

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, December 16, 2020, via audio/video conference due to the public health emergency declared in response to the threat presented by COVID-19.

The meeting was called to order by Chairman G. Scott Ford at 9:02 a.m.

Roll Call

Members Present

Chief G. Scott Ford, Chairman
Rep. Tony Bacala
Dep. Chief Darrell Basco
Mayor Greg Cromer
Chief Michael Glaser
Mayor Gerard Landry
Ms. Amy Mathews, State Treasurer Designee
Mr. Rick McGimsey, Commissioner of Administration Designee
Chief Dwayne Munch
Sgt. (Retired) Larry Reech
Treasurer John Schroder
Chief Christopher Wilrye

Members Absent

Maj. Raymond Burkart, Jr.
Maj. (Retired) Kelly Gibson
Senator Bob Hensgens

Others Present

Mr. Benjamin Huxen II, MPERS Executive Director and General Counsel
Ms. Ashlee McNeely, MPERS, Executive Management Officer
Ms. Taylor Camp, MPERS, CFO
Ms. Melissa Rayburn, MPERS, Benefits Administrator
Mr. David Barnes, NEPC, Investment Consultant
Mr. Greg Curran, Actuary
Mr. Brad Kelly, Global Governance Advisors
Mr. Peter Landers, Global Governance Advisors
Mr. Paul Schmidt, BNY Mellon
Mr. Jason Montegut, DHHM
Ms. Michelle Cunningham, DHHM
Ms. Lindsay Saienni, Financial Investment News
Mr. Maja Ben Saed, FundMap
Mr. Joey David
Mr. William Aberdeen

Agenda Addition of Nomination of Chairman and Vice Chairman

Before beginning, Mr. Ford made the request for a motion to amend the agenda to add the Approval of Nomination of the board Chairman and Vice Chairman. The motion was made by Mr. Landry, seconded by Mr. Wilrye. Without objection, the motion carried.

Public Comment

Mr. Ford called for public comment. There was no public comment submitted for the record.

REGULAR BUSINESS

Approval of the November 18, 2020 Board Meeting Minutes

Motion by Mr. Reech, seconded by Mr. Landry, to approve the minutes of the meeting held November 18, 2020. Without objection, the motion carried.

NEW BUSINESS

Approval of Chairman and Vice Chairman

A motion was made by Mr. Wilrye to nominate Mr. Ford to serve as the Chairman for the year 2021 and was seconded by Ms. Mathews. Without objection, the motion carried. Mr. Ford then made a motion nominating Mr. Reech to serve as Vice Chairman for the year 2021. There was a second by Mr. Landry and without objection, the motion carried.

Board Effectiveness Assessment Findings and Recommendations

Mr. Brad Kelly and Mr. Peter Landers with Global Governance Advisors (GGA) presented the results of the Board Effectiveness Assessment they have carried out over the last several months. After reviewing the results of the assessment, comprised of the Board-wide survey and individual interview sessions with Trustees and staff, Mr. Kelly outlined several recommendations to help the Board operate more effectively and better ensure the protection of the fund for members. Several recommendations were made by GGA, the first being to establish a Governance Committee, to be made up of four members: Mr. Ford, Mr. Reech, Ms. Mathews, and Mr. Basco. Trustees engaged with GGA on multiple issues, including board size, committee structures, and general best practices. A motion was then made by Mr. Wilrye to accept the recommendations and establish the Governance Committee, seconded by Ms. Mathews. Without objection, the motion carried.

Actuarial Comments, Included but Not Limited to Discussion and Actions Regarding the Actuarial Valuation Report for Fiscal year Ended 6/30/2020

Mr. Greg Curran presented the results of the actuarial valuation of assets and liabilities, as well as the funding requirements for the Municipal Police Employees' Retirement System as of June 30, 2020. A brief summary of the more important figures developed in this valuation, with comparable results from the previous valuation is as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Membership Census		
1. Active Members	5,644	5,729
2. Retired Members & Survivors	4,837	4,770
3. DROP Participants	212	230
4. Terminated Due Deferred Benefit	221	201
5. Terminated Due Refund	1,842	1,670
Annual Benefits	\$154,963,239	\$148,972,071
Total Payroll	\$302,984,686	\$305,445,379
Actuarial Valuation Assets (AVA)	\$2,367,621,208	\$2,283,284,109
Market Rate of Return	2.4%	3.8%
Actuarial Rate of Return	4.6%	4.6%
Unfunded Actuarial Accrued Liability	\$768,189,980	\$804,165,345
Funded Ratio (Ratio of AVA to Actuarial Accrued Liability)	75.50%	72.89%
	<u>Fiscal 2020</u>	<u>Fiscal 2019</u>

<u>Hazardous</u>		
1) Employee Rate	10.0%*	10.0%*
2) Employer Rate	33.75%*	32.50%*
 <u>Non-Hazardous</u>		
1) Employee Rate	8.0%	8.0%
2) Employer Rate	33.75%*	32.50%*
 Premium Tax Allocation	 \$22,347,331	 \$21,797,215

Mr. Curran reviewed several recommended changes in the valuation that had been discussed with the Board throughout the previous year, like legislation changes and the fact that the Board had previously voted to run the valuation with a 6.95% actuarial rate of return as opposed to the previous 7.125%. He also noted that future possible COLA's are not included in the valuation, as they are not predictable. He also went over the process used to calculate the valuations. He noted that the UAL is driving our costs up and these changes that the Board has recently made will help to drive costs down. Many members were very pleased to hear that the projected employer contribution will be 29.75%, which is lower than previous years. Unfortunately, the system does not meet the legal standards to consider granting a cost of living increase this year. A motion to accept the Actuarial Report was made by Mr. Reech, seconded by Mr. Cromer. Without objection, the motion carried.

