

Municipal Police Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
March 23, 2022

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, March 23, 2022.

A. Call to Order

The meeting was called to order by Chairman G. Scott Ford at 10:39 a.m.

B. Pledge of Allegiance.

Mr. Huxen led the Pledge of Allegiance.

C. Roll Call

Members Present

Maj. Raymond Burkart, Jr
Mayor Greg Cromer
Chief G. Scott Ford, Chairman
Maj (Retired) Kelly Gibson
Chief Michael Glaser
Mayor Gerard Landry
Ms. Amy Mathews, State Treasurer Designee
Mr. Rick McGimsey, Commissioner of Administration Designee
Lt. Tyrone Warren

Members Absent

Rep. Tony Bacala
Asst. Chief Jason DiMarco
Senator Bob Hensgens
Chief Dwayne Munch
Sgt. (Retired) Larry Reech
Chief Christopher Wilrye

Others Present

Mr. Benjamin Huxen II, MPERS Executive Director and General Counsel
Ms. Ashlee McNeely, Executive Management Officer
Ms. Melissa Frazier, MPERS, Benefits Administrator
Ms. Taylor Camp, MPERS, CFO
Mr. Greg Curran, G.S. Curran & Co, Actuary
Mr. David Barnes, NEPC, Investment Consultant
Mr. Joey David, House of Representatives
Mr. Tyler Brannan, G.S. Curran & Co, Actuarial Analyst

D. Public Comment

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

E. Approval of the January 19, 2022, Board Meeting Minutes

Motion by Mr. Wilrye, seconded by Mr. Landry, to approve the minutes of the meeting held January 19, 2022. Without objection, the motion carried.

F. Reports of Committees

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

The Investment Committee met March 23, 2022, at approximately 9:20 am. Ms. Mathews gave a brief summary of the meeting as described in "Report and Recommendations of the Investment Committee."

- a. A motion was made by Ms. Mathews, seconded by Mr. Burkart, to recommend that the board adopt the committee charter. Without objection, the motion carried.
- b. A motion was made by Mr. Cromer, seconded by Mr. Gibson, to nominate Amy Mathews as committee chair. Without objection, Ms. Mathews assumed the chair.
- c. Mr. Barnes presented the NEPC Report on Investments. The total market value of the portfolio as of February 28, 2022, was \$2,662,523,853. Performance was down 1.2% for the month, down 0.9% for the fiscal year-to-date, and down 5% for the calendar year-to-date.
- d. Mr. Barnes presented the Asset Allocation Review/Update. He did not recommend any changes to the target allocations. However, he recommended that MPERS trim 30% of the S&P 500 index fund and reallocate the funds to a Russell 1000 Value index fund. Also, Mr. Barnes suggested balancing the international equity portfolio with one-third each in KBI, William Blair, and the Mellon MSCI EAFE Index Fund. He also indicated that there would be a fee savings by investing with Mellon Investment Corp. for the Russell 1000 Value index fund.
 - a. Considering those recommendations, Mr. Cromer moved and Mr. Burkart seconded, to recommend that the board:
 - i. Hire Mellon Investment Corp. for the Russell 1000 Value index fund; and
 - ii. Reallocate in accordance with NEPC's recommendations.

Without objection, the investment committee voted to make these recommendations to the Board of Trustees.

Ms. Mathews invited the board to attend the next Investment Committee meeting.

Motion by Mr. Cromer, seconded by Mr. Burkart, to recommend that the board of trustees:

- **Hire Mellon Investment Corporation for the Russell 1000 Value index fund; and**
- **Reallocate in accordance with NEPC's recommendations.**

Without objection, the motion carried.

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

The Legislative Committee met on March 8, 2022. Mr. Huxen read the "Report and Recommendations of the Legislative Committee."

- a. A motion was made by Mr. Cromer, seconded by Mr. Ford, to recommend that the board adopt the committee charter. Without objection and after a roll-call vote, the motion carried.
- b. A motion was made by Mr. Glaser, seconded by Mr. Ford, to recommend that the board request the following amendments to HB18, the MPERS retire/rehire bill, by Representative Bacala:
 1. delete the "30 year" exception
 2. change the 100-hour part-time police officer exception to 50 hours
 3. 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

- c. Mr. Huxen reminded the Board that HB 23 was not an MPERS bill but would basically eliminate all the retire/ rehire provisions that would require retiree benefits to be suspended for a 24-month period. A motion was made by Mr. Cromer, seconded by Mr. Ford, to recommend that the board oppose HB 23. Without objection and after a roll-call vote, the motion carried.
- d. A motion was made by Mr. Glaser, seconded by Mr. Ford, to direct the Executive Director and General Counsel to communicate to the retirees that the potential cost impact of HB23, if passed, could affect the Board's ability to grant a COLA in June. Without objection and after a roll-call vote, the motion carried.
- e. A motion was made by Mr. Glaser, seconded by Mr. Ford, to recommend that the board approve the two following

recommended amendments to HB 21, the COLA pre-funding account bill:

1. Page 22, line 22, change "oldest amortization base" to "oldest positive amortization base"
2. To reflect that the board would not be able to grant COLA's under the existing statute, 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)

- f. A motion was made by Mr. Glaser, seconded by Mr. Ford, to recommend that the board oppose HB 25, which restricts MPERS from doing business with companies that prohibit investments with energy companies. Mr. Huxen reminded the board that the bill does not define "energy company." After a roll call vote, the motion carried with the following result:

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

Abstain: Mr. Cromer (on hold)

Motion by Mr. Burkart, seconded by Ms. Mathews, to adopt the recommendations of the Legislative Committee. Without objection, the motion carried.

