

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, February 24, 2010, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman Kelly Gibson at 9:01 a.m.

Members Present:

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

Members Absent:

Chief K.P. Gibson (Crowley)
Chief Ronald Schleuter (Monroe)
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. Jim Percy, Attorney, Jones Walker
Mr. Ben Chavarria, Olde Oaks Golf Club and Stonebridge Golf Club
Mr. Eddie Guerra, Mercer
Mr. Guy Cooper, Mercer
Ms. Lauren Bailey, Attorney, Senate Retirement Committee
Mr. Willie Gant, New Orleans
Mr. Donald Brown, Welsh
Mr. Bob McManama, Loomis Sayles
Mr. Charles Roark, Monroe Police Department
Mr. Jeff Yates, CPERS
Ms. Barbara LeBlanc, CPERS

Pledge of Allegiance:

Chairman Kelly Gibson led the pledge of allegiance.

Hedge Fund of Funds Manger Interviews:

Mr. Roche reminded the Board that in order to vote to hire an investment manager, you must be present for the entire presentations.

Mr. Eddie Guerra provided evaluation sheets to facilitate the Hedge Fund of Funds evaluation process and serve as concise and consistent method to document comments and impressions for internal discussions. Each manager will be allowed 45 minutes for their presentation and then 15 minutes for question and answers.

Interviews proceeded as follows:

Common Sense Investment Management LLC
Dan Yates
Dean Derrah

Entrust Capital Diversified Fund
Gregg Hymowitz
Jill Zelenko
David Livingston

Aurora Investment Management
Scott Schweighauser

Mr. Guy Cooper left the meeting at 12:00 p.m.

Motion by Mr. Reech seconded by Mr. Dean to recess at 11:47 a.m. Without objection the motion carried.

Chairman Kelly Gibson called the meeting back to order at 12:51 p.m.

Motion by Mr. Reech seconded by Mr. Huggins to suspend the regular order of business and take up discussion of Hedge Fund of Funds Managers. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Dean to hire Entrust Capital Diversified Fund as a Hedge Fund of Fund Manager and allocate \$20 million each to Entrust and Permal (who was previously hired). Without objection the motion carried.

Mr. Willie Joe Greene left the meeting at 12:55 p.m.

Approval of minutes:

Motion by Mr. Munch seconded by Mr. Dean to approve the minutes of the meeting held January 20, 2010 as presented. Without objection the motion carried.

Approval of retirement applications:

Motion by Mr. Reech seconded by Mr. Caraway 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>
Debra Coffee	New Orleans	02-20-10	15.04	02
Daren Coutee	Alexandria	01-24-10	26.23	03
Darryl Dean	New Orleans	02-09-10	23.52	2a
John Jackson, III	New Orleans	12-27-09	36.91	Max
Octave LaRoche	New Orleans	12-31-09	25.29	03

Motion by Mr. Munch seconded by Mr. Reech 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>
James Baker	Shreveport	03-01-10	25.07	2a
Jan Christiansen	New Orleans	01-16-10	28.44	3a
Angelo Iorio	Lafayette	01-10-10	28.30	Max
Kenneth Leary, Jr.	New Orleans	01-18-10	25.25	2a
Kenneth Maes	New Orleans	01-31-10	33.98	Max
Kimberly Price	Shreveport	02-05-10	25.74	Max
Pauline Willoughby	New Orleans	02-28-10	20.69	Max
Terry Zaffuto	Hammond	01-15-10	26.37	2a

Motion by Mr. Caraway seconded by Mr. Dean 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>
Chris Bittick	Ruston	01-01-10	24.58	01
Wilfred Matherne	French Settlement	01-01-10	12.58	2a
Sandra Thomas	Bastrop	12-11-09	20.02	2a
Robert Wagner	Alexandria	12-14-09	35.02	2a
Christy Williams	New Orleans	12-21-09	27.54	Max

Motion by Mr. Reech seconded by Mr. Dean to approve the applications 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>
Rickey Carroll	Lafayette	01-17-10	22.61	03
Michael Lohman	New Orleans	02-01-10	21.24	3a

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

Motion by Mr. Reech seconded by Mr. Dean to go into executive session at 12:56 p.m. to discuss Willie Gant's duty related disability application. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Reech to return to regular business at 1:03 p.m. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Huggins to approve the duty related disability application submitted by Mr. Willie Gant (New Orleans). Without objection the motion carried.

Mr. Donald Brown (Welsh) attended the meeting to provide information relative to his application for disability retirement. Chairman Kelly Gibson advised Mr. Donald Brown that he had the option of having his application discussed in open session or executive session. Mr. Brown opted for executive session.

Motion by Mr. Reech seconded by Mr. Dean to go into executive session at 1:04 p.m to discuss Donald Brown's duty related application for disability. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Dean to return to regular business at 1:18 p.m. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Caraway to defer action on Donald Brown's duty related disability application for disability. Without objection the motion carried.

Real Estate Update:

Mr. Ben Chavarria updated the board on the monthly leases, operations, capital improvements and accounting system for Olde Oaks Golf Club and Stonebridge Golf Club. Mr. Chavarria also provided 2010-2011 Operating Budgets for the board to review.

Boot Ranch Update:

Motion by Mr. Reech seconded by Mr. Dean to go into executive session at 1:30 p.m. to discuss Boot Ranch Development with attorney Mr. Jim Percy. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Dean to return to regular business at 2:10 p.m. With no objections the motion carried.

Motion by Mr. Dean seconded by Mr. Reech to amend the prior motion to include Olde Oaks Development Litigation in the executive session discussion. Without objection the motion carried.

