



Louisiana State Police Retirement System (LSPRS)

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Board Meeting Minutes

Meeting Title	LSPRS Board Meeting
Date of Meeting	June 23, 2021 (Wednesday)
Where	9224 Jefferson Hwy, Baton Rouge, LA (Dr. Bobby E. Smith Boardroom)
Start Time	1:30 p.m.

1) Vice-Chairman, Kevin Marcel opened the meeting with the Pledge of Allegiance followed by a prayer led by Kevin P. Reed. No public comments.

2) Wendy Ingram, Administrative Assistant, called roll as follows:

Colonel Lamar Davis, Superintendent, Office of State Police, Appearing Through
Frank Besson, Designee for Superintendent, NOT PRESENT

Commissioner Jay Dardenne, Division of Administration, Appearing Through
Andrea Hubbard, Designee for DOA Commissioner, PRESENT

Representative Lance Harris, NOT PRESENT

Byron Juneau, President, Central State Troopers Coalition, PRESENT

Kevin Marcel, Active Representative, Vice-Chairman, PRESENT

Senator Ed Price, Chairman, Senate Retirement Committee, NOT PRESENT

Doris Prudhomme, Surviving Spouse Representative, PRESENT

Jay O'Quinn, LSTA President, PRESENT

Treasurer John Schroder Appearing Through

Amy Mathews, Designee for State Treasurer, PRESENT

Walter W. Smith, Retiree Representative, PRESENT

Hackley Willis, Jr., Active/Retired Representative, PRESENT

The records reflect that the following persons were also present:

Denise Akers, General Counsel, Akers & Wisbar

Rob Bickham, UBS/PaineWebber

Claire Guidry, Retirement Benefits Analyst

Robin Landa, UBS/PaineWebber

Kevin P. Reed, Executive Director

Racheal Alvey, Griffin & Co., LLC

Greg Curran, Actuary, GS Curran & Assoc

Wendy Ingram, Administrative Assistant

Margaret Michel, Assistant Director

3) A **MOTION** was made by Amy Mathews to approve the Board Minutes from the April 28, 2021 Board Meeting. The motion was seconded by Jay O'Quinn. No opposition. The motion passed (**See Exhibit A-attached**).

A **MOTION** was made by Walter Smith to approve the Investment Committee Minutes from the May 26, 2021 Investment Committee. The motion was seconded by Jay O'Quinn. No opposition. The motion passed (**See Exhibit B-attached**).

- 4) Robin Landa, UBS/PaineWebber, presented the Board with the Flash Report, Asset Allocation and Markets Value and Returns Summary as of May 31, 2021 **(See Exhibit C-attached)**. Ms. Landa stated that May has been a good month even though a couple of the money managers are over-allocated due to performance. She noted the total equities of \$758,200,675 were above max target at 66.5%, the total fixed income of \$216,517,119 was slightly below target at 19.0%, the total alternatives were at \$140,987,681, slightly below target at 12.4%, the total cash was on target at \$24,100,422 and the month ended with a total fund value of \$1,139,805,897.

Kevin P. Reed, Executive Director of LSPRS, stated that the Flash Report Ms. Landa was referring to was as of May 31, 2021. Since that time, there has been some rebalancing and Mr. Reed has reduced the portfolio's equity position. As of yesterday, June 22, 2021, the investment portfolio held a position of 63.3% in overall equities, fixed income is 21%, alternatives are 12.3%, and C&E is 3.1% of the total portfolio. There is an anticipated relatively significant level of retirement related payments to be made this month, while \$15M of the C&E is allocated to be invested in alternative investments. Additional reduction in our equity position may take place next month, after we review the June end-of-month positions.

