



Louisiana State Police Retirement System (LSPRS)

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Board Meeting Minutes

Meeting Title	LSPRS Board Meeting
Date of Meeting	August 25, 2021 (Wednesday)
Where	9224 Jefferson Hwy, Baton Rouge, LA (Dr. Bobby E. Smith Boardroom)
Start Time	1:30 p.m.

1) Chairman, Frank Besson opened the meeting inviting Jay O'Quinn to lead the Pledge of Allegiance followed by a prayer led by Kevin P. Reed. No public comments.

2) Braelyn Leggett, Administrative Assistant, 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 Lance Harris, NOT PRESENT
- Byron Juneau, President, Central State Troopers Coalition, NOT PRESENT
- Kevin Marcel, Active Representative, Vice-Chairman, NOT 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, NOT PRESENT

The records reflect that the following persons were also present:

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| Denise Akers, General Counsel, Akers & Wisbar | Racheal Alvey, Griffin & Co., LLC |
| Greg Curran, Actuary, GS Curran & Assoc | Claire Guidry, Retirement Benefits Analyst |
| Wendy Ingram, Administrative Assistant | Robin Landa, UBS/PaineWebber |
| Margaret Michel, Assistant Director | Kevin P. Reed, Executive Director |
| Braelyn Leggett, Administrative Assistant | Joey David, House Committee on Retirement |

3) A **MOTION** was made by Amy Mathews to amend the agenda to add two items after the Approval of Benefits Change Report. The items will be discussed in Executive Session. The first item to be discussed was the beneficiary medical records and the second was an update and discussion of pending litigation regarding the Sebastian suit. The motion was seconded by Andrea Hubbard. No opposition. The motion passed (**See Exhibit A-attached, original agenda; and Exhibit A1-attached, revised agenda**).

A **MOTION** was made by Amy Mathews to approve the minutes from the June 23, 2021, Board meeting. The motion was seconded by Andrea Hubbard. No opposition. The motion passed (**See Exhibit B-attached**).

A **MOTION** was made by Amy Matthews to approve the minutes from the July 14, 2021, Executive Committee meeting. The motion was seconded by Doris Prudhomme. No opposition. The motion passed (**See Exhibit C-attached**).

A **MOTION** was made by Amy Matthews to amend and adopt the minutes from the July 28, 2021, Investment Committee meeting, to reflect Kevin Marcel as the meeting chairman. The motion was seconded by Jay O'Quinn. No opposition. The motion passed (**See Exhibit D-attached**).

- 4) Kevin P. Reed, Executive Director, discussed with the Board the LSPRS Cash Flows and LSPRS Net Cash Flow as a Percentage of the Investment Portfolio (**See Exhibit E-attached**). The DMV changed the renewal of licenses from two years to four years. This showed a considerable reduction in the amount of contribution to the retirement system. Over the last three years, there has also been a decrease in the number of active state troopers which has resulted in a reduction in the level of contributions. The net cash flow went from positive to negative, at about negative - 2.0% per year.
- 5) Racheal Alvey, Griffin & Co., LLC presented the Cash Disbursements for the month ending June 30, 2021. Ms. Alvey reviewed the Cash Disbursements for the month ending June 30, 2021, with an ending total of \$78,592.42. Ms. Alvey then presented the Statement of Fiduciary Net Position for June 2021, having the ending balance of \$1,147,726,915. (**see Exhibit F-attached**). Next, Ms. Alvey presented the Statement of Changes in Fiduciary Net Position for the twelve months ending June 30, 2021, noting the Total Revenues YTD of \$331,579,003.76 and Total Expenses YTD of \$75,556,161.12, bringing the Net Increase to \$256,022,842.64. Ms. Alvey noted the Net Position at the end of June 30, 2021, was \$1,147,726,914.59.

Ms. Alvey directed the board to the Budget Summary for the twelve months ending June 30, 2021. Ms. Alvey focused on the third and fourth columns titled Actual for the Twelve Months ending June 30, 2021, and the (Over) Under Budget. Ms. Alvey noted the personnel services totaled to \$643,721, which was \$21,250 under budget, and the operating expenses totaled to \$102,219, which was \$10,281 under budget. Ms. Alvey further noted the total professional expenses totaled to \$163,391, which was \$33,109 under budget, and the total acquisitions were \$6,080, which was \$1,420 under budget. Investment management totaled to \$2,857,704, which was \$127,704 over budget. These changes left a Total Operating Budget of \$3,773,115, which was \$61,644 over budget. The net over-budget of \$61,644 as a result of asset manager fees being greater than initially budgeted; these higher asset management fees were a direct result of investment returns being greater than initially anticipated. (**see Exhibit G-attached**). A **MOTION** was made by Walter Smith to accept the financial report. The motion was seconded by Jay O'Quinn. No opposition. The motion passed.