Baton Rouge Merger Adjustments:

Mr. Jeff Yates, Director of City Parish Employees Retirement System requested to defer action on the merger adjustments until the March 2010 meeting.

Mr. Charles Hall explained that the majority of the adjustments have been calculated and he has a few adjustments to calculate. All adjustments should be calculated by the March meeting.

Chairman Kelly Gibson advised that the Baton Rouge Merger Adjustments will be added to the March 21, 2010 Agenda.

Custodian Report by JPMorgan:

Ms. Bourque advised that Mr. Mike Gallagher was unavailable to attend because of a prior engagement. Mr. Gallagher delivered the January 2010 custodian report prior to the meeting.

Motion by Mr. Dean seconded by Mr. Reech to table JPMorgan's January 2010 custodian report until next month.

Investment Managers Presentation:

Mr. Bob McManama represented Loomis Sayles & Company, LP to present the annual report. The market value for the Index Portfolio was \$113,499,812.22 as of January 31, 2010.

Performance summary as of 1/31/10:

	<u>Jan 2010</u>	<u>2009</u>	<u>2008</u>	<u>Since Inception*</u>
MPERS	2.32%	39.52%	-11.98%	1.97%
Barclays Aggregate *9/07	1.53%	5.93%	5.24%	3.00%

Investment consultant's report:

Market Update:

Mr. Eddie Guerra gave a brief update on the market for the periods ending December 2009. The economic recovery gained traction as the manufacturing sector continued to expand, though employment conditions remained weak. The unemployment rate stood at 10% at year-end. Retail sales increased in October and November but dropped in December despite stronger than expected holiday sales. The yield on 30-year Treasuries rose 60 basis points to 4.63%. Consumer prices increased slightly during the quarter and have risen 2.7% on a year over year basis.

Small cap stocks, up 3.9%, underperformed mid and large cap stocks during the quarter. Mid cap stocks were up 5.9% for the quarter and posted the strongest performance in 2009, gaining 40.5%. Growth outperformed value across all market capitalizations during the quarter and year, particularly in the large cap space.

The bond market rally lost steam in the fourth quarter as the Barclays Capital Aggregate Bond Index advanced 0.2%, resulting in a 5.9% gain for the year. Treasury bond prices fell, driving yields higher as investors' sought out riskier assets. Treasuries were down 1.3% for the quarter and 3.5% for the year, underperforming all spread sectors.

International equity markets underperformed US markets during the quarter as the MSCI EAFE Index gained 2.2% in US dollar terms, resulting in a 32.5% gain for the year. Emerging market stocks delivered the best results, gaining 8.6% for the quarter and 79.0% for the year.

Mr. Guerra discussed INTECH and reminded the board that they were placed on a watch list in the second quarter of 2009 for lack of performance. Mr. Guerra asked if the board wanted to leave INTECH on watch or conduct a search to replace them.

Motion by Mr. Dean seconded by Mr. Reech to authorize Mercer to conduct a search for a Large Cap Equity Manager to replace INTECH. Without objection the motion carried.

Mr. Guerra presented the manager selection process used by Mercer and advised that Mercer will conduct a search through their data base for a Large Cap Equity Manager and bring six candidates information to the board at the March meeting.

Mr. Guerra reported that the preliminary market value was \$1,207,905,996 as of January 31, 2010.

Mr. Guerra advised that the \$40 million to fund the Hedge Fund of Fund Managers will be withdrawn from AllianceBernstein (Large Cap Equity) and Post Advisory (High Yield).

Motion by Mr. Dean seconded by Mr. Caraway to have Mercer conduct a half day educational session the day before the April 2010 meeting. Without objection the motion carried.

2010 Legislation:

Mr. Roche recommended that MPERS not offer any legislation with current activities taking place with the Legislature.

Mr. Roche advised that a blanket advertisement to cover any proposed legislation has been done.

Mr. Hall presented a summary of rates of return for FYE 6/30/09 and employer contribution rates effective 7/1/10 for statewide systems as follows:

	<u>Rate of Return</u>	<u>Employer Contribution Rate</u>
Clerk of Court	-19.3%	17.25%
District Attorney's	-14.2%	8.25%
MERS	-13.8%	13.50%
Registrars of Voters	-18.3%	11.25%
Firefighters'	-20.8%	21.50%
Sheriff's	-17.4%	12.75%
MPERS	-24.2%	25.00%

Other Business:

Motion by Mr. Caraway seconded by Mr. Dean to direct the Director to issue a letter to Mr. James Harris with Twin Peaks, LLC giving 30 days notice that the contract is being terminated. Without objection the motion carried.

Motion by Mr. Munch seconded by Mr. Reech to issue an Invitation to Bid for a maintenance contract for Olde Oaks Development. The contractor must have a contractor's license, workmen's compensation insurance and liability insurance. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Huggins to authorize the Director to enter into contracts for the day to day operations of Olde Oaks Development which would include contracts for liability insurance, sewer plant operations, maintenance operations, sales, etc. All contracts must be reviewed by Mr. Roche and the Chairman or Vice Chairman prior to finalizing the contracts. Without objection the motion carried.

Motion by Mr. Dean seconded by Mr. Reech to authorize Mr. Roche to interview and hire an interim contractor to maintain the status of Olde Oaks Development and allow the Director to sign the contract. Without objection the motion carried.

Motion by Mr. Reech seconded by Mr. Dean to adjourn the meeting at 3:34 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 24, 2010.

Kelly Gibson, Chairman

Kathy Bourque, Director