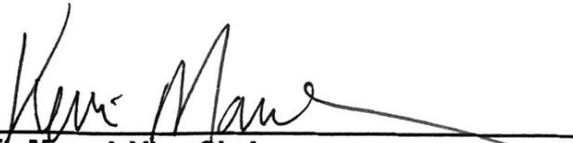
Ms. Landa spoke about the Market Value and Returns Summary stating it has been a good month, while drawing the Board's attention to the Fiscal Year To Date column. The current month showed some underperformance by a few managers, with the total domestic equity managers down 0.14%, the total international up over 3.06% and all total equity managers up 0.84%, while up 43.59% for the FYTD period. Fixed income went well for the month and was up 0.64% and up 4.64% FYTD, with the total fund's market value being \$1,139,805,897. Robin then directed the Board to view the chart showing the Source of Portfolio Growth as of May 31, 2021, reflecting the charted growth from 1990 **(See Exhibit D-attached)**.

Rob Bickham, UBS/PaineWebber added that he feels this has been the best year to date performance he has seen in the 25-30 years he has been working with LSPRS. He also added that the fiscal year should end on a good note assuming nothing negative happens in the next week or so.

- 5) Kevin P. Reed, Executive Director, directed the Board to view the rebalancing update which shows what was planned and what has been done towards rebalancing in June. The report shows \$11,300,00 each of T. Rowe Price and SSGA have been sold along with \$8,000,000 each of IVY and Fisher have been sold. Mr. Reed stated that he redeployed \$15,200,000 into Brandywine fixed income and \$15,200,000 into Loomis Sayles fixed income. The residual \$8,200,000 coming out of equities went to the money market funds. With this rebalancing being completed, there is approximately \$35M in short-term liquidity with approximately \$15M allocated for alternative investments. Mr. Reed stated that another rebalancing may be done around the middle of July **(See Exhibit E-attached)**.
- 6) Kevin P. Reed, Executive Director, brought the Board's attention to the chart showing Empower's change in fund lineup **(See Exhibit F-attached)**. Mr. Reed reminded the Board that when a trooper/retiree rolls their money from DROP, BackDROP or excess leave over to Empower, LSPRS is still the trustee of those accounts and needs to keep an eye on them. Empower has decided to collapse some of their fund complex, consolidate funds and target date funds into their balance funds. Mr. Reed has asked Empower to contact the two retirees effected by this change to discuss the implications of the changes to these funds and provide the retired member with alternate investment options.

- 7) Kevin P. Reed, Executive Director discussed the Blackstone Strategic Partners IX Fund (BSSPIX) information provided to the Board (**See Exhibit G-attached**). After looking at other potential investments, (reviewed during prior meeting) in comparison, he is comfortable with the prospective BSSPIX Fund, and Blackstone is an entity we are already familiar with. Rob Bickham added that Blackstone has a good 20-year history, their Net IRR is 15%, it is a secondary fund, thus, avoiding the adverse aspects of the 'J Curve' effect. Mr. Bickham feels that investing in the BSSPIX Fund is appropriate. A **MOTION** was made by Jay O'Quinn to give Kevin P. Reed, Executive Director, the authority to enter into an agreement with Blackstone Strategic Partners Fund IX for \$10M, pending contract negotiations. The motion was seconded by Hackley Willis. No opposition. The motion passed.
- 8) Racheal Alvey, Griffin & Co., LLC presented the Cash Disbursements for the month ending April 30, 2021, noting there were two quarterly investment fees paid with an ending total of \$166,259.79. Ms. Alvey then reviewed the Cash Disbursements for the month ending May 31, 2021, with ending total of \$206,074.32 noting two refunds of contributions at the top of the report and one transfer shown in the middle of the report. Ms. Alvey then presented the Statement of Fiduciary Net Position for the month of May 2021 noting the ending balance of \$1,139,082,669. Next, Ms. Alvey presented the Statement of Changes in Fiduciary Net Position for the eleven months ending May 31, 2021, noting the Total Revenues YTD of \$315,165,281.09 and Total Expenses YTD of \$67,786,653.63 bringing the Net Increase to \$247,378,627.45. Ms. Alvey directed the Board to the Budget Summary for the eleven months ending May 31, 2021, noting the dates of April 30, 2021, on the second and third columns are incorrect and should be May 31, 2021. Ms. Alvey focused on the last column titled (Over) Under Budget stating the main changes were in salaries and a Total Operating Budget of \$2,949,542. (**See Exhibit H-attached**). A **MOTION** was made by Amy Mathews to accept the financial report. The motion was seconded by Walter Smith. No opposition. The motion passed.
- 9) Margaret C. Michel, Assistant Director, directed the Board to view the revised budget which was approved by the Joint Legislative Committee on the Budget on June 4, 2021. Ms. Michel noted that several of the changes shown are due to recategorizing the budget, so LSPRS is in alignment with how the other retirement systems are submitting their budget. (**See Exhibit I-attached**). Notable expense items are the recent tree removal and the double encumbrance of the Assistant Director's salary, as well as, moving Investment Consultant Fees from Professional Services to Management Fees. A **MOTION** was made by Jay O'Quinn to accept the financial report. The motion was seconded by Amy Mathews. No opposition. The motion passed.
- 10) Claire Guidry, Retirement Benefits Analyst, presented information on the Retirement Accounting System Programming by EXIGO for the PBI 1X Non-Recurring Benefit Payments, Shared Benefits, Deductions and Tax Treatment. (**See Exhibit J-attached**) Ms. Guidry walked through the many scenarios of determining which specific members are eligible for the PBI payment. She then explained how LSPRS staff has been working with EXIGO to implement much needed changes in programming which were discovered while retrieving information for members who may be eligible for the PBI 1X Non-Recurring Benefit Payments in August 2021. These programming updates will make information retrieval much easier and precise. Kevin P. Reed, Executive Director, added the cost of reprogramming will be approximately \$4,000.
- 11) Denise Akers, General Counsel, Akers & Wisbar, reviewed the Laws of the System/Rules and Regulations for the Board. Ms. Akers touched on several topics including Terms of Office, Open Meetings Law, Minutes, Executive Session, Powers of the Board, Fiduciary Obligations as well as Robert's Rules of Order. (**See Exhibit K-attached**) *1 Hour Educational Credit for Trustees.

