

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, April 15, 2020, via audio/video conference due to the public health emergency declared in response to the threat presented by COVID-19.

The meeting was called to order by Chairman G. Scott Ford at 9:08 a.m.

Roll Call

Members Present

Chief G. Scott Ford, Chairman
Lt. Chad King, Vice-Chairman
Dep. Chief Darrell Basco
Maj. Raymond Burkart, Jr.
Maj. (Retired) Kelly Gibson
Chief Michael Glaser
Mayor Gerard Landry
Ms. Amy Mathews, State Treasurer Designee
Mr. Rick McGimsey, Commissioner of Administration Designee
Chief Dwayne Munch
Sgt. (Retired) Larry Reech
Mayor Donald Villere
Chief Christopher Wilrye

Members Absent

Rep. Tony Bacala
Senator Bob Hensgens

Others Present

Mr. Benjamin Huxen II, MPERS Executive Director and General Counsel
Ms. Ashlee McNeely, MPERS, Executive Management Officer
Ms. Taylor Camp, MPERS, CFO
Ms. Melissa Rayburn, MPERS, Benefits Administrator
Mr. David Barnes, NEPC, Investment Consultant
Mr. Greg Curran, Actuary
Ms. Nicole Edmonson, Legislative Auditor
Ms. Sheri Morris, Daigle, Fisse, & Kessenich
Ms. Laura Gayle Sullivan, Senate Retirement Committee
Ms. Michelle Cunningham, DHHM
Mr. Jason Montegut, DHHM
Mr. Tom Smith, Provaliant
Ms. Wendy Sanchez, Provaliant
Mr. Brad Kelly, Global Governance Advisors
Mr. Peter Landers, Global Governance Advisors
Mr. Paul Schmidt, BNY Mellon
Mr. Bruce Nones, BNY Mellon
Mr. Christopher Carroll, BNY Mellon

Public Comment

Chairman G. Scott Ford called for public comment. There was no public comment submitted for the record.

REGULAR BUSINESS

Approval of the January 15, 2020 Board Meeting Minutes

Motion by Mr. Wilrye, seconded by Mr. Burkart, to approve the minutes of the meeting held January 15, 2020. Without objection, the motion carried.

NEW BUSINESS

Accept Certified Ballot Count and Publication of the Election Results for Non-Chief District I and Retiree District I

Mr. Reech made a motion to accept the ballot counts, seconded by Mr. Burkart. Without objection, the motion carried, and the following ballot counts were accepted:

Non-chief District I		
Darrell B. Basco	39	50.65%
Jeffrey L. Dowdy	36	46.75%
Under Vote	2	2.60%
Over Vote	0	0.00%
Total	77	

Retiree District I		
Michael Calloway	20	7.94%
Kelly Gibson	129	51.19%
James (Jim) N. Roberts, Jr.	102	40.48%
Under Vote	1	0.40%
Over Vote	0	0.00%
Total	252	

Taking of Oath of Office by New Trustees

Deputy Chief Darrell Basco and Maj. (Retired) Kelly Gibson were ceremoniously sworn in at 9:15 am and were eligible to vote. Their attendance then counted toward the quorum count for the meeting.

Discussion and Action Regarding Proposed Changes to Election Rules

Mr. Huxen began to outline the suggested changes to the election rules, indicating that changes were necessary to help avoid wasteful expenditures. Mr. Reech then made a motion to table the election rules changes due to unspecified concerns. The motion was seconded by Mr. Gibson. A roll call vote was held with the following results:

Mr. Burkart	Yea
Mr. Basco	Yea
Mr. Ford	Nay
Mr. Glaser	Nay
Mr. Gibson	Yea
Mr. King	Yea
Mr. Landry	Yea
Ms. Mathews	Nay
Mr. McGimsey	Nay
Mr. Munch	Nay
Mr. Reech	Yea
Mr. Villere	Yea
Mr. Wilrye	Nay

With a vote of 7 yeas and 6 nays, discussion and consideration of the item was tabled.

Adopt Election Schedule for Non-chief District II Trustee Position

Mr. Huxen outlined the proposed schedule for the upcoming election for the Non-chief District II position. A motion was made by Mr. Glaser and seconded by Mr. Wilrye to accept the election schedule as proposed. Without objection, the motion carried.

Discussion and Action Regarding the City of New Orleans' Failure to Pay Full Contributions for March 2020

Mr. Huxen noted that this item no longer needed to be discussed as the obligation by New Orleans was met prior to the meeting time.

NEPC Report on Investments and Investment Education

Mr. David Barnes represented NEPC and presented the Investment Market Update for March. He noted the decline in the market recently due to the global pandemic of COVID-19, as well as the severe downturn in the oil industry. The total market value of the portfolio as of March 31, 2020 was \$1,971,284,046 and performance was down by 8.7% for the month and was down by 7.5% for the fiscal year to date.

