

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, July 22, 2009, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

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

Members Present:

Sgt. (Ret.) Larry Reech, Chairman (New Orleans)
Sgt. Samuel Wyatt, Vice Chairman (Bossier City)
Chief Stephen Caraway (Kenner)
Capt. Henry Dean (New Orleans)
Chief K.P. Gibson (Crowley)
Lt. Kelly Gibson (Lafayette)
Capt. (Ret.) Willie Joe Greene (Shreveport)

Members Absent:

Chief Ronald Schleuter (Monroe)
Chief Jeff Wesley (Denham Springs)
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 Zinna, Attorney
Mr. Randy Roche, General Counsel
Mr. Mike Gallagher, JPMorgan Chase
Ms. Lauren Bailey, Attorney, Senate Retirement Committee
Mr. Matt Tessier, Attorney, House Retirement Committee
Mr. Guy Cooper, Mercer
Mr. Eddie Guerra, Mercer
Mr. Ben Chavarria, Olde Oaks Golf Club & Stonebridge Golf Club
Mr. Jim Hutchinson, LaSalle Investment Management
Mr. Jim Percy, Jones Walker
Mr. Carter Rogers, Mosley Rogers Title
Mr. John "Al" Gibson, Retired Crowley PD

Chairman Reech recognized Mr. John "Al" Gibson, former Chief of Police in Crowley and an original MPERS Board of Trustee.

Oath of Office:

Mr. Zinna administered the Oath of Office to Captain Henry Dean to serve a term from June 1, 2009 until June 30, 2014.

Approval of minutes:

Motion by Mr. Wyatt seconded by Mr. K.P. Gibson to approve the minutes of the meeting held June 17, 2009. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Dean 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>
Jerry Evans	DeRidder	06/04/09	23.00	Max
Billy Hammers	Vidalia	07/01/08	14.94	03

Motion by Mr. Kelly Gibson seconded by Mr. Caraway 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>
Benita Bates	Baton Rouge	07/07/09	27.35	3a
Judy Carrier	Mandeville	06/30/09	23.91	2a
James Howley	New Orleans	07/01/09	53.00	3a
Lester Robinson	Shreveport	08/01/09	26.41	2a
Dianne Sutton	West Monroe	05/31/09	23.00	Max
Jesse Walker	Bastrop	06/30/09	42.83	2a
Julie Wilson	New Orleans	08/01/09	25.82	Max

Motion by Mr. K.P. Gibson seconded by Mr. Greene 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>
Rudolph Babin	Baton Rouge	05/12/09	28.02	3a
McCullen Gallien	Lafayette	05/25/09	25.82	03
Willie Giles, Jr.	Shreveport	06/01/09	24.67	02
LaSalle Rattler	New Orleans	06/01/09	30.27	02
Darryl Rice	Baton Rouge	05/12/09	28.02	3a
James Sasser	West Monroe	06/01/09	27.67	2a
Johnny Smith	Alexandria	06/01/09	30.44	Max
Rosa Smothers	Baton Rouge	05/24/09	20.31	Max
Barbara Spell	Baton Rouge	05/12/09	30.16	Max
Pauline Willoughby	New Orleans	10/01/08	20.69	Max

Motion by Mr. Dean seconded by Mr. Wyatt to approve the application for Early Retirement. Without objections the motion carried.

<u>NAME</u>	<u>CITY/TOWN</u>	<u>EFF. DATE</u>	<u>YEARS OF SERVICE</u>	<u>PLAN</u>
Jean Harrison	Opelousas	07/01/09	22.04	Max

Custodian bank report:

Mr. Mike Gallagher represented JPMorgan at the meeting.

	<u>06/30/09</u>	<u>05/31/09</u>
Alliance Capital	\$115,253,549.92	\$114,999,187.77
INTECH	\$ 67,834,299.64	\$ 66,539,449.97
Sterling Capital	\$ 37,679,810.43	\$ 37,935,791.03
LSV Asset Management	\$ 20,516,231.38	\$ 20,329,902.16
Pinnacle Associates Ltd	\$ 46,076,590.18	\$ 46,649,404.69
Harris Inv. Management	\$ 67,015,666.46	\$ 67,428,794.92
Dimensional	\$ 39,393,498.67	\$ 39,090,069.38
Energy Opportunities	<u>\$ 6,318,266.83</u>	<u>\$ 6,904,283.93</u>
Total Equity	\$400,087,913.51	\$399,876,883.85

William Blair	\$115,102,052.81	\$115,030,573.31
Pyrford	\$ 192,849.86	\$ 213,477.86
KBC	\$ 31,488,374.16	\$ 31,605,751.74
Alliance Bernstein	\$ 83,652,348.65	\$ 84,775,500.33
Batterymarch	<u>\$ 17,907,494.40</u>	<u>\$ 18,207,270.58</u>
Total International	\$248,343,116.88	\$249,832,573.82
State Street Bond	\$ 92,783,248.92	\$ 92,245,802.09
Post	\$ 66,982,380.57	\$ 65,674,217.80
Loomis Sayles	<u>\$ 97,102,429.65</u>	<u>\$ 91,732,576.79</u>
Total Fixed Income	\$ 255,868,059.14	\$249,652,596.68
Real Estate	\$ 52,933,906.05	\$ 52,933,906.05
LaSalle Real Estate Mgmt	\$ 37,051,906.36	\$ 37,051,906.36
LaSalle Growth Fund V	\$ 6,210,208.56	\$ 6,210,208.56
Principal Global	\$ 72,684,152.98	\$ 77,940,912.30
Prudential Global	<u>\$ 20,685,975.17</u>	<u>\$ 24,864,202.36</u>
Total Real Estate	\$ 189,566,149.12	\$199,001,135.63
Hedge Fund	<u>\$ 19,010,921.75</u>	<u>\$ 19,726,822.61</u>
Total Hedge Fund	\$ 19,010,921.75	\$ 19,726,822.61
Cash	<u>\$ 12,246,747.09</u>	<u>\$ 21,145,317.56</u>
Total Cash	\$ 12,246,747.09	\$ 21,145,317.56
TOTAL ASSETS	\$ 1,125,122,907.49	\$1,139,235,330.15

Securities Lending Report:

	<u>Fixed Income</u>	<u>Equities</u>
Current Month	\$ 9,671.17	\$ 57,329.94
Calendar Year	\$ 61,597.40	\$329,918.11

Investment consultant's report:

Mr. Guy Cooper and Mr. Eddie Guerra represented Mercer Investment Consulting at the meeting.

