

Municipal Police Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
May 18, 2022

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, May 18, 2022.

A. Call to Order

The meeting was called to order by Chairman G. Scott Ford at 10:23 a.m.

B. Pledge of Allegiance.

Mr. Huxen led the Pledge of Allegiance.

C. Roll Call

Members Present

Maj. Raymond Burkart, Jr
Asst. Chief Jason DiMarco
Chief G. Scott Ford, Chairman
Maj (Retired) Kelly Gibson
Mayor Gerard Landry
Ms. Amy Mathews, State Treasurer Designee
Mr. Rick McGimsey, Commissioner of Administration Designee
Sgt. (Retired) Larry Reech
Lt. Tyrone Warren

Members Absent

Rep. Tony Bacala
Mayor Greg Cromer
Chief Michael Glaser
Senator Bob Hensgens
Chief Dwayne Munch
Chief Christopher Wilrye

Others Present

Mr. Benjamin Huxen II, MPERS Executive Director and General Counsel
Ms. Emily Thurston, MPERS, Accountant
Ms. Melissa Frazier, MPERS, Benefits Administrator
Ms. Taylor Camp, MPERS, Chief Financial Officer
Mr. Greg Curran, G.S. Curran & Co, Consulting Actuary
Mr. David Barnes, NEPC, Investment Consultant

D. Public Comment

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

E. Approval of the March 23, 2022, Board Meeting Minutes

Motion by Mr. Reech, seconded by Mr. Landry, to approve the minutes of the meeting held March 23, 2022. Without objection, the motion carried.

F. Reports of Committees

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

Mr. Huxen read the following report from the Legislative Committee Meeting:

The Legislative Committee met on May 18, 2022, and the following motions were passed:

1. Mr. Huxen provided an update on MPERS' two bills, House Bill 18 and House Bill 21.
2. A motion was made by Mr. Gibson, seconded by Mr. Ford, to recommend that the board take a neutral position on the substitute bill for House Bill 25, provided that the definition of the location of investments is sufficiently clarified. Without objection and after a roll-call vote, the motion carried.
3. A motion was made by Mr. Ford, seconded by Mr. Burkart, to recommend that the board take a neutral position on House Resolution No. 137
 - a. After a roll call vote, the motion carried with the following result:
Yays: Mr. Burkart, Mr. Ford
Nays: Mr. Gibson

Motion by Mr. Landry, seconded by Mr. Dimarco, to adopt the recommendations of the Legislative Committee. Without objection, the motion carried.

2. Discussion and Action Regarding Report and Recommendations of the Special Building Committee.

Mr. Huxen read the following report from the Special Building Committee Meeting:

The Special Building Committee met on May 18, 2022. Mr. Huxen informed the committee that there was a need to update the upstairs area that is rented by the Louisiana Sales and Use Tax Commission for Remote Sellers

and the Louisiana Uniform Local Sales Tax Board as well as the board room portion of downstairs. Mike O'Deay from Arkel gave an overview of the work to be performed.

There was a motion by Mr. McGimsey, seconded by Mr. Ford, that the committee recommend that the board include \$250,000 in its capital budget for fiscal year 2023 for the described work. The motion passed unanimously.

Motion by Mr. DiMarco, seconded by Mr. Reech, to adopt the recommendations of the Special Building Committee. Without objection, the motion carried.

G. New Business

1. Actuarial Comments, Including but Not Limited to the Following Items (Qualifies as Actuarial Science Education):

- a. Discussion and Action Regarding the Valuation Rate to Be Used for the June 30, 2022, Valuation and for Options Factors

Mr. Curran reminded the board that the employer contribution rate, which becomes effective July 1, 2022, will be 31.25% which was previously set for the upcoming fiscal year. He also reminded the board that the valuation interest rate used in the most recent valuation was set to 6.75% and stated that any change in the valuation interest rate within the fiscal 2022 actuarial valuation would affect the employer contribution rate beginning July 1, 2023. Mr. Curran stated that he was not suggesting that the Board elect to change the valuation interest rate in the fiscal 2022 actuarial valuation, but he did want to review his projections for the upcoming valuation and discuss his work on the reasonable range for the valuation interest rate.

