

Municipal Police Employees' Retirement System
Minutes of the Human Resources and Governance Committee Meeting
February 15, 2023

The Human Resources and Governance Committee of the Municipal Police Employees' Retirement System held a Meeting on Wednesday, February 15, 2023 at the system's office at 7722 Office Park Boulevard in Baton Rouge, Louisiana.

A. Call to Order

The meeting was called to order by Ms. Amy Mathews at 10:00 a.m.

B. Roll Call

Members Present

Ms. Amy Mathews, Chair
Lt. (Retired) Chad King
Chief Christopher Wilrye

Members Absent

Chief Dwayne Munch

Others Present

Mr. Benjamin Huxen II, MPERS Executive Director and General Counsel
Ms. Taylor Camp, MPERS, CFO
Ms. Emily Thurston, Accountant
Ms. Melissa Frazier, Benefits Administrator
Ms. Christie Ziadeh, Benefits Analyst (virtual)
Mr. Brad Kelly, Global Governance Advisors (virtual)
Mr. Peter Landers, Global Governance Advisors (virtual)

C. Public Comment

Ms. Mathews called for public comments. There were no public comments.

D. Old Business

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

Motion by Chief Wilrye, seconded by Lt. (Retired) King, to approve the minutes of the meeting held October 19, 2022. Without objection, the motion carried.

E. New Business

1. Discussion and Action Regarding the Amount to Budget for Salaries for Fiscal Year 23-24

Mr. Huxen stated that the committee needed to discuss the budget item earlier now that the system had an audit committee that would need to take up the budget. Mr. Huxen discussed how he came up with his recommendation. He took the existing salaries and compared them to the GGA 2021 compensation study. He looked at what a 2% merit increase plus estimated inflation of 6% looked like compared to the inflation adjusted amount from the GGA 2021 compensation review using actual inflation through the end of 2022 with 3% inflation estimated for the first 6 months of 2023 because annual inflation was looking like about 6%. Mr. Huxen suggested budgeting enough to keep staff at the 50th percentile level. He added that there were four exceptions to this recommendation – first the accounts analyst position for Sarah Daniel who does a hybrid of the accounts and member analysts positions and will take over for Karen Correll who will likely retire in the next few years. The second position was the benefit analyst position held by Christie Ziadeh that turned out to be \$800 below the 2% plus inflation so he was recommending the higher amount. Then, the accounting position held by Emily Thurston was not in existence at the time of the GGA study. Mr. Huxen stated that he recommended an increase based on 2% plus the inflation figure. The last exception was for the Executive Director position. He stated that he just went with the inflation-adjusted 50th percentile figure because it was lower.

Mr. Huxen then reminded the committee that he had a contract approved in the past few years which sets the Executive Director's pay provided he has not received an unsatisfactory performance evaluation at the highest of the last base salary adjusted for inflation, 87.63% of the actual base salary of the highest paid director of a statewide retirement system as of April 1st of the previous fiscal year, and the amount selected by the Board.

Mr. Huxen added that he was also recommending an increase in the budget for student part-time workers to increase the budget by 1.5x the current level due to the work required to review municipalities who were not properly enrolling officers. He finished his presentation by stating that the total increase in budget for salaries would be \$86,402.

Chief Wilrye asked if that amount would be just for this year. Mr. Huxen stated that it would be for all future years unless the Board reduced salaries in the future. Lt. (Retired) King stated that when the director's contract was agreed to nobody saw these high rates of inflation coming.

Mr. Huxen asked Mr. Brad Kelly and Mr. Peter Landers of Global Governance Advisors if they would offer their experience with clients looking at giving raises in this inflation environment. Mr. Kelly stated that within the

previous MPERS compensation study, GGA found two major areas where compensation was off. First, the base salary was off which led him to conclude that the recommended adjustment to the base salary was warranted. Second, GGA found that within the peers in the compensation study there was an incentive element to pay. He recognized that the Board had elected not to add that element to pay and stated that this created a gap within the total opportunity that employees could make in their positions. Mr. Kelly concluded that given these items it was their opinion that the recommended adjustments were fair. Mr. Landers stated that other clients were also grappling with issues of high inflation. He stated that many look at such increases as a percentage of the total budget to determine if that level of increase is sustainable in the long-term. Mr. Landers stated that some clients end up looking at a level between the historical inflation increase of about 3% and the current rate of inflation as a bit of a middle ground. The lack of incentive pay creates a gap which means that some sort of above-market increase is warranted to reduce the gap.