Mr. Barnes also outlined several investment changes that have been implemented over the last several months regarding the recent changes that were made to the fund's investment strategies.

Mr. Barnes also updated the Board on that status of negotiations on lowering fees with Investec. Investec has changed name to NinetyOne after leaving their parent company. NEPC was able to negotiate a significant fee decrease, from 0.74% to 0.6%, which equals a roughly \$133,000 savings per year.

Additionally, NEPC reached out to custody banks and securities lenders for all clients during the month of March to assess if the portfolio had any dealings with Ronan Capital (who defaulted), and it did not. The MPERS securities lending portfolio is very secure and doing well.

Presentation and Acceptance of the GASB 68 Report for the Fiscal Year Ended June 30, 2019

Ms. Michelle Cunningham and Mr. Jason Montegut with Duplantier, Hrapmann, Hogan, & Maher, presented the GASB 68 report to the Board. Ms. Cunningham noted that this is an audit of the allocations of the net pension liability. There were no significant deficiencies and there were no material violations of any laws or regulations. The total pension liability was just over \$3.1 billion on June 30, 2019, which is based on actual assumptions. The system complied with all GASB standards on all parts.

Mr. Montegut presented calculations on the employer allocations that falls around \$100.8 million, which was an increase from 2018. He went over the calculations for a sample of employers and how they calculate the liability. He also outlined the outflows and inflows of resources, noting that it is normal for there to be a small change year to year. A motion to accept the GASB report was made by Mr. Burkart and seconded by Mr. Basco. With no objection, the motion carried.

Actuarial Comments

Mr. Greg Curran first provided an update from the PRSAC Meeting that was held on February 12, 2020. There was a lively discussion and the Board voted to accept the system's valuation which set the municipalities contributions for the year.

Mr. Curran then moved on to discuss the determination of municipalities that have partially dissolved their police departments in FY 2019. Several municipalities have reduced their employees to a level that the state has set as being problematic for the system. As several departments lower participation in the plan, it puts a burden on the other municipalities to pay a larger percentage. Based on the June 30, 2019 valuation database, three municipalities had partially dissolved their departments, the City of Franklin and the Towns of Maringouin and St. Francisville. He noted that the system is trying to work with municipalities on repayment so as not to put them in a bind. A motion was made by Mr. King to approve the determination of the municipalities as partially dissolved and was seconded by Mr. Reech. With no objection, the motion carried.

Next Mr. Curran reviewed the 2020 plan experience study. Every system is required to update the experience study every five years, which is an update to the assumptions used in the actuarial calculations with the intention of adjusting as things change. He went over the methodology and process used in the study. The calculated rate of return for the valuation interest rate is 7.125%, which MPERS has a less than 45% chance of actual attaining. Based upon a reasonable range of 6.20% to 7.25% and the assumed rate of return of 7.125% used in the fiscal 2019 actuarial valuation, no reduction in the valuation interest rate is required for 2020, but if the Board shares its actuaries' concerns related to the likelihood of meeting the assumption, further reductions may be warranted. In fact, if the portfolio returns vary according to a normal distribution, the long-term average rate of return must be lowered to 6.75% to reach an expectation that the system has a 50% chance of meeting its assumption over the next 30 years.

Mr. Curran next discussed salary increase and retirement rates. A motion was then made by Mr. King to accept the 2020 experience study. A second was made by Mr. Reech and with no objection, the motion carried.

The Board then reviewed the professional services agreement presented by Mr. Curran to cover FY 2021. Mr. Reech made a motion to approve the contract for FY 21 and Mr. Wilrye seconded the motion. Without objection, the motion carried.

Executive Director and General Counsel Comments

Mr. Huxen first updated the Board on the fact that the 2020 legislative session has been placed on hold due to the COVID-19 pandemic. He outlined several amendments to the bills MPERS has already filed for the session:

1. The first amendment relates to HB 18 which has to do with partial dissolution of municipalities.

- The amendment pushes the date back one year and makes the employer liable for any legal and actuarial fees incurred by the system in the collection of amounts pursuant to the dissolution state.
- The next amendment for HB 18 includes a provision require interest to accrue at our actuarial value rate from the time of withdrawal.

2. The next amendment is relative to HB 19 which establishes a cost-of-living-adjustment pre-funding deposit account. The amendment will increase the amount the board could potentially increase the employer contribution rate by from up to six tenths of one percent to eighty-five hundredths of one percent. It also removes the provision capping the account to one COLA.

