

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Tuesday, April 20, 2010 and Wednesday, April 21, 2010, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Kelly Gibson at 1:00 p.m.

Pledge of Allegiance:

Chairman Kelly Gibson led the pledge of allegiance.

Members Present:

Lt. Kelly Gibson, Chairman (Lafayette)
Sgt. (Ret.) Larry Reech, Vice Chairman (New Orleans)
Chief Stephen Caraway (Kenner)
Capt. Henry Dean (New Orleans)
Chief K.P. Gibson (Crowley)
Capt. (Ret.) Willie Joe Greene (Shreveport)
Cpl. Mark Huggins (Monroe)
Chief Dwayne Munch (Westwego)
Chief Ronald Schleuter (Monroe)

Members Absent:

Representative Joel Robideaux, Ex-officio
Senator D.A. "Butch" Gautreaux, Ex-officio

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Guy Cooper, Mercer

Investment Education:

Mr. Guy Cooper conducted an educational presentation for the Board entitled "Investment Theory and Investment Structure Education". The presentation included, Overview of Investment Decision Making, Domestic Equity, Asset Allocation Review, Plan Governance, and Investment Program Evaluation.

Mr. K.P. Gibson arrived at 1:25 p.m.

Mr. Caraway arrived at 3:13 p.m.

Motion by Mr. Dean seconded by Mr. Munch to recess at 4:01 p.m. Without objection the motion carried.

The meeting was called back to order by Chairman Kelly Gibson at 9:00 a.m. on Wednesday, April 21, 2010.

Members Present:

Lt. Kelly Gibson, Chairman (Lafayette)
Sgt. (Ret.) Larry Reech, Vice Chairman (New Orleans)
Chief Stephen Caraway (Kenner)
Capt. Henry Dean (New Orleans)
Chief K.P. Gibson (Crowley)
Capt. (Ret.) Willie Joe Greene (Shreveport)
Cpl. Mark Huggins (Monroe)
Chief Dwayne Munch (Westwego)
Chief Ronald Schleuter (Monroe)

Members Absent:

Representative Joel Robideaux, Ex-officio
Senator D.A. "Butch" Gautreaux, Ex-officio

Others Present:

Ms. Kathy Bourque, Director
Ms. Daphne Rusk, Administrative Assistant
Mr. Randy Roche, General Counsel
Mr. Charles Hall, Actuary
Mr. Guy Cooper, Mercer
Mr. Mike Gallagher, JPMorgan
Mr. Jim Percy, Attorney, Jones Walker
Mr. Ben Chavarria, Olde Oaks Golf Club and Stonebridge Golf Club
Mr. Bill Grayson, Principal Global Investors
Mr. John Berg, Principal Global Investors
Mr. Stanley Brooks, Plaquemine Police Department
Ms. L.A. Tucker, Monroe Police Department
Mr. Paul Bolian, Retiree

Approval of minutes:

Motion by Mr. Dean seconded by Mr. Schleuter to approve the minutes of the meeting held March 17, 2010 as presented. Without objection the motion carried.

Approval of retirement applications:

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>
Gerard Dugue	New Orleans	03-24-10	36.92	2a
James Frasier	Ruston	04-18-10	13.84	2a

Motion by Mr. Huggins seconded by Mr. K.P. Gibson 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>
Glenn Blanco	Morgan City	02-08-10	25.04	2a
Joan Cage	Baton Rouge	12-08-09	28.80	Max
Barry Carrier	Opelousas	03-01-10	30.26	3a
Cornel Day	New Orleans	02-27-10	25.00	2a
Dwane Fontenot	Baton Rouge	02-16-10	28.78	02
Wyezeta Green	Alexandria	02-16-10	24.03	Max
Paul Monies	New Orleans	02-21-10	25.03	2a
Norbert Myers	Lafayette	02-11-10	27.69	2a
Dorman Sinclair, Jr.	Baton Rouge	03-01-10	27.12	Max
Sterling Williams, Jr.	New Orleans	02-21-10	28.22	02

Disability Application:

Mr. Stanley Brooks (Plaquemine) attended the board meeting to provide information relative to reconsideration of his application for disability retirement. Chairman Gibson

advised Mr. Brooks that he had the option of having his application discussed in open session or executive session. Mr. Brooks opted for executive session.