Mr. Curran then reviewed the information presented in his May 16, 2022 letter to the Board, including: a discussion of the impact of a change in the valuation interest rate, a comparison of MPERS' actual investment earnings during fiscal 2022 versus expected investment earnings, differences in expected contributions and actual contributions, impacts from changes in plan payroll on UAL payments as a percentage of payroll, and the impact of Insurance Premium Taxes and Administrative Expenses.

Mr. Curran also reviewed the process of updating the system's reasonable range for the valuation interest rate. He stated that the

6.75% assumption was within the 2022 reasonable range of 6.00% to 7.19%.

Motion by Mr. DiMarco, seconded by Mr. Landry, to adopt 6.75% as the valuation interest rate for the Fiscal 2022 actuarial valuation. Without objection, the motion carried.

- b. Review and Approval of the Professional Services Agreement for actuarial services during fiscal year 2023

Mr. Huxen explained that there is a 3% increase in cost for the Professional Services Agreement (actuarial services) and he recommends that the board approve the contract. The Board discussed the possibility of a longer contract term in the future.

There was some discussion regarding the lower budgeted amount for actuarial services given the increase in the contract cost. Mr. Huxen explained that this was due to the extra work during fiscal 2021 related to the CAFR and added that he did not expect that to be necessary in fiscal 2022.

Mr. Curran explained that his firm's contract for administrative services is separate from the actuarial services contract and began in November 2021. Mr. Curran stated that he was not asking for a change in that contract.

Motion by Mr. Reech, seconded by Mr. Burkart, to accept the Professional Services (actuarial services) contract with the 3% increase. Without objection, the motion carried.

2. Educational Presentation Regarding the Definition of Earnable Compensation Under R.S. 11:2213(10) And Discussion and Action Regarding a Potential Attorney General's Opinion Request Concerning Same (Qualifies as Laws, Rules, & Regulations Training)

Mr. Huxen reviewed the presentation "Earnable Comp PowerPoint Presentation 2022," which defines "earnable compensation" per R.S. 11:2213(10), Louisiana Attorney General's Opinion No. 89-155, and the definition of "earnable compensation" per some other pension systems.

Motion by Mr. Burkart, seconded by Mr. Reech, to authorize Mr. Ben Huxen, Executive Director & General Counsel for MPERS, to request an attorney general's opinion regarding the definition of "earnable compensation" under R.S. 11:2213(10). He is specifically authorized to ask the following questions:

1. What types of "compensation" would be considered compensation under R.S. 11:2213(10)?

**a. Would they include the premium pay by Baton Rouge and the retention pay proposed by New Orleans?
Without objection, the motion carried.**

3. NEPC Report on Investments (Qualifies as Investment Training)

Mr. David Barnes, NEPC Investment Consultant, presented an overview of the April 2022 market background.

Mr. Barnes presented the Investment Market Update for April 2022. The total market value of the portfolio as of April 30, 2022, was \$2,533,614,278. He stated that performance was down 5.2% for the month of April, down 9.4% year to date, and down 5.5% for the fiscal year to date. He also provided the Board an update on the total large cap equity composite as well as the small and mid-cap stock portfolio, the international equity portfolio, fixed income portfolio, hedge fund portfolio, as well as the real estate portfolio.

4. Discussion and Action Regarding the Acceptance of Nominations for the Following Trustee Positions:

a. Chiefs District I

Mr. Ford explained that the nominations received for this district are himself and Chief Christopher Estess and stated that Mr. Huxen reported that all requirements have been met.

