



Louisiana State Police Retirement System

Board Meeting Minutes

Meeting Title	Louisiana State Police Retirement System Board Meeting
Date of Meeting	October 24, 2018
Where	9224 Jefferson Hwy, Baton Rouge, LA 70809
Start Time	1:30 p.m.

- 1) Shelley Sebastian, Assistant Director, called roll as follows:

Commissioner Jay Dardenne, Div. Of Administration, Appearing Thru
Andrea Hubbard, Designee for DOA Commissioner, PRESENT
Col. Kevin Reeves, Superintendent, Office of State Police, Appearing Thru
Frank Besson, Designee for Superintendent, PRESENT
John Schroder, State Treasurer, Appearing Thru
Amy Mathews, Designee for State Treasurer, PRESENT
Rep. Sam Jones, House Retirement Committee, PRESENT
Byron Juneau, President, Central State Troopers Coalition, PRESENT
Kevin Marcel, Active Representative, Vice Chairman, PRESENT
Sen. Barrow Peacock, Senate Retirement Committee, NOT PRESENT
Doris Prudhomme, Surviving Spouse Representative, PRESENT
Jay O'Quinn, LSTA President, PRESENT
Baxter Welch, Retiree Representative, PRESENT
Hackley Willis, Jr., Active/Retired Representative, PRESENT

The records reflect that the following persons were also present:

Denise Akers, Attorney	Samuel James, Trooper
Racheal Alvey, Griffin & Furman, LLC	Senora James, Spouse
Mike Caparotta, Hientz & Macaluso, CPA	Robin Landa, UBS/Paine Webber
Greg Curran, G.S. Curran & Co.	Shelley Sebastian, Administrative Asst.
Irwin L. Felts, Jr., Executive Director	Jason Starnes, Lt. Col., State Police
Kimberly Gann, Assistant Director	

- 2) Chairman Frank Besson opened the meeting with the pledge of allegiance. The prayer was led by Irwin L. Felts, Jr.

No public comments

- 3) Irwin Felts reviewed the August 22, 2018 Board Minutes referencing Item 3, advising the board members that the monthly payroll increased \$600k due to the increase in retirements, Item 5, the Experience Study as of June 30, 2018 presented by Greg Curran with G.S. Curran & Co.-The Experience Study is required by statute to review the past plan experience in determining the actuarially required contributions every five years.

A **MOTION** was made by Jay O'Quinn to approve the Board minutes of August 22, 2018. The **MOTION** was seconded by Hackley Willis. No opposition. The motion passed. (**Exhibit A Attached**)

- 4) Kevin Marcel and Irwin Felps reviewed the September 26, 2018 Investment Committee minutes with the board. Kevin Marcel discussed Item 4, the presentations from two LSPRS Real Estate managers, JPMorgan Strategic Property Fund and Prudential (PRISA) and the final presentation from Portfolio Advisors, Private Equity manager. Irwin Felps reviewed the current "Watch List". The following managers on the "watch list": Iridian, Vontobel, Brandes and Campbell. Mr. Felps advised the board that Brandes and Iridian will have presentations at the November 28, 2018 Investment Committee meeting.

A **MOTION** was made by Amy Mathews to approve the Investment Committee Minutes of September 26, 2018. The **MOTION** was seconded by Hackley Willis. No opposition. The motion passed. **(Exhibit B Attached)**

- 5) Robin Landa, UBS/Paine Webber reviewed the Asset Allocation as of September 30, 2018. Ms. Landa pointed out the total fund is \$882,622,880. The total equities are \$573,001,537 which is 64.9% of the portfolio, Fixed Income is \$154,981,154 or 17.6% of the portfolio and total alternatives are \$116,475,568 or 13.2% of the portfolio. As of 9/30/18 the fund is down -0.03% for the current month, up 4.23% year to date and up 2.66% for the fiscal year to date. **(Exhibit C Attached)**

Mr. Felps asked Ms. Landa about re-balancing. Ms. Landa stated she has discussed this with Rob Bickham and they suggest remaining as is for now and will review at the end of the year.

- 6) Kim Gann presented the 2019 Board and Committee Meeting Schedule for 2019. Ms. Gann did point out that the November 27, 2019 Investment Committee meeting is the Wednesday before Thanksgiving. **(Exhibit D Attached)** Chairman Besson discussed with the board members and it was decided to move this meeting to December 4, 2019.

A **MOTION** was made by Byron Juneau to approve the 2019 Board & Committee Meeting schedule and to change the November 27, 2019 Investment Committee meeting to December 4, 2019. The **MOTION** was seconded by Hackley Willis. No opposition. The motion passed.

- 7) Irwin Felps, Jr. presented the Budget Proposal, year ending June 30, 2020. **(Exhibit E Attached)**

A **MOTION** was made by Jay O'Quinn to approve the Budget Proposal for year ending June 30, 2020. The **MOTION** was seconded by Doris Prudhomme. No Opposition. The motion passed.

- 8) Kim Gann presented the Education Report that shows the credits each member has received. Ms. Gann presented the September 1, 2017 thru August 31, 2018 report, which is required to be sent to the Legislature, and the current report dated September 1, 2018 thru August 31, 2019. **(Exhibit F Attached)**

- 9) Rachel Alvey reviewed the Cash Disbursement for the month ending August 31, 2018 and month end September 30, 2018. Ms. Alvey then presented the Statement of Fiduciary Net Position as of September 30, 2018 and Budget Summary as of September 30, 2018. **(Exhibit G Attached)**

A **MOTION** was made by Jay O'Quinn to approve the Financial Reports provided by Griffin & Furman, LLC. The **MOTION** was seconded by Kevin Marcel. No opposition. The motion passed.