Motion by Mr. Reech seconded by Mr. Dean to go into executive session at 9:02 a.m. to discuss Mr. Stanley Brooks' disability application. Without objection the motion carried.

Return to regular session at 9:09 a.m.

Motion by Mr. Reech seconded by Mr. Huggins to approve the non duty related disability application submitted by Mr. Stanley Brooks (Plaquemine). With Mr. Greene and Mr. Schleuter opposing, the motion carried.

Boot Ranch Update:

Motion by Mr. Dean seconded by Mr. Reech to go into executive session at 9:10 a.m. to discuss Boot Ranch Development with attorney Mr. Jim Percy. Without objection the motion carried.

Return to regular session at 9:41 a.m.

Motion by Mr. K.P. Gibson seconded by Mr. Munch to amend the agenda to take up item #10 Investment consultant's report by Mercer. Without objection the motion carried.

Asset Allocation Study:

Mr. Guy Cooper advised that rebalancing is an important process for plan sponsors to carry out in order to keep Plan assets closely aligned with the investment policy targets and to maintain the Plan's risk and return expectations. Mr. Cooper stated that the existing policy is acceptable; however, Mercer recommends narrowing the policy ranges so that rebalancing actions are triggered more frequently and assets stay closer to the targets over time.

Mr. Hall stated that an Asset Allocation Study has been conducted in the past every 3 to 5 years and from an investment stand point MPERS has benefited from the studies.

Chairman Gibson requested a proposal from both Mercer and Mr. Charles Hall to conduct an Asset Allocation Study.

Real Estate Update:

Mr. Ben Chavarria presented profit and loss statements for Stonebridge and Olde Oaks Golf Club for the month of February 2010. Training for the Jonas accounting system will begin in May and both Olde Oaks and Stonebridge will begin using the system July 1, 2010.

Motion by Mr. Dean seconded by Mr. Huggins to go into executive session at 9:55 a.m. to discuss personnel matters. Without objection the motion carried.

Returned to regular session at 10:29 a.m.

Motion by Mr. Reech seconded by Mr. Dean to authorize Mr. Roche to conduct an emergency bid process for repairs on the sewer plant located at Olde Oaks Development. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Dean to authorize Director, Kathy Bourque to sign the contract for repairs on the sewer plant located at Olde Oaks Development. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Dean to authorize Mr. Roche to solicit bids for regular maintenance for the sewer plant located at Olde Oaks Development. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Greene to authorize payment to Specialty Trackhoe & Dozer for work performed at Olde Oaks Development. Without objection the motion carried.

Mr. Roche advised that he attended a meeting last week with most of the home owner's of Olde Oaks Development and another meeting is planned for next week. The home owner's expressed their concerns about the maintenance of the subdivision and they would like a board member(s) present at the next meeting. Mr. Greene agreed to attend the meeting next week.

2010 Legislation:

Motion by Mr. Huggins seconded by Mr. Munch to amend the agenda to take up item #14. Without objection the motion carried.

Mr. Hall advised that HB 515 provides for the organization, governance, administration and membership of the Funding Review Panel. This organization would consist of MPERS, MERS and Firefighter's Retirement System and they would meet on a monthly basis to review and determine what type of benefit restructuring could be accomplished for the purpose of reducing the financial burden on the municipalities. Mr. Hall stated that HB 515 has passed the House Retirement Committee, passed the House Floor and has been assigned to the Senate Retirement Committee.

Mr. Hall advised that HB 1337 relative to the state retirement systems makes changes to the benefits for persons hired on or after January 1, 2011. If HB 1337 passes the benefit structure will change for new hires in the four state systems across the board which will make HB 515 a very important piece of legislation for MPERS. The legislature is headed in the direction of changing benefits for all systems.

Mr. Roche advised that Mr. Dean is the designee on the funding review panel.

