



Louisiana State Police Retirement System (LSPRS)

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Board Meeting Minutes

Meeting Title	LSPRS Board Meeting
Date of Meeting	February 15, 2023 (Wednesday)
Where	9224 Jefferson Hwy, Baton Rouge, LA (Dr. Bobby E. Smith Boardroom)
Start Time	1:30 p.m.

- 1) Chairman, Frank Besson called the meeting to order.
- 2) Frank Besson led the Pledge of Allegiance followed by a prayer led by Alan Verhoef, LSPRS Board member.
- 3) Gretchen Marquez, Administrative Program Specialist, called roll as follows:

Colonel Lamar Davis, Superintendent, Office of State Police, Appearing Through
Frank Besson, Designee for Superintendent, PRESENT
Commissioner Jay Dardenne, Division of Administration, Appearing Through
Andrea Hubbard, Designee for DOA Commissioner, PRESENT
Representative Vanessa LaFleur, Representing the House Committee on Retirement,
PRESENT
Chris LeDay, President, Central State Troopers Coalition, NOT PRESENT
Kevin Marcel, Retired/Active Representative, Vice-Chairman, PRESENT
Senator Ed Price, Chairman, Senate Retirement Committee, Appearing Through
Representative Cleo Fields, Designee for Senator, NOT PRESENT
Doris Prudhomme, Surviving Spouse Representative, NOT PRESENT
Treasurer John Schroder, Appearing Through
Amy Mathews, Designee for State Treasurer, PRESENT
Walter W. Smith, Retiree Representative, PRESENT
Hackley Willis, Jr., LSTA President, PRESENT
Alan Verhoef, Active Representative, PRESENT

The record reflect that the following persons were also present:

Rob Bickham, Rob Bickham, UBS Institutional Consulting (via Zoom)
Gregory Curran, Actuary, G.S Curran & Co
Racheal Alvey, Griffin & Furman, LLC
Margaret Michel, LSPRS Executive Director
Denise Akers, General Counsel, Akers & Wisbar
Gretchen Marquez, LSPRS Administrative Program Specialist
Joey David – House Retirement Staffer
Rich Massingill, Empower Advisory Group, LLC
Shannon Dyse, Empower Advisory Group, LLC

- 4) A **MOTION** was made by Kevin Marcel to nominate Frank Besson as the 2023 LSPRS Board's chairman. The motion was seconded by Hackley Willis. No opposition. The motion passed.
- 5) A **MOTION** was made by Frank Besson to nominate Kevin Marcel as the 2023 LSPRS Board's

vice-chairman. The motion was seconded by Hackley Willis. No opposition. The motion passed.

- 6) Frank Besson stated that the 2023 Executive Committee members will stay the same as 2022. The Executive Committee members appointed are Frank Besson, Kevin Marcel, and Hackley Willis.

Mr. Besson state that the 2023 Investment Committee appointed members will be Frank Besson, Andrea Hubbard, Amy Mathews, Alan Verhoef, and Representative Vanessa LaFleur.

- 7) A **MOTION** was made by Kevin Marcel to approve the Board Minutes from the October 26, 2022, Board Meeting. The motion was seconded by Alan Verhoef. No opposition. The motion passed. **(See Exhibit A - attached)**

A **MOTION** was made by Andrea Hubbard to approve the Executive Committee Minutes from the January 11, 2023, Executive Committee Meeting. The motion was seconded by Hackley Willis. No opposition. The motion passed. **(See Exhibit B - attached)**

A **MOTION** was made by Amy Mathews to approve the Investment Committee Minutes from the January 25, 2023, Investment Committee Meeting. The motion was seconded by Hackley Willis. No opposition. The motion passed. **(See Exhibit C - attached)**

A **MOTION** was made by Hackley Willis to approve the Executive Committee Minutes from the February 2, 2023, Executive Committee Meeting. The motion was seconded by Amy Mathews. No opposition. The motion passed. **(See Exhibit D - attached)**

- 8) Rob Bickham, UBS/PaineWebber, presented the Board with the Asset Allocation and Markets Value and Returns Summary as of December 31, 2022. **(See Exhibit E - Attached)** The total equities had a market value of \$593,536,419 equating to 60.1% of the portfolio, the total fixed income of \$178,130,265 being 18.0%, was slightly above the 16.0% target. The total alternative investments were \$188,956,075, being 19.1% of the portfolio, which is slightly below the 19.5% target, and total cash of 2.8% at \$27,591,185, which was slightly above the 2.0% target, and the month ended with a total fund value of \$988,213,944.