- 6) Mr. Gregory M. Curran, FCA, MAAA, ASA, gave a presentation to the Board of Trustees regarding the Fiscal 2021 Actuarial Valuation. He noted his projections were based upon a 31.58% market rate of return for 2021. Using an actuarial asset valuation method, Mr. Curran estimated the actuarial rate of return to be 11.25%, which exceeds the interest rate of 7% in effect for Fiscal 2020, therefore, the system is expected to experience a significant investment gain. The estimated investment gain is approximately \$39 million. The oldest outstanding positive authorization base within the UAL is paid down by the investment gains up to the priority amount, estimated to be \$7.9 million for Fiscal 2021. One-half of the remaining gains may be used to fill the Experience Account but are limited to the value of one regular and supplemental PBI, estimated to be approximately \$9.3 million for 2021. Mr. Curran noted the greatest uncertainty is employer costs in the 2021 valuation. Due to lower payroll, the cost of UAL payments will likely increase. The center range for a reasonable range for the valuation interest rate, using the system's early 2021 target asset allocation, is 6.91%. The Louisiana Legislative Auditor recommends a valuation interest rate of 6.3%. A motion was made to authorize the Actuary, in consultation with the Executive Director, to produce the Actuarial Valuation as of June 30, 2021, incorporating a change in the Valuation

Interest Rate up to but not exceeding a 15-basis point reduction; while the result of such reduction in the Valuation Interest Rate should not significantly impact the Employer Contribution Rate. A **MOTION** was made by Amy Mathews and seconded by Doris Prudhomme. No opposition. The motion passed. **(See Exhibit H-attached)**.

- 7) Robin Landa, UBS/PaineWebber, presented the Board with the Asset Allocation and Markets Value and Returns Summary as of June 30, 2021 **(See Exhibit I-attached)**. Ms. Landa stated that it has been a good month, while due to performance a couple of the money managers are slightly overweighted. She noted the total equities market value was \$726,384,567, below the max target at 65.0%, the total fixed income market value of \$248,013,322 was slightly below target at 20%, the total alternatives were at \$155,345,269 or 13.4% being slightly below the target of 15.5%, with total cash being on target at \$28,563,408, and the month ended with a total fund value of \$1,158,345,269.

Mr. Reed, Executive Director, notified the Board of Trustees that the July 2021 Flash Report will be released to them as soon as it is received.

Ms. Landa spoke about the Market Value and Returns Summary stating it has been a good month and drawing attention to the Fiscal Year To Date (FYTD) column. The current month showed some underperformance relative to benchmarks by a few managers, with the total domestic equity managers up 1.89%, the total international down -0.96%, and all total equity managers up 0.95% basis points, while total equities for the FYTD period increased by 44.96%. Fixed Income Core for the month was down -1.06% and up 0.76% for the FYTD. The Total Fund for the month was up 1.86% and for the FYTD period up 32.39%, with the total fund having a market value of \$1,158,306,567. Robin then directed the Board to view the chart showing the Source of Portfolio Growth as of June 30, 2021, and the charted growth from 1990 **(See Exhibit J-attached)**.

- 8) **The Benefit Change Report was present to the Board, and a MOTION was made by Jay O'Quinn to approve the Benefits Change Report, in-globo. The motion was seconded by Andrea Hubbard. No opposition. The motion passed (see Exhibit K-attached).**
- 9) A **MOTION** was made by Jay O'Quinn to go into Executive Session for the discussion of Beneficiary Medical Records and to give an update and discuss the pending litigation of the Sebastian suit. The motion was seconded by Amy Matthews. No opposition. The motion passed.
- 10) A **MOTION** was made by Amy Matthews to return from Executive Session. The motion was seconded by Jay O'Quinn. No opposition. The motion passed.
- 11) Margaret Michel, Assistant Director, proposed to the Board the 2022 Board Meeting Schedule. A **MOTION** was made by Walter Smith to approve the 2022 Board Meeting Schedule. The motion was seconded by Jay O'Quinn. No opposition. The motion passed. **(See Exhibit L-attached)**.
- 12) In other business, Kevin Reed, Executive Director, updated the Board with the status of the tree removal on the LSPRS' office property. Mr. Reed informed the Board that most of the large trees on the rear of our property and the pear trees along Jefferson Hwy have been removed. Mr. Reed noted that on Monday, July 23, 2021, another tree limb from a pear tree fell on the neighbor's fence and rested on their roof. Mr. Reed also updated the Board that the office building and concrete areas on the LSPRS property, have been soft washed and the parking area will not need to be restriped. Mr. Reed provided a retirement benefit system and retirement estimate computing programming project update. Margaret C. Michel, Assistant Director, provided the Board with the final 2021 Educational Training Report on the required educational training for Trustees **(See Exhibit M-attached)**. She also provided information on the upcoming LAPERS conference. Due to the uncertainty of COVID-19, the LAPERS conference will be held virtually beginning on

September 12, 2021. An email with a link to the conference will be sent to those registered to attend once the agenda is finalized.

- 13) Claire Guidry, Retirement Benefits Analyst, presented to the Board a handout explaining 1x Benefit Payment Summary Statistics, Statistics Without Protected Class, and Statistics with Protected Class. The total of the one-time payments will be \$555,327.46. The total number of recipients of the one-time payments, including the qualifying initial contributing members, ex-spouses, and all survivors is 402. **(See Exhibit N-attached)**
- 14) A **MOTION** was made by Amy Mathews to amend the agenda. The motion was seconded by Doris Prudhomme. No opposition. The motion passed.

Margaret C. Michel, Assistant Director, provided an update on legislation affecting LSPRS which passed during the 2021 Regular Session **(See Exhibit O-attached)**. Ms. Michel advised the Trustees that ACT 66 was passed and that LSPRS had developed best practices to adopt LSPRS PP61 policy procedures per the Act. Ms. Michel presented the Trustees with the Cybersecurity Plan and Financial Security Procedures for Cash Management **(See Exhibit P-attached)**. A **MOTION** was made by Walter Smith to adopt the Cybersecurity Plan and Financial Security Procedures for Cash Management. The motion was seconded by Jay O'Quinn. No opposition. The motion passed.

- 15) A **MOTION** was made by Amy Mathews to adjourn the meeting. The motion was seconded by Jay O'Quinn. No opposition. The motion passed.



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