

**Municipal Police Employees' Retirement System
Minutes of the Meeting of the Board of Trustees
August 17, 2022**

The Board of Trustees of the Municipal Police Employees' Retirement System held a Regular Meeting on Wednesday, August 17, 2022.

A. Call to Order

The meeting was called to order by Chairman G. Scott Ford at 10:11 a.m.

B. Pledge of Allegiance.

Mr. Huxen led the Pledge of Allegiance.

C. Roll Call

Members Present

Rep. Tony Bacala
Chief Edwin Bergeron, Jr.
Maj. Raymond Burkart, Jr. (joined virtually and could not vote)
Asst. Chief Jason DiMarco
Chief G. Scott Ford, Chairman
Maj (Retired) Kelly Gibson
Lt. (Retired) Chad King
Mayor Gerard Landry
Ms. Amy Mathews, State Treasurer Designee
Lt. Tyrone Warren
Chief Christopher Wilrye

Members Absent

Mayor Greg Cromer
Senator Bob Hensgens
Mr. Rick McGimsey, Commissioner of Administration Designee
Chief Dwayne Munch

Others Present

Mr. Benjamin Huxen II, MPERS Executive Director and General Counsel
Ms. Taylor Camp, MPERS, Chief Financial Officer
Ms. Melissa Frazier, MPERS, Benefits Administrator
Ms. Emily Thurston, MPERS, Accountant
Mr. Greg Curran, Curran Actuarial Consulting, Consulting Actuary
Mr. Stephen Brouillette, Curran Actuarial Consulting, Actuary
Mr. David Barnes, NEPC, Investment Consultant
Ms. Francesca LoVerde, NEPC, Consulting Analyst
Mr. Bill Grayson, Principal, Managing Director
Ms. Meigan Phillips, Principal, Managing Director
Mr. Wallace Lore, NOPD retiree
Mr. Jean Beckemeyer, NOPD retiree

Mr. Kevin Balaod, Journalist (joined virtually)
Mr. Kenny Herbold, LLA, Director of Actuarial Services (joined virtually)
Ms. Sherry Morris, Daigle, Fisse & Kessenich Law Firm, Outside Counsel

D. Public Comment

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

E. Approval of the June 22, 2022, Board Meeting Minutes

Motion by Mr. Dimarco, seconded by Mr. Wilrye, to approve the minutes of the meeting held June 22, 2022. Without objection, the motion carried.

F. Reports of Committees

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

Ms. Mathews stated that the Investment Committee met prior to the Board meeting and heard from Mr. David Barnes and Ms. Francesca LoVerde from NEPC. The total value of the portfolio was \$2.5 billion as of July. Performance was +4.2% for the month and calendar year to date performance was -10.4%. The system outperformed the total fund allocation index but not the total fund policy index. Mr. Barnes provided an asset allocation update. The Committee heard a report from Principal Global Advisors (Bill Grayson and Meigan Phillips). MPERS is in the process of moving \$30 million out of the Principal Global Advisors fund.

Mr. Gibson stated that presentations like the Principal Global presentation to the Investment Committee should be made to the full board. Mr. Barnes stated that he is present for both investment committee meetings and regular board meetings. Mr. Huxen reminded the Board that everyone can attend the investment committee meetings. Mr. Ford stated that any Board member wishing to join the investment committee should tell Mr. Huxen.

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

G. New Business

1. Discussion and Action Regarding Nominations for Board Vice-Chair for the Remainder of 2022

Mr. Ford asked for nominations for Board Vice-Chair. Mayor Landry moved to nominate Mr. Chad King because of his prior experience with the Board.

Mr. Ford asked for a motion to close the nominations. Mr. Wilrye moved to close. Without objection, Mr. Ford was elected Vice-Chair for the remainder of 2022.

2. Discussion and Action Regarding Adoption of the 2023 Board Meeting Schedule

Motion by Mr. Wilrye, seconded by Mr. Dimarco, to adopt the proposed meeting schedule for 2023. Mr. Gibson stated that he felt it would be better to have more than six meetings during the year to keep informed. Mr. King asked if the Board could add a meeting if important issues occurred in months without a scheduled meeting. Mr. Ford stated that the Board can meet anytime as long as they post a notice at least 24-hours prior to the meeting. Mr. Gibson stated that he feels monthly meetings are a necessity. Mr. Bergeron asked if a scheduled meeting could be canceled if a meeting was not needed. Rep. Bacala stated that the Board could set a schedule of tentative dates and have meetings when necessary. Mr. Huxen stated that they generally scheduled the 3rd Wednesday of the month. The Board discussed meeting dates in other months. Ms. Mathews suggested a committee schedule for consideration with investment and Board meetings together. She stated that if the Board has the committee meetings in the off months, committee members need to be present. Mr. Ford suggested two added dates, April 19th and November 15th to the schedule. **Without objection, the motion carried.**

3. Actuarial Comments, Including but Not Limited to Educational Presentation Regarding Partial Dissolution (Qualifies as Actuarial Science Education)

