

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, January 15, 2020, at 7722 Office Park Boulevard, Baton Rouge, Louisiana.

The meeting was called to order by Chairman G. Scott Ford at 9:08 a.m.

Pledge of Allegiance

Mr. Huxen led the pledge of allegiance.

Roll Call

Members Present

Chief G. Scott Ford, Chairman
Lt. Chad King, Vice-Chairman
Chief Michael Glaser
Mayor Gerard Landry
Ms. Amy Mathews, State Treasurer Designee
Mr. Rick McGimsey, Commissioner of Administration Designee
Sgt. (Retired) Larry Reech
Mayor Donald Villere
Chief Christopher Wilrye

Members Absent

Maj. Raymond Burkart, Jr.
Chief Dwayne Munch

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. Alan Torrance, CEM Benchmarking
Mr. Jean Beckemeyer, NOPD, Retired
Mr. Wallace Lore, NOPD Retired
Mr. Christopher Estess, Bossier City Police Department

Public Comment

Chairman G. Scott Ford called for public comment. Mr. Estess came to the table to address the Board regarding his desire to run for the Non-Chief District I open seat on the Board, even though he did not officially obtain enough nomination signatures, because one signature was of a non-member. Mr. Huxen then noted, as a point of order, that this item is to be discussed further down the agenda. He asked to move on to the next item and then to pick this back up.

REGULAR BUSINESS

Approval of the December 18, 2019 Board Meeting Minutes

Motion by Mr. Reech, seconded by Mr. Landry, to approve the minutes of the meeting held December 18, 2019. Without objection, the motion carried.

NEW BUSINESS

Accept Nominations for Non-Chief District I and Retiree District I

The Board then resumed discussions on the election issue. Mr. Huxen discussed the election rules and the legal interpretations for those rules. A motion was made by Mr. King, seconded by Mr. Glaser, to accept his nomination, however Mr. Villere opposed. He stated that the rules need to be followed as they are written. If a change needs to be made, they can explore changes, however the Board cannot make exceptions to the rules. A roll call vote was conducted on the motion to accept Mr. Estess' nomination and after a vote of 6 nays and 3 yeas, the motion failed. A motion was then made to accept the other nominations for Retiree District I position by Mr. King. There was a second by Mr. Wilrye and without objection, the motion carried. Another motion was made by Mr. King to accept the remainder of the nominations for the Non-Chief District I position and was seconded by Mr. Glaser. Without objection, the motion carried.

NEPC Report on Investments and Investment Education

Mr. David Barnes represented NEPC and presented the Investment Market Update for December. The total market value as of December 31, 2019 was \$2,258,601,828 and performance was up by 2.3% for the month and was up by 5.5% for the fiscal year to date.

Mr. Barnes noted that BMO Large Cap Value Strategy had been terminated by the Illinois Municipal Retirement Fund, which represented 45% of the strategy, which is not good for the MPERS portfolio. Mr. Barnes recommended that the Board consolidate our funds invested with BMO and Intech and put them into the index fund with Alliance Bernstein. A motion was made by Mr. King to terminate Intech and BMO and reallocate to Alliance Bernstein, followed by a second by Mr. Reed. Without objection, the motion carried.

Mr. Barnes then provided an update on the asset allocation and gave some education on potential changes to the portfolio. Hedge funds have been dragging and NEPC is recommending that the Board liquidate the 5% of the portfolio dedicated to hedge funds and redistribute those funds throughout the portfolio in equities and fixed income. This is a 12-18-month process. There was some discussion about the process and specific about the reallocation. A motion to liquidate hedge funds and redistribute to equities and fixed income was made by Mr. King and seconded by Mr. Wilrye. Without objection, the motion carried.

Mr. Barnes also presented on the fee study that NEPC conducted on the system's money managers. Overall, the fees that the system is paying are low, about \$4 million below the median fee for active investors.

CEM Benchmarking, Inc.'s Presentation of its Investment Cost Effectiveness Analysis for the Year Ending December 31, 2018

Mr. Alan Torrance with CEM Benchmarking provided a historical assessment of the cost effectiveness of the system. He gave a brief overview of how CEM collects data, their methodology, and gave an outline of the historical spending of the system. Most notably he mentioned that MPERS is right in the middle of peers on spending. He echoed Mr. Barnes' report that hedge funds were costing the system more than its peers and agreed with the decision to liquidate those funds. He noted that consultant fees are a large portion of the spending but that they vary across the different systems. He also reiterated that consultant fees are important for oversight of the system and its spending.

Actuarial Comments, Including but Not Limited to Discussion and Action Regarding a Declaration of Intent to Lower the Valuation Rate to be Used in Future Years' Valuations

Mr. Greg Curran presented the actuary report. He noted that there have been lower expected returns across the board which may impact the rate that is received. They have been working with Mr. Huxen on legislation. The MPERS valuation was to be

heard at the PRSAC meeting in mid-February, where the committee would be focusing on other systems. MPERS would not be receiving an alternate valuation. He did note that they Board would have to decide on its valuation interest rate sometime in the spring.

Executive Director and General Counsel Comments

Mr. Huxen then updated the Board on the status of the PATROLE project. They are currently 1% behind schedule but still on target to finish on schedule. They are running test files with employers and hoped to finish by the end of January.

Mr. Huxen addressed the budget information in the Board packets and stated that it was just for their information. No action needed to be taken at that time.

The next item was to discuss the Board Effectiveness Assessment. The working group held a kickoff call and has been working with Global Governance Advisors on a questionnaire for all Board members to fill out. GGA will interview all members as a part of this study.

Mr. Huxen pointed out that the February Board meeting conflicts with the LATEC Conference in New Orleans. A motion was made by Mr. Wilrye to cancel the February meeting. There was a second by Mr. Reech and without objection, the motion carried.

Consideration of a Settlement and Release Agreement Among the Municipal Police Employees' Retirement System, John K. Johnson, and the Town of Mansura. 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.

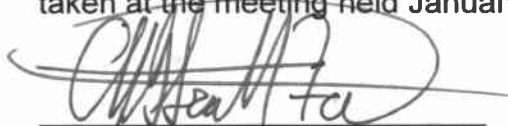
The Board chose not to enter executive session. Mr. Huxen updated the Board on the issue with the Mansura chief failing to file an affidavit. The law was changed to allow their employees to file an affidavit within a certain timeframe to opt out MPERS. The Chief missed the deadline to enroll in MPERS, but the Town did not enroll him. Mr. Huxen proposed a settlement officer for the Chief to enroll retroactively to October 2019. Both the chief and the municipality would have to repay what they owe MPERS. The settlement does not address the purchase of his prior time, but MPERS would need to receive all actuarial costs for him to do so. A motion to approve the settlement was made by Mr. Reech and seconded by Mr. Villere. Without objection, the motion carried.

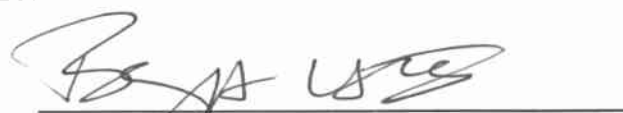
Other Business

Mr. Reech requested that staff look at the Board policy on elections and create a working group to fix any issues with those rules. A motion was made by Mr. Reech to create the working group of 3 members and report back in March. A second was made by Mr. King and without objection, the motion carried.

A motion was made by Mr. Reech, seconded by Mr. King, to adjourn the meeting at 11:00am. Without objection, the motion carried.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held January 15, 2020.


G. Scott Ford, Chairman


Ben Huxen,
Executive Director and General Counsel