

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, November 17, 2010, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

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

Pledge of Allegiance:

Chairman Kelly Gibson led the pledge of allegiance.

Oath of Office:

Mr. Roche administered the Oath of Office to Mr. Christopher Elg (West Monroe) to serve a term from November 1, 2010 thru June 30, 2012.

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 Christopher Elg (West Monroe)
Capt. (Ret.) Willie Joe Greene (Shreveport)
Cpl. Mark Huggins (Monroe)

Members Absent:

Chief K.P. Gibson (Crowley)
Chief Dwayne Munch (Westwego)
Representative Kevin Pearson, 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. Eddie Guerra, Mercer
Ms. Lauren Bailey, Attorney, Senate Retirement Committee
Mr. Matt Tessier, Attorney, House Retirement Committee
Mr. James Percy, Attorney, Jones Walker
Mr. Mike Gallagher, JPMorgan
Mr. Blake Pontius, William Blair
Ms. Stephanie Braming, William Blair
Mr. James Murphy, Prudential Real Estate Investors
Mr. Troy Franklin, Slidell Police Department
Mr. Charles Roark, Monroe Police Department
Mr. Chad King, Baton Rouge Police Department

Approval of minutes:

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

Approval of retirement applications:

Motion by Mr. Caraway 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>
Keith Bouvier	Gretna	10/23/10	25.06	2a
Thomas Crow	Shreveport	09/16/10	25.05	Max
Cynthia Ferrara	Hammond	10/09/10	20.00	Max
Guy Fletcher	Natchitoches	10/29/10	20.01	2a
Anthony Haywood, Jr.	New Orleans	09/27/10	21.26	03
Donald Johnson	Shreveport	10/01/10	26.67	Max
Debra Plunkett	Ruston	10/28/10	21.18	2a
Tony Thompson	Shreveport	11/01/10	20.15	2a
Steve Whatley	Shreveport	11/03/10	17.99	2a

Motion by Mr. Huggins 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>
Aaron Blackwell	New Orleans	10/01/10	30.00	Max
Iris Carey	New Orleans	09/05/10	26.67	2a
Cathy Cherry	Monroe	09/07/10	30.00	Max
Mitchell Hobbs	Monroe	09/01/10	22.05	Max
David Kirsch	New Orleans	09/20/10	27.45	2a
Frank McCall	Alexandria	09/11/10	29.19	2a
Candi McFatter	Lake Charles	09/27/10	28.21	Max
Dianna Thomas	Shreveport	09/30/10	20.05	2a
Joseph Williams, III	New Orleans	09/05/10	27.51	02

Motion by Mr. Dean seconded by Mr. Greene 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>
Rodney Adams	Baton Rouge	11/18/10	29.04	Max
Brian Baudier	New Orleans	10/23/10	20.74	02
Stephen Caskey	Bossier City	10/27/10	27.05	2a
William Charbonnet, III	New Orleans	11/01/10	31.21	2a
Victoria Davis	Baton Rouge	11/12/10	26.95	3a
Douglas Dodt	Kenner	10/31/10	24.19	02
Don English	Mansfield	10/16/10	33.62	2a
Gregory Hood	Houma	10/16/10	27.32	2a
Claude LeDuff	Baton Rouge	12/01/10	26.62	3a
Elphamous Malbrue, Jr.	New Orleans	12/01/10	30.53	03
Wilbert Williams	New Orleans	11/18/10	20.02	3a

Disability Retirement:

Motion by Mr. Dean seconded by Mr. Huggins to deny the duty related disability application as submitted by Mr. Troy Franklin (Slidell). Without objection the motion carried.

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

Custodian Report by JPMorgan:

Mr. Mike Gallagher represented JPMorgan at the meeting. Total market value as of October 31, 2010 was \$1,299,979,177.96.

Investment Manager's Report:

Prudential Real Estate:

Mr. James Murphy represented Prudential Real Estate Investors to present the annual report. Prudential PRISA II has received a total of \$30,600,000.00 since inception (6/29/07). The market value as of September 30, 2010 was \$19,664,240.51.

William Blair & Company:

Mr. Blake Pontius and Ms. Stephanie Braming represented William Blair & Company to present the annual report.

	<u>MPERS</u>	<u>MSCI EAFE</u>
October 2010	3.68%	3.62%
Year to Date	16.62%	5.13%
3 Years	-8.11%	-9.14%
5 Years	6.78%	3.79%
Since Inception*	12.38%	9.34%
*7/31/03		

*Mr. Reech arrived at 9:40 a.m.

Litigation Update:

Motion by Mr. Dean seconded by Mr. Reech to go into executive session at 9:52 a.m. to discuss litigation matters including Boot Ranch, threatened litigation for recovery of Advolurum Taxes for Stonebridge Golf Club and Olde Oaks Golf Club, threatened litigation by MPERS regarding sewer treatment plant at Olde Oaks Development. Without objection the motion carried.

Back to regular business at 10:52 a.m.

Motion by Mr. Dean seconded by Mr. Reech to establish a settlement and guidance committee regarding pending litigation relative to Boot Ranch. Without objection the motion carried.

