

**Municipal Police Employees' Retirement System  
Minutes of the Legislative Committee Meeting  
March 8, 2022**

The Legislative Committee of the Municipal Police Employees' Retirement System held a Meeting on Tuesday, March 8, 2022, via audio/video conference due to the public health emergency declared in response to the threat presented by COVID-19.

**A. Call to Order**

The meeting was called to order by Mr. Ray Burkart at 3:30 p.m.

**B. Roll Call**

**Members Present**

Maj. Raymond Burkart, Jr, Chairman  
Chief G. Scott Ford  
Chief Michael Glaser  
Mayor Greg Cromer

**Members Absent**

**Others Present**

Mr. Benjamin Huxen II, MPERS Executive Director and General Counsel  
Ms. Ashlee McNeely, MPERS, Executive Management Officer  
Mr. Joey David, House of Representatives  
Ms. Taylor Camp, MPERS, Chief Financial Officer  
Mr. David Barnes, NEPC, Investment Consultant  
Mr. Kenny Herbold, Louisiana Legislative Auditor, Director of Actuarial Services  
Mr. Richard Williams, Louisiana Municipal Association  
Mr. Greg Curran, Consulting Actuary

**C. Public Comment**

Mr. Burkart called for public comments. There were no public comments.

**D. Regular Business**

1. Approval of the January 19, 2022, Committee Meeting Minutes

**Motion by Mr. Glaser, seconded by Mr. Cromer, to approve the minutes of the meeting held January 19, 2022. Without objection and after a roll-call vote, the motion carried.**

**E. New Business**

1. Discussion and Action Regarding Draft of Committee Charter

Mr. Huxen gave a brief explanation of the committee charter draft. It explained the purpose of the committee, how often the committee would meet, and responsibilities of the committee. Mr. Huxen pointed out that the legislative committee would have to react quickly to the often-changing legislation. Mr. Huxen quoted the draft committee charter, “advise the board chair and executive director to support nimble and strategic advocacy” and “go-to body for the executive director in response to rapidly evolving legislative issues.”

**A motion was made by Mr. Cromer, seconded by Mr. Ford, to adopt the committee charter. Without objection and after a roll-call vote, the motion carried.**

2. Discussion and Action Regarding 2022 Regular Session Legislation

Mr. Burkart referred the committee to the document, “Executive Director and General Counsel’s Recommendations to the Legislative Committee Regarding 2022 Regular Legislative Session Bills.”

Mr. Huxen gave a brief review of his questions and concerns as stated in “Executive Director and General Counsel’s Recommendations to the Legislative Committee Regarding 2022 Regular Legislative Session Bills.” He started with the two retire/rehire bills HB23 and HB18.

Mr. Curran stated that retire/rehire bills are the hardest to cost out because to do so would require predicting the behavior of a retiree with and without the change. Mr. Curran explained that allowing retirees to be rehired without losing their benefit could create an incentive for members to retire early. He explained that he felt that a 12-month “cooling off” period in HB18 was sufficient. Mr. Curran added that the recent changes were intended to protect the plan from the risk of added cost. Mr. Curran expressed cost concerns with allowing an exception for members with at least 30-years of service. He discussed members currently enrolled in MPERS with at least 30 years of service. Mr. Curran also suggested that reducing the allowable hours that could be worked without a loss of benefits would reduce the cost impact. He suggested lowering the 100 hours per month currently in the bill to 50 hours per month to lower any incentive members would have to retire early and return to part-time employment. Mr. Curran stated that HB23 would certainly increase plan costs.

Mr. Burkart asked if this would cost the employee more contributions in the long run. Mr. Curran said that he was not aware of any provisions that would require employees to pay different rates. Mr. Curran explained that, to his knowledge, all the extra costs would fall on the employer. Mr. Curran

reminded the committee that the employee contribution rate was set by statute.

Mr. Burkart asked if the loss of so many police officers in Baton Rouge and New Orleans would have an impact on the contribution rate. Mr. Curran explained that unless New Orleans, by June, hires back to the previous staffing numbers they will be asked to pay the system some amount for the UAL. Mr. Curran explained that the amount depends on the size of their staff in the future that the portion of UAL owed could be paid over a 15-year period.