Mr. Roche advised that HB 235 authorizes retired law enforcement officers to purchase their weapons. HB 235 passed the House and is on its way to the Senate.

Investment manager's report:

Principal Global Investors:

Motion by Mr. Dean seconded by Mr. K.P. Gibson to amend the agenda to take up item #11. Without objection the motion carried.

Mr. Bob Grayson and Mr. John Berg represented Principal Global Investors to present their annual report. The portfolio value as of March 31, 2010 was \$63,349,685.

Custodian Report by JPMorgan:

Mr. Mike Gallagher represented JPMorgan at the meeting.

	<u>03/31/10</u>	<u>02/28/10</u>
Alliance Capital	\$103,515,312.17	\$116,787,800.88
INTECH	\$ 85,664,582.30	\$ 81,635,213.27
Sterling Capital	\$ 48,340,367.02	\$ 45,692,520.02
LSV Asset Management	\$ 29,571,425.11	\$ 27,128,027.32
Pinnacle Associates Ltd	\$ 51,864,826.65	\$ 48,087,030.32
Harris Inv. Management	\$ 82,875,155.70	\$ 78,324,974.83

Dimensional	\$ 49,898,148.65	\$ 46,151,852.32
Energy Opportunities	<u>\$ 24,900,609.77</u>	<u>\$ 24,365,656.76</u>
Total Equity	\$476,630,427.37	\$468,173,075.72
William Blair	\$147,601,149.61	\$138,143,603.09
Pyrford	\$ 17,642.51	\$ 176,942.70
KBC	\$ 38,258,261.41	\$ 36,291,411.83
Alliance Bernstein	\$104,314,002.59	\$ 96,887,196.68
Batterymarch	<u>\$ 25,330,283.59</u>	<u>\$ 23,182,919.77</u>
Total International	\$315,521,339.71	\$294,682,074.07
State Street Bond	\$ 98,325,702.91	\$ 98,461,916.45
Post	\$ 57,984,789.87	\$ 76,584,427.01
Loomis Sayles	<u>\$115,967,299.49</u>	<u>\$114,071,492.92</u>
Total Fixed Income	\$272,277,792.27	\$289,117,836.38
Real Estate	\$ 19,875,224.01	\$ 50,286,590.74
LaSalle Real Estate Mgmt	\$ 21,545,203.49	\$ 22,942,669.23
LaSalle Growth Fund V	\$ 6,021,559.12	\$ 6,509,377.48
Principal Global	\$ 63,555,955.20	\$ 63,555,955.02
Prudential Global	<u>\$ 14,305,922.51</u>	<u>\$ 14,305,922.51</u>
Total Real Estate	\$125,303,864.33	\$157,600,514.98
Hedge Fund	<u>\$ 9,199,275.47</u>	<u>\$ 12,827,536.82</u>
Total Hedge Fund	\$ 9,199,275.47	\$ 12,827,536.82
Cash	<u>\$ 45,416,847.26</u>	<u>\$ 5,185,025.85</u>
Total Cash	\$ 45,416,847.26	\$ 5,185,025.85
TOTAL ASSETS	\$1,244,349,546.41	\$1,227,586,063.82

Securities Lending Report:

	<u>Fixed Income</u>	<u>Equities</u>
Current Month	\$ 4,843.78	\$ 18,520.78
Calendar Year	\$ 16,047.88	\$ 54,108.70

Investment consultant's report:

Market Update:

Mr. Guy Cooper represented Mercer Investment Consulting at the meeting.

Mr. Cooper responded to the question asked at the March 17, 2010 meeting regarding Large Cap Growth Search, why was Harris included in the data with the potential candidate managers. Harris was included in the data to show how any of the six potential candidate managers would fit with the existing manager Harris.

Mr. Cooper presented the Preliminary Summary of Investment Performance Net of Fees as of March 31, 2010. Fiscal Year to Date (7/1/09 thru 3/31/10) the total return estimate (excluding Real Estate and Hedge Funds) was 24.3%.

Motion by Mr. Dean seconded by Mr. Munch to reconsider replacing INTECH and keep them on watch. With Mr. Reech opposing, the motion carried.

