



# Louisiana State Police Retirement System (LSPRS)

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## Board Meeting Minutes

<b>Meeting Title</b>	LSPRS Board Meeting
<b>Date of Meeting</b>	April 27, 2022 (Wednesday)
<b>Where</b>	9224 Jefferson Hwy, Baton Rouge, LA (Dr. Bobby E. Smith Boardroom)
<b>Start Time</b>	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 Kevin P. Reed, Executive Director. Margaret Michel introduced newest staff member, Gretchen Marquez.
- 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 Phillip R. DeVillier, Representing the House Committee on Retirement, NOT PRESENT  
 Chris LeDay, President, Central State Troopers Coalition, PRESENT (Arrived after roll call)  
 Kevin Marcel, 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, PRESENT  
 Treasurer John Schroder, State Treasurer, PRESENT (Arrived after roll call)  
 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:

Racheal Alvey, Griffin & Furman, LLC	Gregory Curran, Actuary, G.S. Curran & Co
Tausha Facundus, Retirement Benefits Specialist	Claire Guidry, Retirement Benefits Analyst
Robin Landa, UBS/Paine Webber	Margaret Michel, Assistant Director
Andrew Barre, Griffin & Furman, LLC	Kevin P. Reed, Executive Director
Tyler Brandon, Actuary, G.S. Curran & Co	Johnnie Brown, LA State Police Officer
Gretchen Marquez, Administrative Program Specialist	

- 4) A **MOTION** was made by Kevin Marcel to approve the Board Minutes from the February 23, 2022, Board Meeting. The motion was seconded by Doris Prudhomme. No opposition. The motion passed (**See Exhibit A-attached**).

Margaret Michel mentioned that on page 2, Item 7, of the Investment Committee Minutes from March 23, 2022, has been corrected from 8.30% to 10.71% for private equity. A **MOTION** was made by Amy Mathews to approve the Investment Committee Minutes from the March 23, 2022, Investment Committee Meeting. The motion was seconded by Andrea Hubbard. No opposition. The motion passed (**See Exhibit B-attached**).

- 5) Robin Landa, UBS/PaineWebber, presented the Board with the Asset Allocation and Markets Value and Returns Summary as of March 31, 2022 (**See Exhibit C-attached**). The total equities had a market value of \$696,018,130 equating to 62.2% of the portfolio which was on target of 62.5%, the total fixed income of \$233,341,358 being 20.9%, was slightly above the 20.0% target. The total alternative investments were \$177,837,283, being 15.9%, slightly above the 15.5% target, and total cash of 1.0% at \$11,649,996 was below the 2.0% target, and the month ended with a total fund value of \$1,118,846,767. Ms. Landa stated that the Asset Allocation was in line with the targets.

Ms. Landa directed the Board to view the Market Value and Returns Summary as of March 31, 2022. Looking at the Current Month column, Ms. Landa stated that the return for total domestic equity managers was 2.18%, total international equity was down at -1.77%, and the return for total equity managers was 0.96%. Total fixed income was down at -1.73%. For the month, March's total fund was up 0.38%, FYTD was down at -1.81% and the manager analyzed return from inception was at 7.79%.

Ms. Landa focused on the Committee Member's attention to the UBS House View of April 2022, Central Scenario of the Scenario Chart, and mentioned inflation may decrease by late 2022, which would be good for the economy. She also mentioned that the Federal Government is set to raise interest rates, which will adversely impact returns on short-term and more substantially on long-term bonds. (**See Exhibit D-attached**) Ms. Landa noted that 25% of the companies in the S&P 500 have reported their earnings and that 80% of these have beat expectations. UBS economists still anticipate the S&P 500 to have earnings growth of 10% in 2022 and 7% in 2023.

Walter Smith asked how high does Ms. Landa forecast that that Federal Reserve will raise interest rates, to which she responded that there is talk of at least three more hikes with each one being around a 25 to 50 bps/hike. Treasurer John Schroeder discusses positive returns on real estate funds and questioned if real estate assets should now be sold to realize the investment gains and returns this sector has experienced.

- 6) Kevin Reed, Executive Director, directed the Board to look at a few pages of the March 31, 2022, Equilibrium CMA study provided by UBS, which reflects investment returns and volatility over a 20–30-year time frame. (**See Exhibit E-Attached**) The CMA study shows that with the proposed new Investment Policy Statement, it is expected to provide a slightly higher rate of return. The revised Investment Policy Statement indicates that the system has adopted a Valuation Interest Rate of 6.95% and revised various target asset allocations as reflected on page 3 of the IPS. Various benchmark indices were also changed, as indicated on pages 10 and 11 of the Investment Policy Statement. (**See Exhibit F-Attached**)

A **MOTION** was made by Amy Mathews to accept the changes to the Investment Policy Statement. The motion was seconded by Andrea Hubbard. No opposition. The motion passed.

