

Municipal Police Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
July 19, 2023

The Board of Trustees of the Municipal Police Employees' Retirement System held a regular meeting on Wednesday, July 19, 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 Lt. (Retired) Chad King at 10:05 a.m.

B. Pledge of Allegiance

Chief Wilrye led the Pledge of Allegiance.

C. Roll Call

Members Present

Chief David Addison
Chief Edwin Bergeron, Jr
Major Raymond Burkart, Jr
Asst. Chief Jason DiMarco
Major (Retired) Kelly Gibson
Lt. (Retired) Chad King (Chairman)
Mr. Rick McGimsey, Commissioner of Administration Designee
Mr. Julius Roberson, State Treasurer Designee
Lt. Tyrone Warren
Chief Christopher Wilrye (Vice Chairman)

Members Absent

Rep. Tony Bacala
Mayor Greg Cromer
Senator Bob Hensgens
Mayor Gerard Landry
Chief Beth Westlake

Others Present

Mr. Benjamin Huxen II, MPERS Executive Director and General Counsel
Ms. Taylor Camp, MPERS, Chief Financial Officer
Ms. Melissa Frazier, Benefits Administrator
Ms. Emily Thurston, MPERS, Accountant
Ms. Ashlee McNeely, Executive Management Officer (virtual)
Mr. David Barnes, NEPC, Investment Consultant
Mr. Greg Curran, Curran Actuarial Consulting, Consulting Actuary
Ms. Sheri Morris, Daigle, Fisse & Kessenich Law Firm, Outside Counsel
Mr. Joe Ebisa – Withintelligence (virtual)
Mr. Shinji Hain, Louisiana Legislative Auditor (virtual)
Mr. Claude Schlesinger, NOPD retired (virtual)

D. Public Comment

Chairman King asked if there were any public comments. There were no public comments.

E. Approval of the May 17, 2023 Board Meeting Minutes

Motion by Major (Retired) Kelly Gibson, seconded by Asst. Chief Jason Dimarco to approve the minutes of the meeting held May 17, 2023. Without objection, the motion carried.

F. Reports of Committees

1. Discussion and Action Regarding Report and Recommendations of the Investment Committee.

Major (Retired) Kelly Gibson stated that the committee received a portfolio performance update from NEPC and a performance report from Loomis Sayles.

Motion by Major (Retired) Kelly Gibson and second by Asst. Chief Dimarco to accept the report of the investment committee. Without objection, the motion carried.

G. New Business

1. Executive Session (Under the Provisions of R.S. 42:17(A)(10) To Facilitate Privileged Communications Under La. Code Evid. Art. 506):

- a. Consideration of the Following Proposed Settlement Agreements

- I. MPERS v. Village of Dodson and Richie Broomfield in His Official Capacity as Mayor for the Village of Dodson, 19th JDC, Number 729516, Div. "30"
- II. Claim Against Town of Vivian for Failure to Timely Enroll Employees and Pay Contributions

- b. Pending Litigation:

- I. City of New Orleans v. MPERS, *et al.*, 19th JDC, Number 724562, Div. "24". Subject Matter: Leave Conversion Issues
- II. City of New Orleans v. MPERS, *et al.*, 19th JDC, Number 732243, Div. "24". Subject Matter: Earnable Compensation Issues
- III. MPERS v. Town of Greensburg and Paula McNabb, in Her Official Capacity as Mayor for the Town of Greensburg and Intervenors James R. Webb and John K. Wascom, 19th JDC, Number 729284, Div. "26"

IV. MPERS v. Village of Moreauville, 19th JDC, Number 723617, Div.
"25"

- c. Claim Against Village of Fenton for Failure to Timely Enroll Employees and Pay Contributions
- d. Claims for Failure to Make Partial Dissolution Payments After Written Demand:
 - I. Town of Bunkie
 - II. Town of Ferriday
 - III. Town of Jackson
 - IV. Town of Mamou
 - V. City of New Orleans (Failed to Pay Interest and Is Requesting Waiver)
- e. Legal Strategy Regarding Delinquent Municipalities, Whose Failure to Enroll Eligible Police Officers Has Resulted In a Higher Employer Contribution Rate for All Participating Municipalities and Deprives Police Officers and Their Families of Valuable Disability, Survivor, and Retirement Benefits

Motion by Asst. Chief Dimarco and second by Chief Bergeron to enter Executive Session at 10:10 am to discuss matters noticed on the meeting agenda. A roll call vote was taken, and without objection all present voted to enter the executive session.

