

MINUTES

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, July 21, 2021, 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 9:13 a.m.

Mr. Wilrye led the Pledge of Allegiance.

Roll Call

Members Present

Chief G. Scott Ford, Chairman
Maj. Raymond Burkart, Jr.
Mayor Greg Cromer
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
Asst. Chief Jason DiMarco
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. Taylor Camp, MPERS, CFO
Ms. Ashlee McNeely, MPERS, Executive Management Officer
Ms. Melissa Rayburn, MPERS, Benefits Administrator
Mr. David Barnes, NEPC, Investment Consultant
Mr. Greg Curran, Actuary
Mr. Joey David
Mr. Colton Dwyer
Rowen Descallan
Gar Chung
Mr. Troy Franklin

Public Comment

Mr. Ford called for public comment. Mr. Troy Franklin was present and provided comments regarding what he believes was his wrongful termination from the Slidell Police Department. The Board and staff committed to provide him with all of the information that was received from the city.

REGULAR BUSINESS

Approval of the June 16, 2021 Board Meeting Minutes

Motion by Mr. Burkart, seconded by Ms. Mathews, to approve the minutes of the meeting held June 16, 2021. Without objection, the motion carried.

NEW BUSINESS

NEPC Report on Investments and Investment Policy Statement Update (Qualifies as Investment Training)

Mr. David Barnes represented NEPC and presented the Investment Market Update for June 2021. The total market value of the portfolio as of June 30, 2021 was \$2,716,655,636, and performance was up 1% for the month and 25.3% for the fiscal year to date. He also provided an update to the Investment Policy Statement which included updated targets and allocations for the next year. A motion was made by Ms. Mathews, seconded by Mr. Burkart, to approve the Investment Policy Statement. Without objection, the motion carried.

Actuarial Comments, Including but Not Limited to Clarification of the Interest Rate to be Used for Transfers and Purchases and a Presentation on Actuarial Review of Future COLA Assumptions (Qualifies as Actuarial Science Education)

First, Mr. Greg Curran alerted the board to a mistake in the chart depicting the actual equivalence assumptions. Transfers and purchases were listed at the wrong interest rate and needed to be corrected to 6.95%. No member was affected by this error. A motion was made by Ms. Mathews to clarify the assumption rate retroactively to July 1, 2021. It was seconded by Mr. Burkart. Without objection, motion carried.

Next, he provided an update on the COLA study in which he examined the future of funding and offering COLAs to retirees. He provided some background on the system and the different attempts to fund COLAs. He presented on the different factors that go into determining if the system can grant a COLA and what things the board should consider when making the decision to grant one.

A test of valuation results, including an annual increase rate in future benefits of 0.7%, found that employer contributions, under current laws, could increase by 8% solely due to COLAs.

For comparison, the additional employer contributions required to fund a single 3% COLA under current laws would be approximately 1.75% per year for 15 years.

The increase in employer costs results from an increase in the UAL, which requires an additional payment to be made over a 15-year period. This gets added to the remaining payments from past UAL that have not been fully amortized.

He also mentioned that the expected gain of about a 25.3% rate of return is projected to be sufficient for the Board to grant a COLA after the 2021 valuation.

He noted that the UAL is scheduled to be paid off in 2034 and stated that as of June 30, 2021, the UAL was scheduled to decrease to \$732 million assuming no gains or losses. He also said that with a 25.3% rate of return, the UAL is expected to decrease to approximately \$675 billion, and that's based on the projected investments gains in 2021.

There was a great deal of discussion on the best process to fund COLAs and different avenues for the board to take. The estimated 8% annual increase in employer contributions under current laws is much higher than the 0.85% potential increase that would have occurred under the proposed HB 35 by Representative Chuck Owen, which was withdrawn due to opposition and lack of support from employers.

Mr. Curran also went over the DROP estimate for the year, which is set at 8.9%. He used actuarial smoothing to reach this number.

Executive Director and General Counsel Comments

Mr. Huxen provided an update on delinquent municipalities. There are no major issues this month and staff continues to work with them.

He also provided an update on the office renovations. The renovation is almost complete and just have delays on the last items to be done.

Mr. Huxen also updated the Trustees on the upcoming LAPERS conference and gave direction for registration.

Discussion and action regarding finding of disability for Gregory Paul Martin (Sulphur). May be heard in executive session, without the disability applicant present, under the provisions of R.S. 41:17(A)(10) to facilitate privileged communications under La. Code Evid. Art. 506

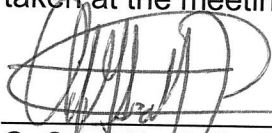
The Board chose not to enter into executive session. Mr. Huxen gave a very brief review of the board-designated physician's certification. A motion was made by Mr. Burkart, seconded by Mr. Landry to approve the disability retirement. Without objection, the motion carried.

Other Business

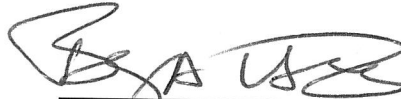
There was no other business to come before the Board.

A motion was made by Mr. Landry, seconded by Mr. Gibson, to adjourn the meeting at 11:34 am. Without objection, the motion carried.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held July 21, 2021.



G. Scott Ford, Chairman



Ben Huxen,
Executive Director and General Counsel