

**Municipal Police Employee's Retirement System
Minutes of the Meeting of the Board of Trustees
December 13, 2023**

The Board of Trustees of the Municipal Police Employees' Retirement System held a regular meeting on Wednesday, December 13, 2023 at the system's office at 7722 Office Park Boulevard in Baton Rouge, Louisiana.

A. Call to Order

The meeting was called to order by Lt. (Retired) Chad King at 11:42 a.m.

B. Pledge of Allegiance

Chief Wilrye led the Pledge of Allegiance.

C. Roll Call

Members Present

Chief David Addison
Chief Edwin Bergeron, Jr.
Major Raymond Burkart, Jr.
Mayor Greg Cromer
Asst. Chief Jason DiMarco
Major (Retired) Kelly Gibson
Lt. (Retired) Chad King (Chairman)
Mr. Julius Roberson, State Treasurer Designee
Lt. Tyrone Warren
Chief Beth Westlake
Chief Christopher Wilrye (Vice Chairman)

Members Absent

Rep. Tony Bacala
Senator Bob Hensgens
Mayor Gerard Landry
Mr. Rick McGimsey, Commissioner of Administration Designee

Others Present

Mr. Benjamin Huxen II, MPERS Executive Director and General Counsel
Ms. Taylor Camp, MPERS, Chief Financial Officer
Ms. Emily Thurston, MPERS, Accountant
Ms. Melissa Frazier, MPERS, Benefits Administrator
Ms. Ashlee McNeely, Exec. Management Officer (virtual)
Mr. Greg Curran, Curran Actuarial Consulting, Consulting Actuary
Mr. David Barnes, NEPC, Investment Consultant
Ms. Sheri Morris, Daigle, Fisse, & Kessenich
Ms. Alana Perrin, Attorney, Senate retirement committee
Mr. Kenny Herbold, LLA (virtual)
Mr. Shinji Hain, LLA (virtual)

D. Public Comment

Chairman King asked if there were any public comments. There were no public comments.

E. Approval of the November 15, 2023 Board Meeting Minutes

Motion by Asst. Chief Jason DiMarco, seconded by Chief Edwin Bergeron, Jr. to approve the minutes of the meeting held November 15, 2023. Without objection, the motion carried.

F. Reports of Committees

1. Discussion and Action Regarding Report and Recommendations of the Audit, Finance, and Risk Management Committee

Michelle Cunningham and Jason Montegut from the audit firm of Duplantier, Hrapmann, Hogan & Maher presented the Annual Comprehensive Financial Report (ACFR) for Fiscal Year 2023. The committee voted to recommend that the Board of Trustees accept the ACFR report.

Additionally, the committee recommended that the Board issue a Request for Proposals for Audit and Agreed Upon Procedures for the period from Fiscal 2025 through Fiscal 2029 which follows the completion of the current contract period.

Motion by Chief Edwin Bergeron, Jr. to accept the report and recommendations of the Audit, Finance, and Risk Management Committee for the meeting held December 13, 2023. Without objection, the motion carried.

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

Mr. Huxen presented the report and recommendations of the Legislative Committee from their December 13, 2023 meeting. The Legislative Committee unanimously passed a motion by Lt. (Retired) Chad King and seconded by Major (Retired) Kelly Gibson to authorize Mr. Ben Huxen and Mr. Greg Curran to work on a draft amendment to the system's partial dissolution statute. The committee also passed a motion by Major (Retired) Kelly Gibson and seconded by Lt. (Retired) Chad King to reduce the suspension of benefits provision within R.S. 11: 2220(J) from 12 months to 60 days.

Motion by Major Raymond Burkart, Jr. to accept the report and recommendations of the legislative committee. Without objection, the motion carried.

G. New Business

1. Discussion and Action Regarding Nominations for Board Chair for Calendar Year 2024

Chief Chris Wilrye voted to nominate Lt. (Retired) Chad King for 2024 Board Chairman. There were no additional nominations.

Motion by Major (Retired) Kelly Gibson, seconded by Asst. Chief Jason Dimarco to accept the nomination of Lt. (Retired) Chad King as Board Chairman for 2024. Without objection, the motion carried.

2. Discussion and Action Regarding Nominations for Board Vice-Chair for Calendar Year 2024

Major (Retired) Kelly Gibson voted to nominate Chief Christopher Wilrye for 2024 Board Vice-Chairman. There were no additional nominations.

Motion by Major (Retired) Kelly Gibson, seconded by Asst. Chief Jason DiMarco to accept the nomination of Chief Wilrye as Board Vice-Chairman for 2024. Without objection, the motion carried.

3. Discussion and Action Regarding Adoption of the Calendar Year 2024 Board Meeting Schedule

The Board reviewed the proposed 2024 meeting schedule with proposed Board meetings on January 17, 2024, March 20, 2024, April 17, 2024, May 15, 2024, July 17, 2024, August 21, 2024, October 16, 2024, November 13, 2024 and December 18, 2024.

Motion by Chief Christopher Wilrye, seconded by Asst. Chief Jason DiMarco to adopt the proposed meeting schedule for calendar year 2024. Without objection, the motion carried.