- 10) A **MOTION** was made by Kevin Marcel to accept the Benefit Change Report, Retirement/DROP approvals and the elimination/awarding benefit to spouse/children. The **MOTION** was seconded by Hackley Willis. No opposition. The motion passed. **(Exhibit H Attached)**

- 11) Mike Caparotta, Hientz & Macaluso, LLC, presented the 2018 Audit Report. Mr. Caparotta reported the following opinions; **(Exhibit I Attached)**

Audit Opinion, the financial statements present fairly, in all material respects, the fiduciary net position and changes in fiduciary net position of the System in accordance with accounting principles generally accepted in the United States of America

Internal Control, no matters involving internal control that are required to be reported

Compliance with Laws and Regulations, no instances of noncompliance that is required to be reported herein under Government Auditing Standards

A **MOTION** was made by Jay O'Quinn to approve the 2018 Audit performed by Hientz & Macaluso, LLC. The **MOTION** was seconded by Kevin Marcel. No opposition. The motion passed.

- 12) Greg Curran, G.S. Curran & Co., presented the 2018 Actuarial Report. The summary of valuation results are as follows:

	<u>6/30/18</u>	<u>6/30/17</u>
Unfunded Actuarial Accrued Liability	\$292,799,239	\$287,782,158
Experience Account	\$ 1,957,062	\$ 5,260,562
Ratio of AVA to Actuarial Accrued Liability	74.34%	72.97%
Market Rate of Return (Excluding DROP funds)	9.40%	14.62%
Actuarial Rate of Return (Excluding DROP funds)	8.22%	8.23%
Non-Money Market DROP Account Interest	7.72%	7.73%

Minimum Recommended net Direct Employer Contribution Rate:

Fiscal 2020, 49.1% **Fiscal 2019, 43.1%**

Comments on Actuarial Methods and Assumptions;

Since this valuation indicates that the funded ratio of the plan (based on the actuarial value of assets) will exceed 70%, such amortization periods for new amortization bases beginning with the fiscal 2018 valuation will be twenty years as specified in the statutes.

The system's Experience Account is funded by 50% of any investment gains above \$5,000,000 (adjusted pro-rate for increases in the Actuarial Value of Assets) subject to the limits on the account value. In addition, each year the balance in the account is credited with investment earnings or debited with investment losses, shown in this report as the rate of return on the Actuarial Value of Assets. The balance in the account cannot exceed the reserve necessary to grant one (two if the system is funded 80% or greater) cost-of-living adjustment (or permanent benefit increase) as otherwise authorized by law. Any funds credited to the Experience Account reduce, or offset, those allocated to the Investment Gain/Loss Experience base.

The actuarial rate of return is presented for comparison to the assumed long-term rate of return of 7.00% for Fiscal 2018. DROP accounts that are credited with earnings based on the actual rate of return of the system should be credited with 7.72%.

Kim Gann confirmed with Mr. Curran that the Employer rate will be 49.1% and the DROP Interest will be 7.72%. Ms. Gann expressed her concern about posting the DROP Interest before the PRSAC Committee meets. Mr. Curran stated he feels confident with moving forward and posting the DROP Interest but would send the details to Jim Rizzo at the Legislative Actuary and have them approved. Mr. Curran will let Ms. Gann know when these numbers are approved. **(Exhibit J Attached)**

A **MOTION** was made by Kevin Marcel to accept the 2018 Actuarial Report. The **MOTION** was seconded by Amy Mathews. No opposition. The motion passed.

13) Other Business:

Kim Gann asked the board members to approve an update to LSPRS' personnel policy, giving the Director or Assistant Director the authority to allow an employee to use annual leave in the event they deplete their sick leave. **(Exhibit K Attached)**

Andrea Hubbard stated these are the guidelines of Civil Service and Dept. of Administration.

A **MOTION** was made by Kevin Marcel to approve the update of LSPRS' Personnel policy. The updated policy would give authority to the Director or Assistant Director to authorize an employee to use Annual leave in the event they deplete their Sick leave. The **MOTION** was seconded Jay O'Quinn. No opposition. The motion passed.

14) A **MOTION** was made by Jay O'Quinn to adjourn. The **MOTION** was seconded by Byron Juneau. No opposition. The motion passed.

APPROVED FOR DISTRIBUTION

Frank Besson, Chairman
Louisiana State Police Retirement System
Board of Trustees

A **MOTION** was made by Kevin Marcel to accept the 2018 Actuarial Report. The **MOTION** was seconded by Amy Mathews. No opposition. The motion passed.

13) Other Business:

Kim Gann asked the board members to approve an update to LSPRS' personnel policy, giving the Director or Assistant Director the authority to allow an employee to use annual leave in the event they deplete their sick leave. **(Exhibit K Attached)**

Andrea Hubbard stated these are the guidelines of Civil Service and Dept. of Administration.

A **MOTION** was made by Kevin Marcel to approve the update of LSPRS' Personnel policy. The updated policy would give authority to the Director or Assistant Director to authorize an employee to use Annual leave in the event they deplete their Sick leave. The **MOTION** was seconded Jay O'Quinn. No opposition. The motion passed.

14) A **MOTION** was made by Jay O'Quinn to adjourn. The **MOTION** was seconded by Byron Juneau. No opposition. The motion passed.



Frank Besson, Chairman
Louisiana State Police Retirement System
Board of Trustees