3. Discussion and Action Regarding Report and Recommendations of the Policy Committee.

The Policy Committee met on March 8, 2022. Mr. Huxen read the "Report and Recommendations of the Policy Committee."

- a. Motion by Ms. Mathews, seconded by Mr. Warren, to recommend that the board adopt the sexual harassment policy. Without objection, and after a roll-call vote, the motion carried.
- b. Motion by Ms. Mathews, seconded by Mr. Warren, to recommend that the board adopt the changes to the employee sexual harassment reporting procedure. Without objection, and after a roll-call vote, the motion carried.

Motion by Mr. Ford, seconded by Mr. Cromer, to adopt the recommendations of the Policy Committee. Without objection, the motion carried.

G. Unfinished Business

1. Discussion and Action Regarding the Revocation of Velma Hathorn's Survivor Benefit for Failure to Submit an Affidavit as Required by R.S. 11:2220(B)(1)(a)(i)

This item was skipped as Mr. Huxen informed the board that MPERS received the required documentation from Ms. Hathorn.

H. New Business

1. Acceptance of the GASB 68 Report for the Fiscal Year Ended June 30, 2021

Motion by Ms. Mathews, seconded by Mr. Gibson, to accept the GASB 68. Without objection, the motion carried.

2. Actuarial Comments, Including but Not Limited to Discussion and Action Regarding a Determination of Municipalities That Partially Dissolved Their Police Departments in FY 2021 and Approval of Assumptions for Actuarial Equivalence Effective July 1, 2022 (Qualifies as Actuarial Science Education)

Mr. Brannan informed the board that MPERS had six towns/ cities partially dissolved in FY2021: Bunkie, New Orleans, Ferriday, Jackson, Livingston, and Mamou. There was a seventh, Oakdale, that had partially dissolved in FY2020 due to the decrease from twelve employees to eight.

Mr. Curran gave a brief description of the verification process regarding towns and cities "triggering" partial dissolution. Mr. Curran then referred the board to the "Municipal Police Employees' Retirement System Partial Dissolution Charges" table in BoardPaq.

Mr. Curran and Mr. Brannan clarified that the town of Oakdale had appeared to have "triggered" in FY2021 but, upon further investigation, the town had actually decreased from twelve employees to eight in FY2020 and then down to six in FY2021. To "undissolve", the town of Oakdale will have to go from six employees to twelve by June 30, 2022.

Mr. Brannan then gave two more examples:

- a. The town of St. Joseph appeared to have one employee and decreased to zero employees. However, the employee was originally over 50, so he should not have been enrolled in the plan in the first place. So, St. Joseph actually went from zero employees to zero employees, since the law was enacted.
- b. The town of Pine Prairie had an employee on the books that was never actually employed by them. That employee had been entered into the database with the incorrect employer code.

Mr. Curran reminded the board that the statute states that dissolution occurs when the membership in MPERS drops by 30% when measured from one year to the next. Mr. Curran then brought to the Board's attention that the City of New Orleans, which had 66 fewer employees from June 30, 2020 to June 30, 2021, meets the test for dissolution for FY2021. Mr. Curran discussed the fact that the City of New Orleans has until June 30, 2022 to increase the number of participating members back up to 1,185 to avoid owing the dissolution payments.

Mr. Curran explained that, if the Board certifies that the reduction meets the definition of "dissolution" per the statute, then the cities and towns owe MPERS a 15-year payment in the amount shown in the final column of "Municipal Police Employees' Retirement System Partial Dissolution Charges" unless they increase to the pre-dissolution employee level.

Mr. Ford asked Mr. Curran questions regarding the dissolution and expressed his concern over the effects that dissolution payments will have on the budgets of the small-town police departments.

Mr. Burkart expressed his concern over the effects that the difficulty of hiring new police officers is having on the MPERS plan. He explained the importance of finding another source of revenue other than "fining" precincts for the difficulties of keeping staff.

Mr. Curran explained that the current statute states that a reduction by a minimum of two employees, 30%, or by 50 employees "triggers" the dissolution and that it was created to prevent heavy burdens on other cities.

The Board discussed the idea of possibly having a tiered system that would test smaller cities in a different way than the larger cities.

Mr. Huxen and Mr. Curran agreed to put together an education session to learn more about the existing statute and to present possible solutions for the future protection of the plan.