Motion by Mr. Reech, seconded by Mr. Gibson, to accept the nominations for the Chiefs District I Trustee Position. Without objection, the motion carried.

b. Chiefs District II (Full Term)

No Nominations

c. Chiefs District II (Term Expiring June 30, 2023)

No Nominations

d. Retiree District I

Mr. Ford explained that the nominations received were for Kelly Gibson and Quentin Holmes and stated that Mr. Huxen reported that all requirements have been met.

Motion by Mr. Reech, seconded by Mr. Dimarco, to accept the nominations for the Retiree District I Trustee position. Without objection, the motion carried.

e. Retiree District II

Mr. Ford explained that the nominations received were for Jean Beckemeyer, Henry W Dean, Chad King, and Benjamin Morris. Mr. Ford stated that Mr. Huxen reported that all requirements have been met.

Motion by Mr. Reech, seconded by Mr. Gibson, to accept the nominations for the Retiree District II Trustee position. Without objection, the motion carried.

5. Educational Presentation Regarding MPERS' Trustee Election Laws, Rules, & Regulations (Qualifies as Laws, Rules, & Regulations Training)

Mr. Huxen reviewed the presentation "Trustee Election Laws and Regulations."

6. Discussion and Action Regarding the Proposed FY 2023 Operating and Capital Budgets

Mr. Huxen pointed out that the \$271,000 for the planned property budget will instead be \$250,000.

Attention was brought to the increase in the budget for salaries. Mr. Huxen explained that the amounts were recommended by GGA and the Human Resources and Governance Committee, along with his contract, and all were previously approved by the board of trustees. The only remaining discretionary portion of the budget for salaries relates to the part time workers. He explained that MPERS has a few accounting students from Southeastern working part-time. Mr. Huxen explained that MPERS has seven full-time employees and he promised to provide the Board with an itemized list of their respective salaries.

Motion by Mr. Reech, seconded by Mr. Dimarco, to accept the operating and capital budgets for fiscal year 2023, changing the planned property budget amount from \$271,000 to \$250,000. Without objection, the motion carried.

7. Executive Director & General Counsel Comments

a. Update on Delinquent Municipalities

Mr. Huxen gave a summary of the delinquent municipalities: Killian, Moreauville, Port Barre, and Stonewall.

8. Executive Session

- a. Consideration of a Proposed Settlement Offer Regarding Overpayment of Benefits Associated with the Reinstatement of Leroy-Joseph C. Smith. May Be Heard in Executive Session Under the Provisions of R.S. 42:17(A)(10) to Facilitate Privileged Communications Under La. Code Evid. art. 506.

Motion by Mr. Reech, seconded by Mr. Gibson, to accept the settlement as proposed. Without objection, the motion carried.

- b. Discussion of Finding of Disability for Laura E. Hawkins (Pineville). May Be Heard in Executive Session, Without the Disability Applicant Present, Under the Provisions of R.S. 42:17(A)(10) To Facilitate Privileged Communications Under La. Code Evid. art. 506.

Motion by Mr. Reech, seconded by Mr. Gibson, to approve the disability as presented by Ms. Hawkins. Without objection, the motion carried.

H. Other Business

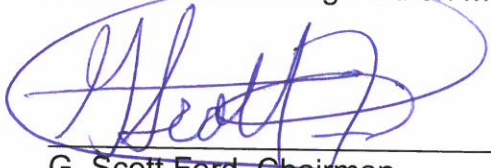
There was no other business to come before the board.

I. Adjourn

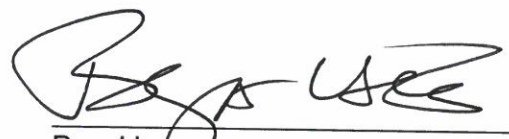
A motion was made by Mr. Gibson, seconded by Mr. Landry, to adjourn the meeting at 11:15 a.m. Without objection, the motion carried.

Next Meeting Date: June 22, 2022. Baton Rouge, LA.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held on May 18, 2022.



G. Scott Ford, Chairman



Ben Huxen,
Executive Director and General Counsel