Mr. Huxen stated that this item was on the next board meeting agenda.

Mr. Burkart asked if this bill would give some relief to the difficulties of hiring police officers right now. Mr. Curran stated that it probably would; however, he stated his concern about the impact of the proposed changes on the employer contribution rate. Mr. Curran explained that the proposed amendments to HB 18 would dial the risk of cost increases back a little. He added that HB 23 "rolls back" a good bit of the protection MPERS had built into the statutes.

Mr. Cromer asked for clarification that although HB18 would have some detrimental impact on the plan it was the least detrimental option of all the bills that are on the table right now. Mr. Curran stated that in his opinion HB18 was less concerning than HB23.

Mr. Cromer expressed his overall concern related to the impact on municipalities. He was also concerned for his mayors and that the ability to hire highly qualified/ highly trained employees when needed might be a greater need than to contain costs. He explained that MPERS increased employer costs almost 2 points this year and now are faced with who knows what type of increased cost if we enable this type of retire/rehire change. Mr. Curran stated that last year's investment returns were the best MPERS has experienced and that the plan could withstand some loss in the market over the current fiscal year and still not see employer rate increases. Mr. Curran's stated that he estimated that MPERS could lose approximately 5% during Fiscal 2022 without an immediate increase in costs.

Mr. Barnes stated that the fiscal year to date returns were likely to come in around negative 1.5% to 2.5%. Mr. Curran said that a 3% loss would result in a slightly positive result from investments given the 26.1% increase from last year.

Mr. Burkart asked about the impact of the "police action" in Ukraine on plan investments considering sanctions against Russia. Mr. Barnes explained that, at this point, we don't know the impact in terms of global growth. Mr.

Barnes explained that the biggest impact was higher pressure on inflation and pondered whether the added pressures would be prolonged and significant enough to push markets away from what was a healthy growth back drop into more of a recessionary outlook. He explained that currently, fed funds futures were pricing in at least five rate hikes in the coming year. At this point we don't know what the impact will be. As of now, the impact on markets has certainly been negative.

Mr. Burkart stated that these circumstances needed to be weighed when considering these recommendations.

Mr. Curran asked Mr. Barnes if he's heard anything from MPERS emerging market managers about write offs in Russia holdings. Mr. Barnes stated that MPERS did have holdings in Russia. Mr. Curran asked if that would be in the February figures or would it come in March. Mr. Barnes explained that it would come largely in the February number and stated that he sent Mr. Huxen a couple of spreadsheets that indicated the Russian exposure in both fixed income and equity. Mr. Barnes stated that, if he recalls correctly, the total exposure to Russia was somewhere around 0.4%. Therefore, the direct impact to the equity portfolio was minimal. The bigger impact was on broader Europe and US concerns of growth and inflation.

Mr. Burkart stated his concerns regarding the refusal to purchase Russian oil which would inflate prices again. Mr. Barnes explained that the United States only imports about 8% of its oil from Russia which could possibly be replaced. The bigger issue was whether that action would be taken by Europe which imports about 40% of its natural gas and about 25% of its oil from Russia. Mr. Barnes reiterated the significant negative impact that Russia was having on markets, increasing volatility and pushing down valuations across markets.

**A motion was made by Mr. Glaser, seconded by Mr. Ford, to recommend that the board request amendments to HB18:**

- a) delete the "30 year" exception**
- b) change the 100-hour part-time police officer exception to 50 hours**
- c) decrease the overall "cooling off" period for everyone from 24 months to 12 months**

**After a roll call vote, the motion carried with the following result:**

**Yays: Mr. Burkart, Mr. Ford, Mr. Glaser**

**Nay: Mr. Cromer**

Next, Mr. Huxen asked the committee if they wanted to recommend that the Board to oppose HB 23 since it conflicts with HB 18 even with the compromises explained in "Executive Director and General Counsel's Recommendations to the Legislative Committee Regarding 2022 Regular

Legislative Session Bills.” He also asked if the committee wanted the Executive Director and General Counsel to communicate with retirees regarding the potential that such cost impacts could eliminate the ability to grant a COLA in June.

