

## **MEETING MINUTES**

### **LOUISIANA ASSESSORS' RETIREMENT BOARD OF THE LOUISIANA ASSESSORS' ASSOCIATION**

**TUESDAY, APRIL 26, 2016  
1:30 P.M.**

**3060 VALLEY CREEK DRIVE, SUITE C  
BATON ROUGE, LOUISIANA**

A meeting of the Louisiana Assessors' Retirement Board was held Tuesday, April 26, 2016 at 1:30 p.m. at the Louisiana Assessors' Association Office, Suite C located at 3060 Valley Creek Drive, Baton Rouge, Louisiana. The following members were present: President Rick Ducote, Jr., Vice President Barney "Frog" Altazan, Treasurer Bobby Edmiston and Members Tab Troxler, James Stevenson, Rhyn Duplechain, Richard Earl, James Johnson, Stephanie Smith, Charlie Henington, Glenn Waguespack, Louis Hebert, Glenda Gaspard, Irby Gamble, and Phyllis Mendoza. Absent were Representative Pearson and Senator Peacock.

Following the roll call, prayer, Pledge of Allegiance, and Public Comment period wherein no members of the public spoke a motion entered by Irby Gamble and seconded by Jimbo Stevenson passed to accept the minutes of the January 26, 2016 meeting of the Retirement Board.

Agenda Item 7 was a review of the February financial statements prepared and presented by Anita Owens. A motion to accept the financial report was made by Louis Hebert, seconded by Glenda Gaspard and passed with no objections.

Agenda Item 8 was a review of the report presented by Ms. Kathy Bertrand on refunds, transfers, reciprocals, retirees and deaths. A motion to accept the report was made by Charlie Henington, seconded by James Johnson and the motion passed.

Agenda Item 9 was devoted to a report by Investment Consultant Jon Breth of The Bogdahn Group. Mr. Breth introduced John Montgomery, Portfolio Strategy and COO of Westfield Capital Management, who presented the Westfield performance report through March 31, 2016. Mr. Montgomery explained that Westfield has outperformed its benchmarks 12 of the last 16 years and outperformed their peers 11 of the last 16 years. Even though the first quarter of 2016 was very volatile, seeing the S&P 500 drop 10% then rally 13% through quarter end, Westfield recognizes some positive economic indicators such as the rise in manufacturing PMIs, consumer wages are up and unemployment down, the Federal Reserve's stance to maintain low interest rates, and slowly improving inflation, credit, money supply growth, emerging market currencies and commodity prices. Westfield will posture its investments in U. S. equities watching for possible investments in high quality energy, industrial and material companies.

Jon Breth then discussed the Retirement Fund's investment performance through March 31, 2016. The first quarter of 2016 tracked a similar pattern as the S&P 500, which dropped by 10.3% by mid-February with a 13% rebound through the end of March finishing at 1.3%. The Fund's performance quarter to date in 2016 was at .99% compared to the Fund's benchmark of 1.90%.

A motion was made by Louis Hebert, seconded by Phyllis Mendoza and passed to authorize Jon Breth to work with Nannette Menou, Director, to move cash from the Americus Fund IV to the State Street International Index account.

The next segment of Jon Breth's presentation was discussion of the asset allocations in the Assessors' Retirement Fund's investment portfolio. Mr. Breth proposed changing both the Target Allocations as well as the target nominal rate of return as follows:

1. Based on rolling three (3) and five (5) periods, the performance of the portfolio will be compared to the return of the policy indexes comprised of 45% Russell 3000 Index, 15% MSCI-All Country World x U.S. Index, Barclays Capital U. S. Aggregate Bond Index (adjusted from 25 to 22.5%), and Barclays Multiverse Index (adjusted from 10% to 12.50%), and 5.0% NCREIF ODCE Index.
2. Adjust the return of the total portfolio so that it will equal or exceed the actuarial earnings assumption of 7.0%. The Board requires a net total return in excess of 7.0% in order to assure the Board has the ability to grant additional retirement benefits as well as the ability to improve the funded ratio of the Fund through Investment earnings. To that end, the Board has adopted the following target nominal rate of return:

Actuarially required rate of return:	7.00%
Fund operating expenses:	0.15%
<u>Excess return</u>	<u>0.10%</u>

***Target total nominal rate of return: 7.25%***

A motion was entered by James Johnson, seconded by Glenn Waguespack and with no objections the motion passed to accept the recommendation of the Investment Consultant for the changes in Asset Allocations in the revised Investment Policy as of April 2016.