4. NEPC Report on Investments (Qualifies as Investment Training)

First, David Barnes reviewed the Summary of Investment Manager Changes produced by NEPC. He stated that it provided a historical perspective regarding manager changes made since NEPC began its relationship with MPERS. He stated that since that date, the system has saved over \$3 million in fees. He added that he had looked up managers that the Board terminated over those years. He stated that by and large the decisions have been really good for the systems. He stated that some managers have since gone out of business or lost significant assets under management. Other terminated managers had poor investment performance. Many of those managers were replaced with index investments that have looked really good during that period.

He then reviewed the November 2023 flash report and provided a review of investment markets. November experienced strong positive performance based on the exuberance of investors who believe based on the Federal Reserve Chairman's comments that the Fed will be able to cut interest rates four or five times next year. Mr. Barnes stated that NEPC believes that the market may be overexuberant so they could see some pullback. The market reacted favorably to a softening jobs report, slowing wage growth figures, an

October inflation number of 3.2%, strong growth figures and an uptick in the unemployment numbers. Mr. Barnes reviewed the returns of the various asset classes over November.

Mr. Roberson asked If NEPC believes that the Federal Reserve rate hikes are done. Mr. Barnes stated that the consensus at NEPC was that, for now, rate hikes are over. The difference between NEPC and the market's reaction is in the expectations about how far the Fed is going to be able to cut rates next year. NEPC believes that the market has overestimated how much the Fed will be able to cut, especially given wage growth figures.

The total investment portfolio for MPERS ended November with approximately \$2,544,000,000. That represents net investment gains of \$138 million for the month of November, or a 5.7% return (0.90% for the Fiscal Year to Date). There were only a couple of detractors within the portfolio. LSV, the system's small cap value manager, underperformed. This was not surprising, since growth outperformed value investments. The system's overweight in real estate hurt returns as the system waits for its redemption. Finally, the allocation to Private Equity hurt returns since, without monthly valuations, the flash report reflects a 0% return for November.

Mr. Barnes stated that NEPC had some concerns about the makeup of the S&P 500 index despite the high level of recent experience. Mr. Barnes stated that the seven largest stocks within the S&P 500 index had become known as the "Magnificent Seven." Those companies have returned over 100% during the last year while the other 493 stocks have averaged a return of about 6%. The index has been dominated by those seven stocks. NEPC has recommended diversifying away from that level of concentration over the past year and a half. The system has benefited from those stocks but have owned less of them due to the diversification to the Russell 1000 Value index. The decision has been a drag on performance, but it will help if the bottom falls out on those stocks.

Mr. Roberson asked how active managers have done in that space. Mr. Barnes stated that they have not done well since most active managers worry that the "Magnificent Seven" are overvalued.

Mr. Barnes reviewed the remainder of the portfolio, stating that it performed well. With the portfolio returns in November, the total fund composite is back to positive territory through November. He then discussed the positive returns experienced by investment markets through December 12th.

5. Actuarial Comments (Qualifies as Actuarial Science Education)

Mr. Curran had no comments for the Board.

6. Executive Director & General Counsel Comments

- a. Update on Municipalities/Employers That Have Executed Amended Resolution Settlements

- b. Update on Delinquent Municipalities/Employers Including an Indication of Those That Are Currently Potentially Eligible for an Amended Resolution Settlement

Mr. Huxen referred the Board to a provided spreadsheet on municipalities with fully executed settlement agreements, calculations completed but waiting on settlement, municipalities with no eligible employees going back to January 1, 2010 per the resolution, municipalities with work in progress per the resolution, and municipalities where the system has not yet heard anything.

Mr. Huxen stated that the deadline for municipalities to enroll their currently eligible officers by December 1st had now passed. Those that did not do so by the deadline will have to be brought to the Board since they did not meet the deadline.

Mayor Cromer asked about the average size of the affected municipalities. Mr. Huxen stated that the smaller municipalities and those furthest from Baton Rouge seem to be on the list.

7. Executive Session (Under the Provisions of R.S. 42:17(A)(10) To Facilitate Privileged Communications Under La. Code Evid. Art. 506) Regarding the Following:

- a. Legal Strategy Regarding Delinquent Municipalities, Whose Failure to Enroll Eligible Police Officers Has Resulted in a Higher Employer Contribution for All Participating Municipalities and Lower Cost of Living Adjustments for Retirees and Also Deprives Police Officers and Their Families of Valuable Disability, Survivor, and Retirement Benefits
- b. Pending Litigation Involving Municipalities
 - i. Harry P. Mendoza vs. City of New Orleans, et al., Civil District Court, Orleans Parish, Number 2011-10000, Section/Division "16"
 - ii. MPERS vs. Town of Stonewall, 19th JDC, Number 688504, Section 25
 - iii. MPERS vs. Town of Killian, 19th JDC, Number 692605, Section 21
 - iv. MPERS vs. Village of Moreauville, 19th JDC, Number 723617, Section 25
 - v. City of New Orleans
 - City of New Orleans v. MPERS et al., 19th JDC, Number 724562, Section 24 Subject Matter: Leave Conversion Issues
 - City of New Orleans vs. MPERS, 19th JDC, Number 732243, Section 24 Subject Matter: Earnable Compensation

