

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, February 15, 2017, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Mark Huggins at 9:11 a.m.

Pledge of Allegiance:

Chairman Huggins led the pledge of allegiance.

Members Present:

Sgt. Mark Huggins, Chairman
Maj. Raymond Burkart, Jr.
Chief Carl Dabadie
Chief Scott Ford, Vice Chairman
Capt. (Ret.) Willie Joe Greene
Sgt. Chad King
Ms. Amy Mathews, State Treasurer Designee
Mr. Rick McGimsey, Div. of Administration Designee
Chief Dwayne Munch
Sgt. (Ret.) Larry Reech
Chief Michael Suchanek
Mayor Donald Villere

Members Absent:

Rep. Tony Bacala
Mayor Gerard Landry
Senator Barrow Peacock

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. Michelle Cunningham, Auditor, DHHM
Mr. Kevin Gergits, BMO Global Asset Management
Mr. Chris Jenks, BMO Global Asset Management
Mr. Warren DeKinder, INTECH
Mr. Richard Yasenchak, INTECH
Mr. Carlton "Trey" Jones, Attorney

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 January 25, 2017. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Suchanek 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>
Peggy Brothers	New Orleans	01/01/17	25.22	Max
Staci Conner	Lake Charles	12/07/16	25.05	2a
Bruce Fairbanks	Alexandria	12/18/16	32.47	Max
Julie Harmon	Minden	01/01/17	30.08	Max
Quentin Holmes, Sr.	Monroe	01/01/17	23.54	2a
Michael Lyons	New Orleans	01/01/17	25.03	Max
Oscar Munoz, Jr.	Kenner	01/01/17	28.59	Max
Paul Perrot	New Orleans	01/01/17	28.57	Max
Ronald Wedgeworth	Springhill	01/01/17	12.18	2a

Motion by Mr. Reech seconded by Mr. Munch 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>
Brenda Gann	Baton Rouge	01/27/17	23.48	2a
Vincent Giannobile, Jr.	Hammond	01/09/17	36.16	2a
Juan Henry	New Orleans	02/08/17	25.14	02
Landries Jackson	New Orleans	02/04/17	25.04	Max
Sandy Vaughn	Abbeville	01/05/17	25.61	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>
James Fritze	DeRidder	01/10/17	20.01	Max
Julie Gaspard	Abbeville	02/23/17	13.28	Max
Glenn Phipps	Baton Rouge	01/07/17	26.48	2a
Roland Taylor	Mansfield	11/03/16	13.86	3a

Investment Consultant's Report:

Mr. David Barnes represented NEPC and presented the Investment Market Update for the system. The total market value as of January 31, 2017 was \$1,853,910,125 and performance was up 1.8% for the month and up 7.3% for the fiscal year to date.

Mr. Barnes gave the Fourth Quarter Investment Performance review for 2016. Some of the highlights included:

- *As of December 31, 2016, the system's assets totaled \$1.82 billion, an increase of approximately \$12.5 million during the quarter.*
- *The system's Equity allocation of 55.4% is slightly above the target of 53.0%. The system's Fixed Income allocation of 20.1% is slightly below the target of 21.0%.*
- *The system posted a 1.1% return (net of fees) during the quarter, ranking in the 27th percentile of public funds.*

- *For the trailing one year, the system returned 7.5% (net of fees), ranking in the 45th percentile of public funds.*

Mr. Barnes also provided a 2017 Asset Allocation Update to the board. He explained that the largest deviation from the current target allocation is the underweight to private equity. He also explained that the strong US equity markets have increased to overweight US large cap and small/mid cap.

As a result of those determinations, NEPC provided a rebalancing proposal to trim gains earned in the US small/mid cap allocation and re-allocate to lower performing asset classes, particularly non-US developed equities and emerging markets debt (local currency).

Motion by Mr. Reech seconded by Mr. Greene to rebalance the system's portfolio toward the target asset allocation as recommended by NEPC by reducing the small/mid cap allocation (\$10 million from LSV and \$10 million from Pinnacle) which is currently overweight by 1.4% and increase the international equity allocation (\$10 million to Mellon EAFE Index Fund) which is currently underweight by 0.5% and also increasing the emerging markets debt (local currency) allocation (\$10 million to Investec EMD) which is currently underweight by 0.6%. Without objection the motion carried.