3. The last set of amendments applies to HB 21 which relates to membership and benefits of the system.

- The first amendment mandates that elected chiefs who make at least \$1,000 a month must join the system.
- The next amendment amends the definition of an employee to include any member of the system who retires after June 30, 2021 and become employed on a full-time basis by any municipality of the state. This amendment is to avoid retirees "double dipping" and receiving both a retirement benefit and a paycheck.
- The next amendment requires surviving spouses under the age of 55 who receive a benefit shall notify MPERS of a change in marital status within fifteen days, and if the statement is not received for three years, the benefit shall be revoked.
- This amendment addresses payment timing for multiple survivors, requiring that, if survivor benefits are already being paid on behalf of a deceased member at the time a survivor applies for a benefit, that survivor's benefit shall become effective and payable on the first day of the month following sixty days from the date that the system receives the survivor's completed application for benefits.

- The following amendment will change the deadline for filing death or disability claims from one to three years.
- This amendment deletes the existing provision regarding reemployment and provides that benefits of members who retire on or after July 1, 2021 and become employed by an MPERS employer but do not meet the definition of an employee, within the 24 month period immediately following the effective date of their retirement, shall be suspended for the duration of such employment or the lapse of twenty four months from the effective date of retirement, whichever occurs first, even if such service is part-time, based on employment by contract, or in a nonqualifying position.
- The next amendment adds a provision requiring that if the system pays a sum of money or benefits totaling at least five thousand dollars to a retiree, beneficiary or survivor that is not due to them and the retiree, beneficiary, or survivor is entitled to future benefits, the board of trustees shall adjust the amount payable to the correct amount and then actuarially reduce the corrected amount to account for the entire amount of overpayments plus legal interest from the date of the overpayment. Unless the overpayment was due to the fault of the system, the retiree, beneficiary, or survivor's benefit shall also be reduced to account for any cost incurred by the system to calculate the actuarial reduction.
- The amendment provides a deadline for members to appeal disability determinations to the court.
- The next amendment repeals R.S. 11:2219, which relates to transfers of service credit. The MPERS actuary does not use this statute to calculate transfer costs.
- The final amendment clarifies that members who transfer service credit can pay to upgrade their accrual rate even after the initial transfer.

Mr. Huxen then asked for any discussion on the amendments. Mr. Gibson had some concerns about the amendment pertaining to the surviving spouse's requirement to report their marital status to the system and made a motion to pull it out for discussion. A second was made by Mr. Burkart and without objection, the motion carried. After discussion on the issue, the board decided to remove this proposed amendment and leave the bill's existing language. A motion was made by Mr. Gibson, seconded by Mr. King, to table this amendment. With no opposition, the motion carried. A motion was then made by Mr. Gibson to approve all amendments, except the marriage amendment, and was seconded by Mr. Reech. Without objection, the motion carried.

Mr. Huxen then brought up for discussion extending the deadline for disability beneficiaries to submit annual attending physician statements and notarized annual earnings statements. He noted that he would like to push the deadline to December 31, 2020 and not touch their benefits until the following January. Due to COVID-19, members are having a difficult time getting to doctors and notaries. A motion to push back the deadline to 12/31/20 was made by Mr. Reech and seconded by Mr. King. Without objection, the motion carried.

Finally, Mr. Huxen updated the Board on the status of the PATROLE project. We are currently 1% ahead of schedule and still on target to finish on schedule. We are running test files and all in person trainings have been postponed due to the pandemic. We are currently exploring options to conduct virtual trainings.

Global Governance Advisors' Board Education Session

Mr. Brad Kelly and Mr. Peter Landers represented Global Governance Advisors and gave a presentation educating the trustees on their process and methodology used in the Board assessment they are conducting on behalf of MPERS. They outlined best practices used by highly effective boards and shared ideas to help the board act as better stewards for its members. They also went over the next steps they will be taking by conducting a survey to gain insight into each trustees' opinions on the effectiveness of the board in its current state. From there, they will schedule phone interviews with each trustee. Once completed, they will provide recommendations to the Steering Committee, then conduct a presentation of those recommendations to the full Board of Trustees.

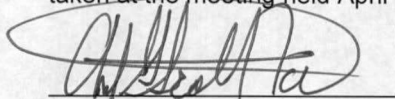
Due to the meeting running over time, Items 11 and 12 were pushed to May's meeting.

Other Business

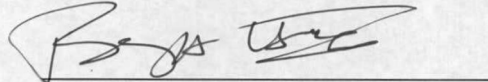
There was no other business to come before the Board.

A motion was made by Mr. Reech, seconded by Mr. Villere, to adjourn the meeting at 1:47pm. Without objection, the motion carried.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held April 15, 2020.



G. Scott Ford, Chairman



Ben Huxen,
Executive Director and General Counsel