

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, October 21, 2009, at 7722 Office Park Boulevard, Baton Rouge, LA.

The meeting was called to order by Chairman Reech at 9:00 a.m.

Members Present:

Sgt. (Ret.) Larry Reech, Chairman (New Orleans)
Chief Stephen Caraway (Kenner)
Capt. Henry Dean (New Orleans)
Chief K.P. Gibson (Crowley)
Lt. Kelly Gibson (Lafayette)
Capt. (Ret.) Willie Joe Greene (Shreveport)
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 Zinna, Attorney
Mr. Randy Roche, General Counsel
Mr. Charles Hall, Actuary
Mr. Mike Gallagher, JPMorgan Chase
Mr. Matt Tessier, Attorney, House Retirement Committee
Ms. Laura Gail Sullivan, Senate Counsel
Mr. Guy Cooper, Mercer
Mr. Brian Walton, Sterling Capital
Mr. Robert Clark, Sterling Capital
Ms. Beth Andrews, JPMorgan Securities Lending
Mr. Bill Landry, Retired Gonzales Police Department
Mr. Steven Ward, The Advocate
Mr. Kurt Wall, Attorney General's Office
Mr. Mike Thompson, Attorney General's Office
Mr. Charles Roark, Monroe Police Union
Ms. L.A. Tucker, Monroe Police Union
Mr. Mark Huggins, Monroe Police Union
Mr. Vaughan Gonsoulin, New Orleans Police Department
Mr. Jim Percy, Jones Walker
Mr. Greg Phares, Inspector General's Office

Oath of Office:

Mr. Roche administered the Oath of Office to Chief Dwayne Munch to serve a term from October 1, 2009 until June 30, 2012.

Board Resignation:

Chairman Reech advised that Sammy Wyatt submitted a letter of resignation as a Trustee effective October 10, 2009.

Motion by Mr. Dean seconded by Mr. Kelly Gibson to accept Sammy Wyatt's resignation. Without objection the motion carried.

Election of Vice Chairman:

Motion by Mr. Schleuter seconded by Mr. Caraway to nominate Mr. Kelly Gibson as Vice Chairman. Without objection the motion carried.

With no other Trustees nominated for Vice Chairman, Mr. Kelly Gibson will serve as Vice Chairman through December 2009.

Boot Ranch Update:

Motion by Mr. Dean Seconded by Mr. Schleuter to go into executive session at 9:04 a.m. to discuss Boot Ranch Development. Without objection the motion carried.

Motion by Mr. Schleuter seconded by Mr. Dean to return to regular business at 9:45 a.m. Without objection the motion carried.

Motion by Mr. Schleuter seconded by Mr. Caraway to hire Mr. Jim Percy with Jones Walker, Attorneys at Law to represent MPERS with all matters regarding Boot Ranch Development. Without objection the motion carried.

Approval of minutes:

Motion by Mr. Schleuter seconded by Mr. Munch to approve the minutes of the meeting held September 22, 2009 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Dean seconded by Mr. K.P. Gibson 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>
Randy Hodges	Bogalusa	11/06/09	18.49	2a
Converted from non duty related disability				
Edward Perkins	New Orleans	09/19/09	26.27	Max

Motion by Mr. Dean seconded by Mr. Schleuter 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>
Michael Beam	Bossier City	11/01/09	20.00	2a
Johnny Burkett	Baton Rouge	10/16/09	27.02	03
Vera Gabriel	New Orleans	11/01/09	20.26	03
William Gay	New Orleans	09/18/09	21.62	02
Deborah Hightower	Ruston	10/20/09	20.00	2a

Motion by Mr. Greene seconded by Mr. Caraway 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>
Clarence Breland, Jr.	West Monroe	08/13/09	25.01	2a
Vera Gabriel	New Orleans	08/10/09	20.26	03
James King, Jr.	Hammond	08/06/09	25.00	2a
Richard Lopez, Jr.	Shreveport	08/16/09	24.51	Max
Mary Quinn	Shreveport	08/04/09	12.00	2a
William Scott	Shreveport	09/01/09	25.01	03
Frank Spears	Lecompte	08/07/09	18.42	03
Ike Vavasseur	Baton Rouge	08/18/09	27.88	2a
Mary Welch	Monroe	09/01/09	31.06	Max

Motion by Mr. Caraway seconded by Mr. Greene to approve the application for Early 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>
Stacey Ducote	Gonzales	10/12/09	23.55	Max

Disability Retirement:

Ms. Bourque reported that a letter was sent by MPERS to disability applicant Mr. Stanley Brooks advising him of the board meeting date with the incorrect date. Mr. Brooks was not in attendance.