- 7) Gregory Curran, Actuary, discussed the possible scenario of lowering the Valuation Interest Rate from its current level of 6.95%. Mr. Curran mentioned that the Louisiana Legislative Auditor's actuary recommend that the retirement system continue to lower its investment return assumption, suggesting it target a rate that is closer to a 60% probability of achieving the assumed rate of return over time, which aligns closer to the bottom range Mr. Curran suggests. Mr. Curran recommended to lower the valuation interest rate which would help reduce the level of risk inherent in plan assumptions. He also mentioned that the Board would need to decide on the change in the VIR no later than this August.
- 8) Racheal Alvey, Griffin & Co., LLC, presented the Cash Disbursements for the month ending February 28, 2022, noting total disbursements were \$69,532.94. On the Cash Disbursements for the month ending March 31, 2022, the total monthly disbursements were \$85,379.67. Both in line with expectations and having no unusual items to report. **(See Exhibit G-attached).**

Mrs. Alvey then reviewed the Statement of Fiduciary Net Position/Balance Sheet for the month ending March 31, 2022, noting cash held in the bank was \$2,387,411, and Total Investments of \$1,118,589,762, Total Liabilities were at \$2,823,497 bringing the Net Position to \$1,119,685,599. The Statement of Changes in Fiduciary Net Position/Income Statement was reviewed next. Mrs. Alvey focused on the Year-to-Date column with Total Revenues at \$21,909,230.38, while Total Expenses were at \$61,494,747.40 bringing the Net Decrease to \$39,585,517.02 and the Net Position at the end of March to \$1,119,685,598.98.  
**(See Exhibit H-attached).**

Mrs. Alvey reviewed the Budget Summary for the nine months ending March 31, 2022, focusing on the last column, Over/Under Budget. For Personnel Services, we were under budget \$122,697, Total Operating Expenses were over budget \$6,941, Total Professional Expenses were under budget \$18,172, Total Acquisitions were under budget \$38,555 and Total Investment Managers were over budget \$94,524 bringing the total Operating Budget to \$77,959, which is under budget.  
**(See Exhibit I-attached).**

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

- 9) Margaret Michel mentioned to the board that the following presentation is an education item under Rules and Regulations and is an update on some of the procedures that we follow at LSPRS.

Tausha Facundus and Claire Guidry gave a presentation on Rules and Regulations: Benefit Payment Process & Procedure. The presentation outlined the old process versus the new process of retiring a trooper, from requesting a retirement estimate to issuing retirement checks. This included the illumination of the additional processes implemented, discipline methodologies deployed, accountings, clarity, transparency, and controls implemented as part of the new benefit payroll process. They also provided the Board Members with the insight that Retiree Benefit Payroll process now takes approximately two the three days to complete, while Walter Smith noted that in years past it was a process that took over ten days.

Walter Smith inquired about the biggest problem in issuing payroll. Tausha Facundus mentioned time consumption.

- 10) Margaret Michel, Assistant Director, presented information to the Board regarding 2022 Legislation including the status of retirement bills filed to date, including those that tangentially impact LSPRS. Margaret noted to the Board that HB 213 failed on the House floor and SB 438 failed in Senate retirement this week. SB 7 and SB 8 are pending in House Retirement. Mrs. Michel discusses HB 420 that is awaiting hearing on the Senate side.  
**(See Exhibit K-attached).**

- 11) Margaret Michel discusses State Civil Service telework requirements and the proposed LSPRS telework policy. She noted that the Executive Director or Assistant Director may apply the situational telework or formal telework aspects of the policy, implementing those facets of the policy which best meet the needs and objectives of LSPRS.

A **MOTION** was made by Walter Smith to accept the LSPRS telework policy. The motion was seconded by Doris Prudhomme. No opposition. The motion passed  
**(See Exhibit L -attached).**

- 12) A **MOTION** was made by Hackley Willis to approve the Benefits Change Report, in globo. The motion was seconded by Walter Smith. No opposition. The motion passed  
**(See Exhibit M-attached).**

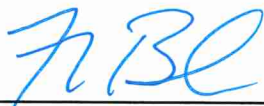
- 13) In other business, a **MOTION** was made by Kevin Marcel to add Hackley Willis to the Executive Committee. Margaret Michel informed the Board that this does not have to be an action item, thus the request for a Motion and action item was retracted. Kevin Reed mentioned that the Board will defer filling the vacancy on the LSPRS Investment Committee until the LSTA's Presidents position is filled, and by statute the LSTA President's position sits on the LSPRS Board.

Margaret Michel, Assistant Director, mentioned that Financial Disclosures are due May 15, 2022.

Mrs. Michel introduced Chris Leday to the Board. Mr. Leday is the new president of CSTA.

Mrs. Michel spoke about the Educational Training Report and asked the Board Members to provide her with any of their training information that she has not received yet. She mentioned that there is one LAPERS online actuarial seminar that has been added to the existing training list that may be completed. **(See Exhibit N-attached).** Mrs. Michel noted that the educational presentation provided to the Board today will provide all Board members with 1.5 hours of Rules and Regulations training hours.

- 14) A **MOTION** was made by Hackley Willis to adjourn the meeting. The motion was seconded by Walter Smith. No opposition. The motion passed.



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