Ms. Mathews stated that the Board had increased salaries over the last couple of years. She stated that the increases were necessary, but the system is not fully funded and cannot give retirees regular COLAs. She added that the Board has asked the employers to leave their contribution rates higher to allow more consistent COLAs in the future. The Board looks at longer-term measures of inflation for other purposes. Ms. Mathews stated her opinion that a 3% to 4% type of raise is merited because of recent adjustments. She added that the system will be looking at compensation again in a few years and stated that staff was in line with other funds.

Chief Wilrye stated for comparison that the city gave a 4% increase in July and 4% increase in January for a total of 8%. Ms. Mathews asked if salaries had increased in prior years. Chief Wilrye described past salary practices at the city.

Lt. (Retired) King stated that he doesn't use Baton Rouge as an example because a lot of people left Baton Rouge and he did not want to see employees of MPERS leave. He agreed with Ms. Mathews that the slower approach may be preferable and that the Board could then readjust in a year after seeing what's going on. He stated concerns about how the mayors on the board would view increases.

Mr. Huxen added for the record that he and all of the employees are very appreciative of the work that the Board had done to bring salaries in line. He added that MPERS had a minimalist shop. He discussed what a few other systems were doing with staffing.

Chief Wilrye stated that he was looking at the comparison of salaries that Ms. Taylor Camp provided and stated that even with the request they would still be lower than the other systems.

Lt. (Retired) King stated that he observed in 2012 that the Board was not granting raises and commended Mr. Huxen's leadership in setting salaries correctly. He added that he was elected by retired police officers who are feeling the impact of inflation and would also like additional increases.

Mr. Huxen expressed his discomfort in even discussing the issue. Lt. (Retired) King stated that in the past he perceived a level of defeat and that the Board would punish staff in years of poor investment returns. He stated that he never wanted to go back to the old way, but that he was not comfortable with an 8% increase.

Ms. Mathews stated that she wanted Mr. Huxen to be able to ask for additional employees if needed. Mr. Huxen stated that he did not believe that an additional employee was necessary at this time, and that he would not be hesitant to ask if needed. He stated that he felt that increases may be needed on the non-employee side temporarily to perform work regarding employers who were not doing what the law requires in getting their employees enrolled mentioning that some have not responded to public records requests. He mentioned the need for funding on the contract labor side related to future lawsuits, calculations, and possibly accounting/audit.

Mr. Landers suggested some helpful metrics like looking at overall salary amounts as a percentage of budget or assets. He stated that this goes to the point of the Director having a leaner team. This could be compared to other funds to understand the reasonableness of system salaries.

Ms. Mathews asked if the committee just looked at salary or should they look at total compensation including pension and insurance. Mr. Landers stated that salaries are the easiest, but if it is easy enough to break it out the committee could compare the total compensation numbers if they could get them from other systems.

Ms. Mathews asked if the system considered a rewards and recognition program where employees could get something additional for doing something exceptional. She suggested that Mr. Huxen look into it.

Mr. Huxen stated that the committee's recommendation would go to the Board for a vote in March and the Budget and Finance Committee would then review the budget. The committee discussed the pay for student workers, the Director's contract, and his current salary. Mr. Huxen stated that the amount the committee decided on would be used in determining his pay under the contract which states that his pay is set as the highest of

three figures – the last base salary adjusted for inflation, 87.63% of the actual base salary of the highest paid director of a statewide retirement system as of April 1st of the previous fiscal year, or his current pay adjusted by the amount selected by the Board for staff raises.

The Board discussed the pay of other key directors and CIOs.

Motion by Chief Wilrye, seconded by Lt. (Retired) King, to recommend that the board of trustees approve a 4% salary increase rate for the year and a budget for part-time student workers 1.5 times the prior year level. Without objection, the motion carried.

F. Other Business

There was no other business to come before the committee.

G. Adjourn


A motion was made by Lt. (Retired) King, seconded by Ms. Mathews to adjourn the meeting at 10:56 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 February 15, 2023.



Amy Mathews, Chair

Christopher
Wilrye



Ben Huxen,
Executive Director and General Counsel