Mr. Dean volunteered to Chair the committee, Mr. Greene and Mr. Kelly Gibson will serve on the committee.

Motion by Mr. Dean seconded by Mr. Reech to authorize Mr. James Percy of Jones Walker and Mr. Randy Roche, our in house counsel, to enter into settlement negotiations with TX77 regarding Boot Ranch litigation. No final settlement will be authorized until full discussion of the Board of Trustees with approval in open session. Without objections the motion carried.

Investment Consultant's Report:

Mr. Eddie Guerra represented Mercer Investment Consulting at the meeting.

Market Update:

The economic recovery continued at a modest pace during the quarter, held back by a worsening trade balance and the ongoing housing slump. The initial government estimate shows that GDP grew during the third quarter at an annual rate of 2.0%. Retail

sales picked up during the quarter as back-to-school spending and retailer discounts boosted sales. Home prices increased 3.2% on a year-over-year basis in July, but the housing market remained dismal as existing home sales plunged 27.2% in July to their lowest level in 15 years and the number of households falling behind on their mortgages for the first time increased.

The yield on 10-year Treasuries ended the quarter at 2.53%, down 44 basis points since June. The yield on 30-year Treasuries fell 22 basis points to 3.69%. Consumer prices increased 1.1% on a year-over-year basis.

The stock market rallied during the quarter on expectations of further quantitative easing by the Fed, reversing most of the second quarter losses. The S&P 500 Index and the Russell 1000 Index gained 11.3% and 11.6% respectively. The bond market delivered solid returns in the third quarter as slow economic growth and low inflation risks continued to fuel demand. The Barclays Capital Aggregate Bond Index gained 2.5%. Treasuries were up 2.7% for the quarter as yields continued to fall.

International equity markets outperformed US markets during the quarter, as the MSCI EAFE gained 16.5% in US dollar terms. The emerging markets outperformed the developed markets gaining 18.2% for the quarter.

Third Quarter Summary:

Mr. Guerra reported that the total plan totaled \$1.24 billion as of September 30, 2010. This represents an increase of \$105.8 million from the end of the second quarter of 2010, which totaled \$1.14 billion. The increase in Plan value was due to investment gains of \$120.9 million slightly offset by \$15.2 million in net cash outflows to fund Plan obligations.

Mr. Guerra recommends that Alliance Bernstein be removed from watch due to a turnaround in their performance.

Motion by Mr. Dean seconded by Mr. Reech to remove Alliance Bernstein from watch as recommended by Mercer. Without objection the motion carried.

Investment Consultant Search:

Chairman Gibson stated that the ITB (Invitation to Bid) for Investment Consultant will be conducted in the same manner as done previously.

Mr. Guerra agreed to look over the request for information outline that was prepared by MPERS for the last ITB search for Investment Consultant.

Mr. Roche will email the request for information to the following 11 potential candidates:

Bogdahn Group	Rogers-Casey
Callan Associates	RV Kuhns
Consulting Services Group	Segal Advisors
Hewitt EnnisKnupp	Strategic Investment Solutions
NEPC	Wilshire Associates
	Watershed

Motion by Mr. Dean seconded by Mr. Huggins that as a result of the decision to conduct an ITB for Investment Consultant, today will be the blackout date which signifies no contact with potential candidates. Without objection the motion carried.

Adoption of board meeting schedule:

The proposed dates for board meetings in 2011 are as follows:

January 19	July 20
February 16	August 17
March 16	September 20
April 20	October 19
May 18	November 16
June 15	December 14

Motion by Mr. Dean seconded by Mr. Greene to approve the board meeting schedule for 2011 as presented subject to changes as they may become necessary. Without objection the motion carried.

Other Business:

Mr. Roche advised that the requested Attorney General's Opinion was received regarding overpayment of benefits, corrections and repayment for several retirees merged into MPERS through the CPERS merger. The Opinion stated that MPERS must recover the overpayment amounts.

Motion by Mr. Reech seconded by Mr. Dean to adhere to the Attorney General's Opinion and recover the overpayment amounts as a result of errors in the CPERS data submitted for the merger. Without objection the motion carried.

Olde Oaks & Stonebridge Golf:

Mr. Roche advised that Mr. Ben Chavarria was unable to attend the meeting. Mr. Chavarria forwarded the financials for October 2010 for both Stonebridge and Olde Oaks Golf. Mr. Roche reported that Olde Oaks Golf has \$85,000.00 in outstanding payables and Mr. Chavarria is requesting that Olde Oaks Golf be reimbursed the \$75,000.00 for the cart lease payoff to clear the outstanding payables.

Motion by Mr. Dean seconded by Mr. Greene to reimburse Olde Oaks Golf \$75,000.00 for the cart lease payoff to be used to pay outstanding payables. Without objections the motion carried.

Chief Elg suggested that Olde Oaks Golf match all competitors' specials.

Motion by Mr. Dean seconded by Mr. Reech to adjourn the meeting at 11:52 a.m. Without objection the motion carried.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held November 17, 2010.

Kelly Gibson, Chairman

Kathy Bourque, Director