On motion by Irby Gamble and second by Rhyn Duplechain the Board unanimously voted to authorize Director Menou to work with Mr. Breth in drafting a letter to all Fund Money Managers requesting a one-year reduction in their fees per the Louisiana Governor's Executive Order No. JBE 16-05 issued to the State of Louisiana. The motion passed unanimously.

Agenda item 10 was the presentation of the 2015 Financial Audit Report and the 2015 GASB 67\_68 report by Shana Pamilar with external audit firm Hawthorn, Waymouth, and Carroll, LLP. Both reports reviewed had no adverse findings. A motion to accept both reports was made by Glenn Waguespack, seconded by Jimbo Stevenson and passed with no objections.

The next agenda item was a presentation by Actuary Greg Curran. The first item of discussion was the setting of the Employer Contribution Rate. The Board decided to lower the contribution from 13.50% to 10.00% effective October 1, 2016 for fiscal year October 1, 2016 – September 30, 2017. A motion was entered by Charlie Henington, seconded by Phyllis Mendoza to move the employer contribution rate to 10.00% effective October 1, 2016. The motion was passed unanimously.

Greg Curran then presented the next scheduled agenda topic to discuss the actuaries' recommendations for updated actuarial assumptions for October 1, 2016 to be utilized in the calculation of disability awards, option reduction factors, and calculation of DROP balance annuity conversions for those members who did not rescind the old DROP program. A motion was made by Richard Earl and seconded by Tab Troxler to adopt the revised option factors and updated actuarial assumptions to be effective October 1, 2016. The motion passed unanimously.

Agenda item 12 was a report to the Board by system attorney, Denise Akers. Ms. Akers first addressed a proposal for changes to the Administrative Rules regarding the Assessors' Retirement Fund's actuarial equivalence section. A motion was made by Glenn Waguespack, seconded by Stephanie Smith and passed to grant approval for Director Menou to work with Ms. Akers to proceed with the requisite administrative procedure to propose the necessary changes to the actuarial equivalence section in the Administrative Rules for the Assessors' Retirement Fund, and further, once the process is complete and approved, to also submit for adoption the changes in the Louisiana Administrative Code.

Ms. Akers went on to address the definition of a full-time employee under the Affordable Care Act (ACA) as it relates to Insurance coverage under the Assessors' Insurance Fund versus the full-time definition under the Assessors' Retirement Fund. According to the ACA, any employee who works 30 hours or more will be considered full-time status eligible for insurance coverage. However, the Retirement Board had adopted a policy in April 2000 establishing full-time status to be 35 hours or more per week. Due to the uncertainty of whether any provisions of the ACA may change after the next Presidential election, the Board agreed to keep the 35 hour/week minimum to define full-time status under the Retirement Plan. A motion was entered by Rhyn Duplechain, seconded by Irby Gamble and with no objections the motion passed to add the 35 hour/week full-time policy to the Administrative Procedure noted above and ultimately add this policy to the Louisiana Administrative Code.

The last item that Ms. Akers wished to address with the Board was to establish a list of doctors approved by the Retirement Board to be used whenever the Fund received a request for a disability retirement. The Board approved the following list:

Dr. Dominick Scimeca, Jr., MD  
Dr. William Nassetta, MD  
Dr. Jeffrey Andry, Sr., MD  
Dr. James Bellone, MD

Director Menou is to check with the doctors on the list to be sure those doctors will be willing to examine members claiming disability and provide a written report to the Board stating their medical opinion about the member's ability to perform the functions of their job and if they are permanently disabled. The motion to approve the list was entered by James Johnson, seconded by Richard Earl and approved with no objections.

Agenda item 13 was to review the recommendation of the special sub-committee appointed by the full Retirement Board to study leaves of absence and their effects on retirement and BackDROP benefits. The sub-committee recommended that all new and active members be required to sign a new form acknowledging that the member has been made aware of the possible effects taking leaves of absence could have on their future retirement and insurance benefits. The form entitled "Disclosure Regarding Unpaid Leave of Absence" was drafted by Director Menou with the assistance of legal counsel, and the form will be published on the Assessors' website. Each Assessor will be responsible for obtaining a form signed by each of their respective employees with the original forms being returned to the Louisiana Assessors' Association office. Additionally, the special sub-committee recommended that language be added to a number of the employee forms for Retirement, reminding them of the effects of taking unpaid leave. These forms were presented to the Board for approval as well. A motion to accept the new form and the additional language on prior forms was made by Charlie Henington, seconded by Jimbo Stevenson, and with no objections the motion passed.

There being no further business to come before the Committee, a motion to adjourn was entered by Glenn Waguespack, seconded by Charlie Henington and with no objections the meeting was adjourned.