Motion by Mr. Gibson, seconded by Mr. McGimsey, to accept Mr. Curran's determinations:

- the municipalities that partially dissolved their police departments in FY2021; and
- the 2020 revision for the city of Oakdale.

Without objection, the motion carried.

Mr. Curran reminded the Board that MPERS needs a motion to incorporate the reduction in interest rates for transfers and purchases and overpayment of benefits to 6.75% under R.S. 11:2220(K)(3).

Motion by Mr. McGimsey, seconded by Mr. Gibson, to adopt the actuarial equivalence assumptions as presented by Mr. Curran. Without objection, the motion carried.

3. Discussion and Action Regarding Possible Regulations to Be Promulgated Regarding Enrollment of Employees Employed by R.S. 11:157 Employers

Mr. Huxen explained that “affidavit employees” are employees that can voluntarily opt-out of being an MPERS member by filing an affidavit. The statute indicates that the employers must enroll the “affidavit employees” and that they stay enrolled until the affidavit is filed.

Mr. Huxen stated that the mandatory enrollment provision has never been enforced. As a result, some towns have several full-time employees that were never enrolled; thus, an affidavit never filed and now at least one of these towns owes MPERS over \$1 million alone.

Furthermore, the lack of enforcement created an issue whereby some towns are basically bullying employees to file the affidavit, because they can’t afford to contribute to the MPERS plan.

Mr. Huxen explained that he needs permission to promulgate the regulation to take care of the multiple problems.

Mr. Huxen further clarified that “affidavit employees” are enrolled for a month minimum, and then would receive a refund, regardless of when the affidavit was filed.

Motion by Ms. Mathews, seconded by Mr. Burkart, to allow the Executive Director & General Counsel to enforce the statutory provisions regarding “affidavit employees” set forth in R.S. 11:157 and to promulgate any necessary regulations thereto. Without objection, the motion carried.

4. Discussion and Action Regarding a Proposed Increase to the FY2022 Operating Budget for Auditor and Actuarial Services

Mr. Huxen stated that budget adjustments for the auditor and actuary fees are needed. He explained that the CAFR took an exceptional amount of work, especially in the front end, and MPERS is receiving more invoices from the auditor than initially expected.

Mr. Curran informed the board that not only is his staff doing more actuarial duties, they are also now doing some of MPERS administrative duties as well.

Motion by Mr. Gibson, seconded by Ms. Mathews, to approve a \$100,000 increase to the budget, \$50,000 each for the auditor and actuary. Without objection, the motion carried.

5. Executive Director & General Counsel Comments

a. Update on Delinquent Municipalities

Mr. Huxen explained that there are no new delinquent municipalities, and that Killian, Moreauville, Port Barre, and Stonewall are either in litigation or negotiation of legal settlements.

b. Update on MPERS Office Build-Out

Mr. Huxen informed the board that the building is almost complete, and the tenants should move in early May. Mr. Huxen explained that are experiencing an issue receiving doors.

6. Executive Session

Motion by Ms. Mathews, seconded by Mr. McGimsey, to go into Executive Session. Without objection, the motion carried.

- a. Determination of Whether Randy J. Guidry (Youngsville) Was Killed as a Result of Injuries Sustained in the Line of Duty. To Be Conducted 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. Gibson, seconded by Mr. Glaser, because all requirements were met, the MPERS's Board of Trustees determines that Randy J. Guidry was killed as a result of injuries sustained in the line of duty. Without objection, the motion carried.

Motion by Mr. Cromer, seconded by Mr. Landry, to go into Executive Session. Without objection, the motion carried.

- b. Consideration of Prospective Litigation Against the City of New Orleans Regarding Leave Conversion Policy in conflict with R.S. 11:2218(J)(5). to be Conducted in Executive Session Under the Provisions of R.S. 42:17(A)(2).

Motion by Mr. McGimsey, seconded by Mr. Landry, to authorize the Executive Director & General Counsel to file suit against the

City of New Orleans to ensure that the city meets the requirements of R.S.11:2218(J). Without objection, the motion carried.

I. Other Business

There was no other business to come before the board.

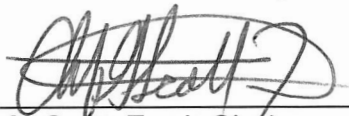
Motion by Mr. Wilrye, seconded by Mr. Cromer, to accept Mr. Curran's recommendation to table the COLA discussion until June. Without objection, the motion carried.

J. Adjourn

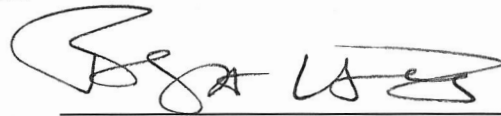
A motion was made by Mr. Burkart, seconded by Mr. McGimsey, to adjourn the meeting at 12:33 p.m. Without objection, the motion carried.

Next Meeting Date: April 20, 2022. Baton Rouge, LA.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held on March 23, 2022.



G. Scott Ford, Chairman



Ben Huxen,
Executive Director and General Counsel