Mr. Cooper asked for some direction from the board regarding the Hedge Fund of Funds Managers, Cadogan Management, LLC and Permal, that were hired in February 2009.

Mr. Cooper was advised that Cadogan Management, LLC and Permal were hired at the February 17, 2009 meeting allocating \$20 million each but the firms must be transparent in their operations. At the March 2009 board meeting, a motion was made to suspend funding Cadogan Management, LLC and Permal until after the new Consultant was hired. Contracts have not been signed as of this date.

Chairman Reech directed Mr. Cooper to contact Cadogan Management, LLC and Permal to determine their level of transparency and report back to the board at the August board meeting.

Market Update:

Mr. Cooper reported that in the month of June and in the second quarter, small caps outpaced large caps. Style performance was mixed, as growth outperformed in large cap for the month of June, but slightly lagged over the second quarter. Within small caps, growth outperformed by a wide margin for both the month and the quarter. International lagged in June but exceeded domestic for the quarter ended June 30.

High yield posted strong absolute results and the Barclays Aggregate rose 0.6% for the month and 1.8% for the quarter.

Mr. Eddie Guerra reported that the international small cap and emerging markets strategies are currently underweight relative to MPERS' policy targets and that Mercer will consider rebalancing the portfolio at the August or September 2009 meetings. Mercer will also make recommendations for rebalancing the real estate assets.

Mr. Cooper stated that the preliminary total fund performance for year ended June 30, 2009 was -21.1%.

Investment Managers Presentation:

Mr. Jim Hutchinson represented LaSalle Investment Management to present their annual report. The portfolio value as of June 30, 2009 was \$38,998,257.

Proposed Engagement Letters:

Motion by Mr. Wyatt seconded by Mr. Dean to approve the 2009-2010 audit engagement letters submitted by Duplantier, Hrapmann, Hogan and Maher CPA's. Without objection the motion carried.

Real Estate Update:

Motion by Mr. Wyatt seconded by Mr. Dean to go into executive session at 11:00 a.m. to discuss litigation entitled "Gautreaux et al vs. MPERS, 522,457, 19th JDC. Without objections the motion carried.

Motion by Mr. Wyatt seconded by Mr. Dean to return to regular session at 12:10 p.m. Without objections the motion carried.

Motion by Mr. Wyatt seconded by Mr. Dean to amend the MPERS Investment Policy Statement in the appropriate place as follows: that the Board identify qualified and knowledgeable investment advisors for each class of assets approved for investment by the Board, and to amend the corresponding Investments provision of the MPERS Member Handbook. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Caraway to hire the law firm of Jones Walker, to advise as needed on MPERS' real estate investments. Without objections the motion carried.

Mr. Ben Chavarria handed out financial statements for period ending June 30, 2009 for Olde Oaks Golf Club and Golf Club at Stonebridge. Mr. Chavarria advised that both courses are eligible for a grant through the State of Louisiana for a Jonus accounting system.

Motion by Mr. Dean seconded by Mr. Wyatt to authorize the Director to sign the necessary paperwork that would allow for the Jonus accounting system grant for Olde Oaks Golf Club and Golf Club at Stonebridge. Without objection the motion carried.

Motion by Mr. Caraway seconded by Mr. K.P. Gibson to approve the contract for Ben Chavarria as General Manager of Olde Oaks Golf Club effective July 1, 2009 as presented. Without objections the motion carried.

Motion by Mr. K.P. Gibson seconded by Mr. Kelly Gibson to approve the contract for Ben Chavarria as General Manager of Golf Club at Stonebridge effective July 1, 2009 as presented. Without objection the motion carried.

Actuarial Review Committee:

Mr. Wyatt, on behalf of the Actuarial Review Committee, reported that the committee recommends approving the contract of Hall Actuarial Associates effective July 1, 2009 as submitted.

Motion by Mr. Wyatt seconded by Mr. Greene to accept the recommendation from the committee and approve the contract of Hall Actuarial Associates effective July 1, 2009. Without objections the motion carried.

Salary Review Committee:

Mr. Dean, Chairman of the Salary Review Committee, recommended that the board develop a pay policy for the staff of MPERS starting with a longevity increase. Mr. Dean handed out a proposed recommendation that he developed which was compared to the police departments longevity increases along with job duties.

Motion by Mr. Greene seconded by Mr. Dean to approve a 2% annual increase effective July 1, 2009 for the next three years for each staff member of MPERS that has been employed for at least one year of service, and a 20% increase for the Administrative Assistant, also effective July 1, 2009.

Substitute motion by Mr. K.P. Gibson seconded by Mr. Kelly Gibson to approve a 2% longevity/COLA increase for all employees with at least one year service for the next three years effective July 1, 2009, with other matters relative to staff salaries deferred to the August meeting. With Mr. Dean and Mr. Greene opposing, the substitute motion carried.

Motion by Mr. Greene seconded by Mr. Wyatt to adjourn the meeting at 1:08 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 22, 2009.

Larry Reech, Chairman

Kathy Bourque, Director