion by Mr. Reech seconded by Mr. Ford to accept Mr. Mark Huggins as Chairman for 2017. Without objection the motion carried.

Mr. Reech nominated Mr. Scott Ford as Vice Chairman for 2017. There were no further nominations.

Motion by Mr. King seconded by Mr. Reech to accept Mr. Scott Ford as Vice Chairman for 2017. Without objection the motion carried.

Other Business:

Mr. Reech announced that his email is lreech@att.net. Please make necessary changes.

Mr. Normand announced this is his last meeting with MPERS due to his retirement as Mayor with the Town of Brusly. He stated that being a member of MPERS' board has been a huge learning experience and he has enjoyed the trustee position and appreciates everyone and thanks everyone for their dedication to the retirement system.

As of this date, the Louisiana Municipal Association has not named a replacement for Mr. Normand's position on MPERS board.

Motion by Mr. Reech seconded by Mr. Ford to adjourn the meeting at 11:55 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 December 14, 2016.

Mark Huggins, Chairman

Daphne Rusk, Administrative Assistant