- vi. MPERS vs. Town of Cottonport, et al., 19th JDC Number 728606, Section 26
- vii. MPERS vs. Town of Simmesport, et al., 19th JDC, Number 729099, Section 32
- viii. MPERS vs. Town of Elton, et al., 19th JDC, Number 729135, Section 31
- ix. MPERS vs. Town of Greensburg, et al., 19th JDC, Number 729284, Section 26
- x. Town of Ferriday
 - MPERS vs. Town of Ferriday, et al., 19th JDC, Number 729284, Section 22 Subject Matter: Failure to Enroll Employees and Pay Contributions and Failure to Respond to Public Records Requests
 - MPERS vs. Rydell Turner, et al., 19th JDC, Number 739286, Section 21 Subject Matter: Failure to Make Partial Dissolution Payments
- xi. MPERS vs. Town of Springfield, et al., 19th JDC, Number 730012, Section 30
- xii. MPERS vs. Town of Cheneyville, et al., 19th JDC, Number 730043, Section 22
- xiii. MPERS vs. Town of Glenmora, et al., 19th JDC, Number 731063, Section 31
- xiv. MPERS vs. Town of Roseland, et al., 19th JDC, Number 731190, Section 23
- xv. MPERS vs. Village of Forest, et al., 19th JDC, Number 731317, Section 26
- xvi. MPERS vs. Town of Zwolle, et al., 19th JDC, Number 731350, Section 23
- xvii. MPERS vs. Village of Grayson, et al., 19th JDC, Number 732079, Section 32
- xviii. MPERS vs. Town of Melville, et al., 19th JDC, Number 734852, Section 25
- xix. MPERS vs. Town of Grand Coteau et al., 19th JDC, Number 734857, Section 32

- xx. MPERS vs. Paris C. Sumrall, In Her Official Capacity as Mayor for the Village of Varnado, et al., 19th JDC, Number 739462, Section 24
- xxi. MPERS vs. Jeannie Y. Richardson, In Her Official Capacity as Mayor for the Town of Gibsland, et al., 19th JDC, Number 740514, Section 22
- xxii. MPERS vs. Sherbin Collette, In His Official Capacity as Mayor for the Town of Henderson, et al., 19th JDC, Number 741228, Section 21
- xxiii. MPERS vs. Herman Williams, In His Official Capacity as Mayor for the Town of Lecompte, et al., 19th JDC, Number 741267, Section 23
- c. Discussion and Action of Proposed Settlement of Delinquent Contributions Claim Against Village of Fenton (Discussion in Executive Session)
- d. Finding of Disability for Mickey J. Basco (Pineville)

Motion by Asst. Chief Jason DiMarco, seconded by Chief Christopher Wilrye to enter executive session at 12:19 pm to discuss items listed under Item 7 on the agenda. Without objection, the motion carried.

Motion by Asst. Chief Jason DiMarco, seconded by Chief Christopher Wilrye to return to regular session at 1:09 pm. Without objection, the motion carried.

Mr. Huxen asked if any Board member had an objection to any item discussed. He then described the recommended resolution. Mr. Huxen stated that he recommended a motion and a second to do the following: Approve the second amended and restated resolution of MPERS regarding delinquent employers as presented and authorize the Executive Director to make any necessary formatting or editing changes. Approve the proposed settlement of delinquent contributions claim against the Village of Fenton as presented and authorize the Executive Director to make any necessary non-substantive edits. Approve the finding of disability for Mickey J. Basco.

Motion by Major (Retired) Kelly Gibson, seconded by Asst. Chief Jason DiMarco to approve the second amended and restated resolution of MPERS regarding delinquent employers as presented, to approve the proposed settlement of delinquent contributions claim against the Village of Fenton as presented, and to approve the finding of disability for Mickey J. Basco. Without objection, the motion carried.

H. Other Business

Major (Retired) Kelly Gibson stated that he received a call from two Morgan City officers last week complaining that some of the money from a tax passed was used to pay MPERS. They were told by the City that the UAL was increasing because MPERS was suing so many municipalities and that the system had a \$400 million loss on one

investment. Major (Retired) Gibson stated that neither of those assertions were true but wanted to pass along the conversation for the Board's information. Mr. Huxen commented that the lawsuits would actually lower contribution rates and that, after significant gains in 2021, all of the systems experienced losses the following year, but that there was nothing associated with one investment.

There was no other business to come before the board.

I. Adjourn

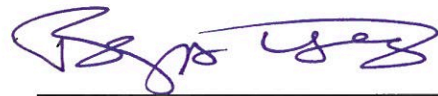
Chairman King recognized the meeting adjourned at 1:58 p.m.

Next Meeting Date: January 17, 2024. Baton Rouge, Louisiana.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held on December 13, 2023.



Lt. (Retired) Chad King, Chairman



Ben Huxen,
Executive Director and General Counsel