Mr. Bickham directed the Board to view the Market Value and Returns Summary as of December 31, 2022. **(See Exhibit F - Attached)** He noted that for the current month column, all investments had a negative return. However, looking at the Quarter-To-Date column, the fourth quarter had very positive returns. Mr. Bickham stated that the returns for the calendar year-to-date column also had very negative numbers, not including the reasonable returns for real estate and energy. Overall, the total fund during the fourth quarter was up 5.29% and the fiscal year-to-date was 0.51%. Mr. Bickham stated that, after January 2023, the fund is probably up 3-5% and we will see if those numbers hold.

Rob Bickham presented the committee with the UBS House View Presentation – Chief Investment Office GWM, February 2023. Mr. Bickham started by focusing on the “Quilt chart” of select asset classes’ calendar year performance. **(See Exhibit G - Attached)** For 2022, he stated that US municipal bonds ranked the best during the calendar year even though it was at -8.5%. For 2022, LSPRS’ 60/40 portfolio was -15.0%. Mr. Bickham noted that there was never a year that the highest and second-highest return were negative until the year 2022. Those negative returns are a result of the Federal reserve increasing the Fed fund rate from 0% to 4.5%. It is believed that the Fed fund rate will get to 5.0% by April 2023.

Focusing on page 9 of the House View, Mr. Bickham noted various percentages of US stocks and bonds with their respective drawdowns that are current compared to drawdowns in 1945. He noted that, in 2022, 100% US bonds had the same drawdown that occurred in 1945. Last year was the worst year in the bond market going back to 1945. **(See Exhibit H - attached)**

Going forward for 2023, it is forecasted real GDP growth is expected to slow down and only have a 0.6 growth rate. The reason for this is the lag of impact of Feds raising rates, which caused raising interest rates and mortgage rates. The impact will be felt more in the first and second quarter of 2023. **(See Exhibit I - attached)**

Focusing on the Central Scenario, Mr. Bickham noted that he believes inflation will continue to slow and the Feds will complete their rate hiking cycle by the first half of this year. The US may enter a mild recession in the second half of 2023. On a positive note, China reaccelerates economic activity starting in the second quarter of this year. Overall, Mr. Bickham believes the market will remain volatile and it is possible that the equity markets will trade down in the next six months. However, the S&P and the equity markets may finish the year where they currently are now due to the market being ahead of itself now. **(See Exhibit J - attached)**

- 9) Racheal Alvey, Griffin & Co., LLC, presented the Cash Disbursements for the months ending October 31, 2022, November 30, 2022, and December 31, 2022. The total disbursement for October was \$160,176.52 due to a Loomis consulting fee and a UBS quarterly fee. Ms. Alvey noted that there was nothing unusual during November and the total disbursement was \$60,341.14. For December, it was a three pay-period month and the total disbursement was \$67,904.06. **(See Exhibit K - attached)**

Ms. Alvey then reviewed the Statement of Fiduciary Net Position/Balance Sheet for the month ending December 31, 2022, noting cash held in the bank was \$2,030,815, and Total Investments was \$987,771,996. Total Liabilities were at \$3,414,989 bringing the Net Position to \$988,551,777. The Statement of Changes in Fiduciary Net Position/Income Statement was reviewed next. Ms. Alvey focused on the Fiscal Year-To-Date column with Total Revenues were at \$36,466,035.15. The Total Expenses were at \$43,789,047.49, bringing the Net Income to -\$7,323,012.34, which was largely related to the unrealized gain/loss with investments . **(See Exhibit L - Attached)**

Ms. Alvey reviewed the Budget Summary for three months ending December 31, 2022, focusing on the last column, Over/Under Budget. Ms. Alvey stated that the Salaries row should reflect under budget at \$141,497 as opposed to the \$70,749 shown on the summary. Ms. Alvey stated we were under budget for every category, bringing our Total Operating Budget under budget at \$587,825. **(See Exhibit M - Attached)**

A **MOTION** was made by Representative Vanessa LaFleur to accept the financial reports. The motion was seconded by Amy Mathews. No opposition. The motion passed.