- 12) A **MOTION** was made by Jay O'Quinn to approve the Benefits Change Report, in globo. The motion was seconded by Hackley Willis. No opposition. The motion passed (**See Exhibit L-attached**).
- 13) Margaret C. Michel, Assistant Director, provided an update on legislation affecting LSPRS which passed during the 2021 Regular Session (**See Exhibit M-attached**). Ms. Michel advised the trustees that all bills listed have successfully made in through the legislative process and have their related ACT numbers on the report except for HB24 which became ACT 249.
- 14) Margaret C. Michel, Assistant Director, discussed policy updates including Rewards and Recognition of Employees, Payment of Excessive Leave to Disability Retirees, Purchase of Accrual Rate on Transferred Time, Aire time Purchase and the Longevity Benefit for Survivors of members Killed in the Line of Duty by Intentional Act of Violence. (**See Exhibit N-attached**) A **MOTION** was made by Walter Smith to approve the seven (7) policies In Globo. The motion was seconded by Amy Mathews. No opposition. The motion passed.
- 15) In other business, Kevin Reed, Executive Director, updated the Board with the status of the tree removal on the LSPRS property located at 9224 Jefferson Highway, Baton Rouge, Louisiana. Mr. Reed noted the target date of July 12, 2021, for removal by Bofinger. Also, the pear trees have been removed and the building has had a sky-line cut to stop the tree limbs from touching and damaging the gutters. Mr. Reed also mentioned that after a recent storm, several shingles were found on the ground and, after an inspection by Garcia Roofing, it was discovered that damage had occurred to the ridge cap, which loosened the shingles enough to be blown off. The estimate for repair is approximately \$1,100 and repairs are not covered by insurance. Mr. Reed also noted that, internally, there will be some upcoming computer and technology related purchases. Margaret C. Michel, Assistant Director, provided the Board with an update on the required educational training for trustees. She also provided information on the upcoming LAPERS conference dates for anyone interested in attending (**See Exhibit O-attached**).
- 16) A **MOTION** was made by Amy Mathews to adjourn the meeting. The motion was seconded by Jay O'Quinn. No opposition. The motion passed.



Kevin Marcel, Vice-Chairman
Louisiana State Police Retirement System
Board of Trustees