Motion by Mr. Kelly Gibson seconded by Mr. Greene to table Mr. Stanley Brooks' (Plaquemine) application for disability until the November 2009 meeting. Without objection the motion carried.

Mr. Vaughn Gonsoulin (New Orleans) attended the board meeting to provide information relative to his application for disability retirement. Chairman Reech advised Mr. Gonsoulin that he had the option of having his application discussed in open session or executive session. Mr. Gonsoulin opted for executive session.

Motion by Mr. Munch seconded by Mr. K.P. Gibson to go into executive session at 9:50 a.m. to discuss Vaughn Gonsoulin's duty related disability application. Without objection the motion carried.

Motion by Mr. Munch seconded by Mr. K.P. Gibson to return to regular session at 9:57 a.m. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. K.P. Gibson to approve the duty related disability application submitted by Mr. Vaughn Gonsoulin (New Orleans). With Mr. Greene and Mr. Schleuter opposing, the motion carried.

Appearance by Inspector General's office and Attorney General's office:

Mr. Mike Thompson and Mr. Kurt Wall from the State Attorney General's Office and Mr. Greg Phares from the State Inspector General's Office were present to answer any questions from the Board.

Custodian bank report:

Mr. Mike Gallagher represented JPMorgan at the meeting.

	<u>09/30/09</u>	<u>08/31/09</u>
Alliance Capital	\$133,008,654.70	\$128,250,337.47
INTECH	\$ 76,713,454.84	\$ 73,789,273.20
Sterling Capital	\$ 48,681,001.83	\$ 45,712,441.99
LSV Asset Management	\$ 25,852,610.17	\$ 24,535,742.98
Pinnacle Associates Ltd	\$ 57,000,221.35	\$ 53,617,010.32
Harris Inv. Management	\$ 76,172,650.56	\$ 73,824,658.81
Dimensional	\$ 48,457,773.49	\$ 46,277,365.79
Energy Opportunities	<u>\$ 7,657,486.84</u>	<u>\$ 6,897,398.57</u>
Total Equity	\$473,543,853.78	\$452,904,229.13
William Blair	\$135,579,522.01	\$127,289,566.82
Pyrford	\$ 201,860.13	\$ 198,249.79

KBC	\$ 37,261,144.07	\$ 35,954,269.14
Alliance Bernstein	\$102,243,462.33	\$ 97,464,736.68
Batterymarch	<u>\$ 22,153,564.39</u>	<u>\$ 20,158,318.42</u>
Total International	\$297,439,552.93	\$281,065,140.85
State Street Bond	\$ 96,385,304.76	\$ 95,361,817.69
Post	\$ 72,844,110.42	\$ 70,554,473.50
Loomis Sayles	<u>\$107,928,415.59</u>	<u>\$103,960,682.97</u>
Total Fixed Income	\$277,157,830.77	\$269,876,974.16
Real Estate	\$ 50,286,590.74	\$ 50,286,590.74
LaSalle Real Estate Mgmt	\$ 25,024,744.59	\$ 30,472,615.80
LaSalle Growth Fund V	\$ 5,865,519.75	\$ 6,995,317.98
Principal Global	\$ 71,813,399.10	\$ 71,813,398.65
Prudential Global	<u>\$ 16,521,616.07</u>	<u>\$ 15,757,832.77</u>
Total Real Estate	\$169,511,870.25	\$168,330,437.96
Hedge Fund	<u>\$ 12,459,675.68</u>	<u>\$ 20,029,231.63</u>
Total Hedge Fund	\$ 12,459,675.68	\$ 20,029,231.63
Cash	<u>\$ 8,009,087.58</u>	<u>\$ 8,984,183.77</u>
Total Cash	\$ 8,009,087.58	\$ 8,984,183.77
TOTAL ASSETS	\$1,238,121,870.99	\$1,208,185,515.49

Securities Lending Report:

	<u>Fixed Income</u>	<u>Equities</u>
Current Month	\$ 7,273.13	\$ 32,045.50
Calendar Year	\$ 87,796.08	\$427,906.22

Investment consultant's report:

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

Market Update:

Mr. Cooper presented the Preliminary Summary of Investment Performance of 3.9% as of September 30, 2009.