Mr. Ford asked Mr. Curran and Mr. Brouillette to present the education on partial dissolution. Mr. Curran stated that the Board had worked hard to get where they were with dissolution but that there could be changes needed in the future. Mr. Curran stated that this issue first arose when he heard that Sorrento had disbanded its department and contracted with the Sheriff to provide protection within the city limits. He stated that this led him to suggest doing something to avoid other employers from being allowed to walk away from MPERS membership without financial consequence. The reason it is important for MPERS is the size of the UAL and how the UAL affects funding requirements. Employers make level dollar payments to pay off the UAL so if payroll were to shrink the percentage of pay costs would increase. Without protections, given the size of plan costs, employers could have an incentive to keep employees out of the plan to save on costs. Some legislative changes to require contributions on DROP participants expanded the payroll and have helped keep total covered payroll from dropping. A majority of current annual costs are related to UAL. The good news is that these costs won't last forever. Most of the UAL payment (about \$70 million per year) comes from a 2014 loss that will be paid off in 12 years. Mr. Curran

stated that this law is not trying to protect the plan since the constitution and law require cost increases be paid by employers. In truth it is to keep employers from shedding responsibility on other employers. Mr. Curran discussed the complication of having a few large employers in a plan with a lot of small employers. He stated that one rule would work if the plan was created with 100 employers of the same size. Mr. Curran stated that since the law was initially passed, they had gathered data and studied the data which would help in improving the function of the law.

Mr. Curran discussed the difference between full dissolution and partial dissolution. Mr. Ford discussed issues with the small departments. Mr. Curran stated that his office created a new tool to review the law in the past year and that he would go over the data from that tool in this presentation. He then stated that in addition to complications related to large employers mixed with small, optionality of membership for some employers added another complication. He added that not contributing during DROP was a complication early in the law because the system didn't even know the salary of those individuals.

Mr. Curran stated that the original concept was taken from the regulations on U.S. multi-employer pension plans related to withdrawal liability. Mr. Curran reviewed towns that had triggered a partial dissolution. Using Bunkie as an example, he explained that when towns trigger, they are only charged based on the change in membership for that year, not the longer-term change. The law allows slow declines. Mr. Curran stated that changes may be needed if the Board wanted to truly protect over longer term. He highlighted New Orleans' trigger in 2021.

Mr. Curran discussed the special rules related to partial dissolutions. Mr. Curran stated that the law's allowance to un-trigger works well to give employers an incentive to add members after they trigger. He added that the ultimate goal is steady payroll.

Mr. Curran stated that the law has only triggered the smallest and largest employers. He also stated that it concerned him that employers can reduce membership significantly over time without triggering. He added that the 50-member rule was well intentioned but that it doesn't work equally for all employers. Mr. Curran stated a cumulative test could help and suggested that the legislative committee could consider additional changes. Mr. Ford stated that the law influences the number of post-certified officers and stated that there needed to be some sort of cumulative test. Mr. Ford discussed the difficulties caused by hiring experienced retired deputies or correction officers who could not join the plan. Mr. Huxen stated that the law was changed to require full time officers aged 50 and over to join MPERS.

Mr. Huxen asked about potential changes to the law. Mr. Curran stated that it might help to add a few layers to the 50-member rule for smaller and midsized employers and to add a cumulative test.

4. Executive Director & General Counsel Comments

a. Update on Delinquent Municipalities

Mr. Huxen stated that there were no updates on delinquent municipalities

b. Reminder

LAPERS Seminar 2022 will be held on September 18 through 20 at the New Orleans Marriott

5. Executive Session

a. Consideration of a Proposed Settlement With the Town of Port Barre Regarding Its Failure to Enroll Employees and Pay Contribution. To 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.

b. Chad Landreneau v. Lafayette Consolidated Government and MPERS, Docket No. 2017-3105, Division A, Fifteenth Judicial District Court, Lafayette Parish. Subject Matter: Litigation Update Briefing and Consideration of Possible Offer to Settle To Be Conducted in Executive Session Under the Provisions of R.S. 42:17(A)(2).

Motion by Mr. Gibson, seconded by Mr. Dimarco, to enter executive session to discuss the two issues noticed in the meeting agenda under Item 5(a) and 5(b). Without objection, the motion carried.

Motion by Mr. Gibson, seconded by Mr. King, to return to regular session after completing the executive session discussion. Without objection, the motion carried.

Mr. Ford asked Mr. Huxen to state the suggested motions. Mr. Huxen suggested that the Board approve the proposed settlement on Port Barre.

Motion by Mr. Gibson, seconded by Mr. Dimarco, to accept the proposed settlement in the Port Barre matter as presented. Without objection, the motion carried.

Mr. Huxen recommended that the Board accept the recommended settlement in the matter of *Chad Landreneau v. Lafayette Consolidated Government and MPERS*. He stated that if Mr. Landreneau and Lafayette did not accept the offer within the time allowed in the settlement, the system would ask the court for a new trial to consider the application of 32 USC 502(f)(2)(a) and the fact that it did not come into effect until 2012.

Motion by Mr. Bergeron, seconded by Mr. King, to approve the proposed settlement with Chad Landreneau and Lafayette and if the settlement is not accepted in time to ask the court for a new trial to consider the application of 32 USC 502(f)(2)(a) and the fact that it did not come into effect until 2012. 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. King, seconded by Mr. Dimarco, to adjourn the meeting. Without objection, the motion carried.

Next Meeting Date: October 19, 2022. Baton Rouge, LA.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held on August 17, 2022.

G. Scott Ford, Chairman

Ben Huxen,
Executive Director and General Counsel