- 10) Shannon Dyse and Rich Massinghill with Empower Advisory Group, LLC, presented a PowerPoint presentation to review the offerings they provide to retirees. Empower Advisory Group is a third-party provider for LSPRS when a member retires with DROP money. The member is able to roll his/her DROP money to Empower tax deferred. **(ADD ATTACHEMEND OF POWERPOINT)**
- 11) Margaret Michel presented the Board with a 2023 legislative update. It is a tax year which does tend to lead to less retirement bills. Currently, the House has 27 bills filed and the Senate has 9 bills filed. None of those bills are retirement bills. The pre-file deadline for retirement is February 24, 2023. We will expect to see any retirement bills by that date. Senator Price has agreed to author a bill for the four State retirement systems for a change to our COLA mechanism. When the bill is filed, Ms. Michel will forward it to everyone on the Board. The Senate will improve upon the bill. The Executive committee has already moved to support this legislation **(See Exhibit N - Attached)**
- 12) A **MOTION** was made by Hackley Willis to **enter** Executive Session. The motion was seconded by Amy Mathews. No opposition. The motion passed.

A **MOTION** was made by Representative Vanessa LaFleur to **exit** Executive Session. The motion was seconded by Kevin Marcel. No opposition. The motion passed.

A **MOTION** was made by Hackley Willis to hire Doug Hanly as the Chief Investment Officer at a salary of \$130,000 with a reimbursement of moving expenses up to \$15,000. In addition to that motion, Mr. Willis asks for the Executive Director to research the reimbursement expense amount allowable by the auditor's office. The motion was seconded by Walter Smith. No opposition. The motion passed.

13) A **MOTION** was made by Hackley Willis to approve the Benefits Change Report, in globo. The motion was seconded by Alan Verhoef. No opposition. The motion passed. **(See Exhibit O - Attached)**

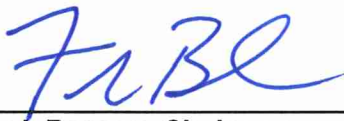
14) In other business, Ms. Michel directed the Board to view the Policy and Procedures manual in the back of their binders. The updated manual is reorganized by subject matter and numbered where items can be found easily. There are track changes in the manual on anything that was moved from one policy to another. There is a policy on fraternization added to the manual. Ms. Michel asked the Board to review the manual and ask questions if they have any. The new manual is scheduled to be adopted at the next board meeting.

15) Ms. Marquez directed the Board to view the created records retention schedule. The records retention schedule was created in accordance with state law and will allow for paper records to be shredded in their given time. The long-range goal is to scan old off-site records and then submit those paper records to State Archives so we can shred paper files and minimize our off-site storage costs. **(See Exhibit P -Attached)**

A **MOTION** was made by Kevin Marcel to accept the new records retention schedule. The motion was seconded by Representative Vanessa LaFleur. No opposition. The motion passed.

16) Ms. Marquez directed the Board to view the educational training sheet that showed the current hours of each board member. She mentioned that if any member believes they should have more hours than listed, to contact her with the hours and certifications. The Empower presentation today that members signed in for will also count for one investment hour. Ms. Michel mentioned that any other applicable Board meetings at other Systems can also count for hours. Ms. Michel also mentioned that ethics training also does count for training so members should send those certificates in as well.

17) A **MOTION** was made by Hackley Willis to adjourn the meeting. The motion was seconded by Amy Mathews. No opposition. The motion passed.



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