Motion by Mr. Dean seconded by Mr. Greene to allocate an additional \$15 million to the Energy Opportunities Fund. After discussion, Mr. Dean withdrew his motion.

Mr. Cooper advised that funding for the Hedge Fund of Funds Managers, Cadogan and Permal did not take place due to the fact that three of Cadogan's key personnel resigned within the last two weeks. Mr. Cooper decided not to fund these two managers until after he advises the Board of the departures.

Mr. Cooper recommended three options for the Hedge Fund Program along with several strong candidates that would complement Permal's fixed income strategy which are Aurora, K2 and Common Sense.

- Option One-Revisit the Managers from Original Search
- Option Two-Conduct a new search for a manager that complements Permal
- Option Three-Rethink the Program

Motion by Mr. Dean seconded by Mr. Greene to continue with the funding of Hedge Fund of Funds Managers and have Mercer bring to the November meeting updated

information from the three managers from the original search, Blackstone, Evanston, Entrust along with information from Aurora, K2 and Common Sense. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Greene to fund Permal with \$20 million. By roll call vote of 4-2 (Chief Schleuter was no longer in attendance), motion failed.

Chairman Reech advised that the Investment Managers in attendance had travel deadlines and needed to give their presentations at this time. Mr. Cooper will continue after their presentations.

Investment Managers Presentation:

JPMorgan Securities Lending

Ms. Beth Andrews represented JPMorgan Securities Lending to present their annual report. Total income for calendar year 2009 was \$515,663.

Sterling Capital Management, LLC

Mr. Brian Walton and Mr. Robert Clark represented Sterling Capital Management, LLC to present the annual report. The market value of the portfolio was \$48,680,595 as of September 30, 2009.

<i>Performance results:</i>	<u>MPERS</u>	<u>Russell 2500 Value</u>
Qtr. ended 9/30/09	29.4%	22.8%
YTD ended 9/30/09	39.0%	22.0%
Three years	-1.6%	-5.7%
Since inception 8/31/01	7.9%	6.3%

Investment Consultant's report continued:

Motion by Mr. Dean seconded by Mr. Greene to allocate 3% of total assets to the Energy Opportunities Fund.

Amendment to the motion by Mr. Greene seconded by Mr. Kelly Gibson to allocate 2% of total assets to the Energy Opportunities Fund. Without objection the motion carried.

Election Schedule for Non Chiefs District I:

Motion by Mr. Kelly Gibson seconded by Mr. Dean that no one be appointed by the Board to serve as Trustee for the vacant Non Chiefs District I seat. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Munch to adopt the election schedule for Non Chiefs District I as presented for the unexpired term of Sammy Wyatt who resigned October 10, 2009. Without objection the motion carried.

Other Business:

Motion by Mr. Dean seconded by Mr. K.P. Gibson to go into executive session at 11:32 a.m. to discuss personnel matters. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. K.P. Gibson to return to regular business at 12:09 p.m. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. K.P. Gibson to approve Mr. Randy Zinna's verbal request to take a leave of absence as legal counsel with no compensation immediately

and instruct the Director to send Mr. Zinna a letter advising that his request was approved. Without objection the motion carried.

Real Estate Update:

Mr. Roche handed out the financials from Mr. Ben Chavarria for Olde Oaks Golf Club and Stonebridge Golf Club for September 2009.

Mr. Roche advised that Mr. Martin Stuart filed suit against Olde Oaks Golf Club for monthly stipend he claims he is owed from July 1, 2007 through May 19, 2009.

Motion by Mr. Dean seconded by Mr. Munch to adjourn the meeting at 12:12 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 October 21, 2009.

Larry Reech, Chairman

Kathy Bourque, Director