**A motion was made by Mr. Cromer, seconded by Mr. Ford, to recommend the board to oppose HB 23. Without objection and after a roll-call vote, the motion carried.**

**A motion was made by Mr. Glaser, seconded by Mr. Ford, to allow the Executive Director and General Counsel to communicate to the retirees the potential cost impact could affect the ability to grant a COLA in June. Without objection and after a roll-call vote, the motion carried.**

Next, Mr. Huxen gave a brief summary of his recommended amendments to HB 21 as described in “Executive Director and General Counsel’s Recommendations to the Legislative Committee Regarding 2022 Regular Legislative Session Bills.”

Mr. Burkart asked Mr. Huxen his opinion regarding the controversy this would cause as the retirees know that MPERS could grant a COLA without seeking authorization from the legislature. Mr. Huxen explained that the June COLA would be considered without the need for legislative approval and the proposed bill would not require it either. Mr. Huxen asked for clarification from Mr. Burkart regarding whether the retirees wanted legislative authorization in order to grant a COLA. Mr. Burkart explained they do not. Mr. Huxen further explained that there would be no requirements for legislative approval and that the COLAs depend on the money being available. Mr. Huxen further clarified that the existing statutes have strict requirements regarding granting COLAs which include timelines and available funding.

Mr. Williams stated that the LMA legislative committee received a summary stating the maximum was 0.85% but page 2 lines 10-13 say it could be 0.85% plus more in some years. Mr. Williams asked if that was correct. Mr. Huxen explained that it was correct and that in order to get the approval of the MPERS Board it was structured as a funding deposit account rather than simply a COLA prefunding account. Mr. Huxen stated that the bill provides in addition to the 0.85% only in years in which the employer contribution rate would otherwise decrease, the board could also reduce the decrease by half and use that amount to pay down the oldest UAL amortization. Mr. Huxen further explained that would only happen in certain circumstances and if it did happen it would benefit the employers because most of the employer contributions now are going to pay the UAL and the UAL would be paid off earlier.

Mr. Williams asked for further clarification that 0.85% would be the max to go towards a COLA and the reduction amount would specifically be for prior UAL. Mr. Huxen explained that he was correct. Mr. Huxen clarified that lines 19-26 state that the extra goes to the UAL. Mr. Huxen stated that was the location of one of his recommended changes as described in "Executive Director and General Counsel's Recommendations to the Legislative Committee Regarding 2022 Regular Legislative Session Bills."

**A motion was made by Mr. Glaser, seconded by Mr. Ford, to recommend that the board approve the two recommended amendments to House Bill 21:**

- a) Page 22, line 22, change "oldest amortization base" to "oldest positive amortization base"**
- b) To reflect that the board would not be able to grant COLAs under R.S. 11:2225**

**After a roll call vote, the motion carried with the following result:**

**Yays: Mr. Burkart, Mr. Ford, Mr. Glaser**

**Abstain: Mr. Cromer (on hold)**

Mr. Huxen stated that the next bill to discuss is HB 25 that applies to all state and statewide systems. He gave a brief summary of his concerns as described in "Executive Director and General Counsel's Recommendations to the Legislative Committee Regarding 2022 Regular Legislative Session Bills."

Mr. Barnes agreed with all of Mr. Huxen's concerns and further explained the prohibitive and costly impacts the bill would have in the management of the MPERS investment portfolio.

**A motion was made by Mr. Glaser, seconded by Mr. Ford, to recommend the board to oppose HB 25. After a roll call vote, the motion carried with the following result:**

**Yays: Mr. Burkart, Mr. Ford, Mr. Glaser**

**Abstain: Mr. Cromer (on hold)**

#### **F. Other Business**

There was no other business brought before the committee.

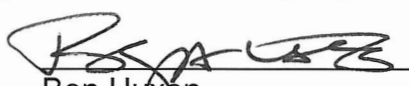
#### **G. Adjourn**

**A motion was made by Mr. Ford, seconded by Mr. Glaser, to adjourn the meeting at 4:29 p.m. Without objection, the motion carried.**

The next meeting date is May 18, 2022.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held March 8, 2022.

  
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Raymond Burkart, Jr.  
Legislative Committee Chairman

  
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Ben Huxen,  
Executive Director and General Counsel