Mr. Cooper reviewed the investment policy targets and recommended rebalancing. The existing policy is acceptable; however, Mercer recommends narrowing the policy ranges so that rebalancing actions are triggered more frequently and assets stay closer to the targets over time. Mercer recommends a quarterly rebalancing strategy in order to keep

investments close to the long-term policy targets, following a routine as dictated by the investment policy statement. Mr. Cooper recommends moving money away from INTECH and Harris into AllianceBernstein, SSgA core fixed and cash.

Motion by Mr. Dean seconded by Mr. K.P. Gibson to rebalance the portfolio as recommended by Mercer. The recommendation is to move \$21,000,000 from INTECH and \$21,000,000 from Harris and put \$20,000,000 into Alliance Bernstein, \$21,000,000 into SSgA Bond Index and \$1,000,000 into Cash. Without objection the motion carried.

Paul Bolian:

Mr. Paul Bolian, retiree from New Orleans, attended the meeting to request for exemption of repayment of overpayment of retirement benefits.

Chairman Gibson advised Mr. Bolian that he had the option of discussing his request in open session or executive session. Mr. Bolian opted for executive session.

Motion by Mr. Dean seconded by Mr. Reech to go into executive session at 11:28 a.m. to discuss Mr. Paul Bolian's request. Without objection the motion carried.

Back to regular session at 11:44 a.m.

Motion by Mr. Dean seconded by Mr. Huggins to continue the withdrawal of funds from Mr. Paul Bolian's monthly retirement check until such time as the overpayment has been repaid.

Election Schedule for Non Chief's District II:

Motion by Mr. Dean seconded by Mr. K.P. Gibson to adopt the election schedule for Non Chief's District II. Without objection the motion carried.

<u>April 23, 2010</u>	Election Schedule, Rules and Petitions mailed to eligible voting members
<u>May 17, 2010</u>	Petitions due in the post office box of Hawthorn, Waymouth & Carroll by 4:30 p.m.
<u>May 19, 2010</u>	Nominations accepted by Board of Trustees
<u>May 26, 2010</u>	Ballots mailed to eligible voting members
<u>June 11, 2010</u>	Ballots due in the post office of Hawthorn, Waymouth & Carroll by 4:30 p.m.
<u>June 15, 2010</u>	Ballots counted and verified beginning at 10:00 a.m. at the office of Hawthorn, Waymouth & Carroll, 8555 United Plaza Blvd., Baton Rouge, LA 70809
<u>June 16, 2010</u>	Board accepts certified ballot count and publishes results
<u>July 1, 2010</u>	Elected trustee takes office

Other Business:

Mr. Roche advised that he was just notified that HB 1382 was filed yesterday by Representative Howard. HB 1382 provides relative to the Municipal Police Employees' Retirement System, allows a retiree to change his designated beneficiary from a former spouse to a current spouse.

Motion by Mr. Dean seconded by Mr. Caraway to go on record that the Board does not support HB 1382 due to lack of actuarial cost as this time. Without objection the motion carried.

Ms. Bourque advised that the minutes can be transcribed verbatim each month at a rate of \$25.00 per hour with a one to two week turnaround period.

Motion by Mr. Dean seconded by Mr. Greene to hire a transcription company to transcribe the board meeting minutes verbatim each month. After a roll call vote, the motion carried 5-4.

Motion by Mr. Schleuter seconded by Mr. Dean to approve a 3% salary increase for the MPERS staff effective immediately. After a roll call vote, the motion failed 5-4.

Substitute motion by Mr. Reech seconded by Mr. Huggins to approve a 3% salary increase for the MPERS staff effective July 1, 2010. After a roll call vote, the motion failed 7-2.

Chairman Gibson appointed Mr. K.P. Gibson as Chairman, Mr. Reech and Mr. Schlueter to serve on the salary committee.

Motion by Mr. Dean seconded by Mr. Reech to adjourn the meeting at 12:14 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 April 20 & 21, 2010.

Kelly Gibson, Chairman

Kathy Bourque, Director