Motion by Chief Wilrye and second by Asst. Chief Dimarco to return to regular session at 11:04 a.m. Without objection, the motion carried.

Motion by Chief Wilrye and second by Asst. Chief Dimarco to approve the Dodson settlement presented by legal counsel. Without objection, the motion carried.

Motion by Asst. Chief Dimarco and second by Chief Bergeron to authorize the Executive Director to contact Bunkie, Ferriday, Jackson, and Mamou and notify them that they must authorize monthly ACH withdrawals to MPERS related to their partial dissolution by July 31, 2023 or MPERS will file suit to collect such delinquent funds. Without objection, the motion carried.

Motion by Major Burkart and second by Chief Wilrye to forgive the interest owed by the City of New Orleans subject to their authorizing monthly ACH withdrawals by the first of the coming month. Without objection, the motion carried.

Motion by Asst. Chief Dimarco and second by Major Burkart to approve the amended draft resolution regarding settlement of past due employer contributions as presented under agenda item G.1.a. Without objection, the motion carried.

VI. Actuarial Comments (Qualifies as Actuarial Science Education)

Mr. Curran stated that he took NEPC's fiscal year-to-date return estimate of 7.6% as reported by David Barnes and included it in his actuarial modeling spreadsheet to estimate the fiscal 2023 actuarial rate of return and the potential impact of investment returns on the employer contribution rate. He stated that given the market return estimate, he expected an actuarial rate of return of 4.71% for Fiscal 2023, which is below the assumed rate of return of 6.75%. This actuarial rate of return is expected to cause an increase in the employer contribution rate of 1.81%.

Mr. McGimsey asked what rate of return the system would have required to avoid an increase in the employer contribution rate. Mr. Curran stated that with actuarial smoothing in place, the one year market return does not decide whether the system has a gain or loss. He stated that smoothing was needed given years like fiscal 2022 with large negative returns. At 7.6% in Fiscal 2023 MPERS would generate approximately \$21 million in excess returns which would be spread over 5 years. In 2022, the system generated \$478 million in returns below the assumed rate of return. These were also smoothed, and the system is still dealing with that.

Mr. Curran stated that investment professionals measure returns from 0% where anything positive is a gain, but on an actuarial basis gains are measured above and below 6.75%. Mr. Curran estimated that it would have taken a market rate of return somewhere between 18% and 20% during fiscal 2023 to have met their actuarial assumption.

Chairman King asked about the conditions that would lead to a level employer rate. The Board discussed historical returns and how they affected employer rates.

Major (Retired) Gibson asked Mr. Huxen what the DROP interest rate was going to be for fiscal 2023. Mr. Huxen stated that he had asked Mr. Curran to prepare the letter. Mr. Curran apologized that he did not have the letter prior to the meeting but stated that he would prepare it that evening.

VII. Executive Director and General Counsel Comments

a. Update on Delinquent Municipalities

Mr. Huxen informed the Board that the following municipalities were delinquent in making their required contributions – Arcadia, Athens, Blanchard, Bogalusa, Breaux Bridge, Elton, Forest Hill, Gramercy,

Grand Cane, Greensburg, Harahan, Lake Arthur, Oberlin, Oil City, Shreveport, St. Francisville, Sterlington, and Tullos.

b. Other

Mr. Huxen updated the Board on the polo shirts that were available if not yet ordered. He informed the Board that the staff would be attending the Chiefs' conference in Marksville during the following week.

Chairman King asked if the staff was going to upcoming the LMA meeting. Ms. Camp stated that Sarah and Karen would be attending on August 1st.

H. Other Business

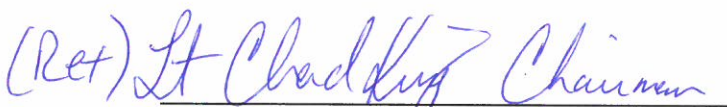
There was no other business to come before the board.


I. Adjourn

A motion was made by Asst. Chief Jason DiMarco, seconded by Lt. Tyrone Warren, to adjourn the meeting at 11:04 pm. Without objection, the motion carried.

Next Meeting Date: August 16, 2023. Baton Rouge, Louisiana.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held on July 19, 2023.


Lt. (Retired) Chad King, Chairman


Ben Huxen,
Executive Director and General Counsel