Presentation for the Audit Report for Fiscal Year Ended June 30, 2020

Ms. Michelle Cunningham and Mr. Jason Montegut, CPAs represented Duplantier, Hrapmann, Hogan & Maher, LLP and presented the results of the 6/30/20 Financial Statement and Compliance Audit. The full audit report will be posted on the system's website.

Summary of audit results: There was an unmodified opinion on the basic financial statements, meaning all income statements were materially stated. No significant deficiencies or significant deficiencies that are material weaknesses in internal control, and there were no material violations of laws and regulations that have a direct and material effect on the financial statements.

Pension liability for the end of the fiscal year 2020 was \$3,180,974,031, which is slightly higher than the previous year.

The System's total assets increased from \$2.236 billion in 2019, to \$2.266 billion in 2020. There was a very slight increase in the system's total liability to pay future benefits to retirees and the system's net position for Restricted for Pension Benefits from \$2.223 billion in 2019, to \$2.256 billion in 2020. Mr. Montegut did note that this is better than some other systems they have seen.

Employer contributions remained roughly the same at \$100 million. The net investment income for 2020 decreased to \$52 million from \$81 million in 2019. The total additions equaled a total of \$205 million for the year.

Benefit payments increased by roughly \$5.7 million for the year, for a total of \$165 million. This happens every year as the system has more people retire. Total deductions for the system also increased to \$172 million, from \$170 million the previous year. This brought the system's total net income for the 2020 year to \$32,761,805 which was a decrease from the previous year.

The auditing firm selected the following municipalities for census data testing: Alexandria, Opelousas, Baton Rouge, New Orleans, and Pineville. There were no significant findings with reporting, mostly some minor issues with reporting breaks of service. Baton Rouge had no findings. The other municipalities had minor findings of hire dates and other

records not matching up. Alexandria had one employee enrolled who was not eligible, and New Orleans had several instances of timesheet records that did not match up.

The auditors will be performing some GASB 68 audits in the new year and will be presenting a report to the Board once completed.

There was a motion by Mr. Reech, seconded by Mr. Landry to accept the audit as presented. Without objection, the motion carried.

NEPC Report on Investments

Mr. David Barnes represented NEPC and presented the Investment Market Update for November 2020. The total market value of the portfolio as of November 30, 2020 was \$2,431,238,217 and performance was down by 0.3% for the month but was up by 11.5% for the fiscal year to date. He also mentioned that the hedge fund the system is liquidating, Entrust Permal, is almost fully liquidated but the funds remaining are getting excellent returns.

Presentation by BNY Mellon Custody and Securities Lending

Mr. Paul Schmidt with BNY Mellon Custody and Securities Lending made a presentation to the board as our system custodian bank. The system's lendable assets are down slightly from last year to \$862,220,938. The assets on loan for the year are down to \$51,357,209, and the gross earnings are also down to \$175,685. He gave a short overview of the custodian bank and their operations.

Executive Director and General Counsel Comments

Mr. Huxen updated the Board on the PATROLE project. The project is 99% complete. The last portion is the member portal, which went live in mid-December. Additionally, with the completion of the project, Daphne Rusk, who has been working part time to complete this project, has fully retired.

Next, he updated the board on the delinquent municipalities. There were a few new ones in December, one due to Covid issues, but the payment is slowly coming in. Staff continues to work with those having continued issues.

Mr. Huxen provided an update on the G2 Golf legal case. They did not appeal so the case is officially over.

He also updated the Board on several personnel changes. There was one employee who resigned, and she is being replaced by Christie Ziadeh, who is joining the staff on January 4, 2021, from the Sheriffs' Pension and Relief Fund.

The results of the most recent election were received the morning of the meeting. Mr. Jason DiMarco from Westwego was the winner and will be joining the board for their first meeting in the new year.

Next, Mr. Huxen discussed possible legislation for the next session. The COLA bill that the system pushed in 2020 did not pass; however, given the positive valuation the system has received, 2021 may be a good year to try again. Mr. Reech made a motion to advertise for the COLA bill for the 2021 legislative session, which was seconded by Mr. Basco. Without objection, the motion carried.

He also welcomed Treasurer Schroder, who joined the meeting early on via WebEx.

Other Business

There was no other business to come before the Board.

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Minutes

A motion was made by Mr. Glaser, seconded by Mr. Landry, to adjourn the meeting at 12:02pm. Without objection, the motion carried.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held December 16, 2020.



G. Scott Ford, Chairman

Ben Huxen,
Executive Director and General Counsel