BMO Global Asset Management:

Mr. Kevin Gergits and Mr. Chris Jenks represented BMO Global Asset Management and presented their annual report to the board. The market value as of January 31, 2017 was \$129,285,016.

INTECH:

Mr. Warren DeKinder and Mr. Richard Yasenchak represented INTECH Investment Management LLC and presented their annual report to the board. The market value as of January 31, 2017 was \$120,841,754.

Motion by Mr. Suchanek seconded by Mr. Ford to discuss item number 13 on the agenda: Discussion of RFP for Executive Director and General Counsel. Without objection the motion carried.

Mr. Reech announced that the Personnel Committee met on February 14, 2017 and selected 3 candidates to interview for the position of General Counsel for MPERS.

Motion by Mr. Reech seconded by Mr. Ford to have a special meeting on March 14, 2017 to hold interviews of the candidates selected for the position of General Counsel and will be conducted in executive session. Without objection the motion carried.

Mr. Reech and Mr. Dabadie left the meeting.

Back to regular order of business.

Presentation of GASB 68 report for FYE 6/30/16 by DHHM:

Ms. Michelle Cunningham with Duplantier, Hrapmann, Hogan & Maher, LLP presented and reviewed a handout of the Employer Pension Report prepared by her firm. The report included a Summary of Audit Results, Significant Accounting Policies and Procedures, such as GASB 67 and GASB 68. Also included was Employer Schedules and Supplementary Information, such as Schedule of Pension Expense and total amounts to allocate to participating employers.

Motion by Mr. Ford seconded by Mr. Suchanek to approve the Employer Pension Report as presented by Ms. Cunningham, Partner with DHHM. Without objection the motion carried.

Actuary's Comments:

Mr. Gary Curran advised that he attended the Public Retirement Systems' Actuarial Committee (PRSAC) meeting on February 13, 2017 in which the committee reviews the Annual Valuation reports for all the state's retirement systems. The continuous items discussed were: Assumed Rate of Return, Mortality Rate and COLA. The Legislative Auditors are pressuring many systems to lower the Valuation Interest Rate but the rate and time frame has not been agreed upon.

Mr. Curran provided the board with a handout with background information, past fund performance, information on what other funds are doing, data inputs and recommendations for the board to review for more discussion at future meetings regarding the system's Assumed Rate of Return. He also stated that he is asking guidance from the legislature and the board in critical areas in determining the Assumed Rate of Return.

Mr. McGimsey left the meeting.

Attorney's Comments:

Mr. Roche stated that he has no author for MPERS' bill regarding changes to legislation of 2015 which requires municipalities to pay UAL. The filing deadline for the bill is February 24, 2017.

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.

Discussion of RFP for Executive Director and General Counsel:

Chairman Huggins stated that MPERS has received applications for Executive Director however the current focus is on the General Counsel position. He stated that Mr. Reech and the personnel committee will continue to meet and provide further updates to the Executive Director search at a later date.

Mr. King asked for an item to be placed on the agenda for the March 15, 2017 meeting relating to Brenda Gann (Baton Rouge) to be discussed in executive session.

Other Business:

Mr. Carlton "Trey" Jones attended the meeting to provide a brief update on pending legal items.

- Jeff M. Bailes vs. MPERS 19th JDC, No. 644,057 Sec 26: Trial was held in August 2016. The judge has not ruled and has ordered MPERS back into court on April 3, 2017 for hopefully an end and decision of this case.
- Brandy Burleigh did not notify the system of her father's death and collected his pension benefits for about two years totaling \$66,346.47. The Franklin Police Department has all evidence and is handling the case for an inherent arrest.

- MPERS vs. City of Baton Rouge 19th JDC, No. 644,979 Sec 22: The Louisiana Supreme Court denied our writ application in the lawsuit against the City of Baton Rouge.
- Town of Independence: MPERS received payment of both the Employee and Employer contributions due since Mayor Ragusa took office in 2007. MPERS is now in the process of refunding the Employee portion to the Town of Independence with waivers.

Mr. King asked for an updated cost paid by MPERS to Jones Walker in regards to Dipaola vs. MPERS, 19th JDC, No. 591,844 Sec. 26 involving City of Baton Rouge. Ms. Bourque advised that she will provide that information.

Motion by Mr. Ford seconded by Mr. King to adjourn the meeting at 12:21 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 February 15, 2017.

Mark Huggins, Chairman

Daphne Rusk, Administrative Assistant