



Louisiana State Police Retirement System

Board Meeting Minutes

Meeting Title	Louisiana State Police Retirement System Board Meeting
Date of Meeting	December 21, 2016
Where	9224 Jefferson Hwy, Baton Rouge, LA 70809
Start Time	1:30 p.m.

- 1) Shelley Sebastian, Administrative Assistant, called roll as follows:

Commissioner Jay Dardenne, Div. Of Administration, Appearing Thru
Andrea Hubbard, Designee for DOA Commissioner, PRESENT
Col. Michael Edmonson, Superintendent, Office of State Police, Appearing Thru
Frank Besson, Designee for Superintendent, PRESENT
John Kennedy, State Treasurer, Appearing Thru
Thomas Enright, Designee for State Treasurer, PRESENT
Stephen Lafargue, Active/Retired Representative, PRESENT
Kevin Marcel, Active Representative, Vice Chairman, PRESENT
Thurman Miller, President, Central State Troopers Coalition, PRESENT
Sen. Barrow Peacock, Senate Retirement Committee, NOT PRESENT
Rep. Kevin Pearson, House Retirement Committee, NOT PRESENT
Marsha Pressburg, Surviving Spouse Representative, PRESENT
Jay O'Quinn, LSTA President, NOT PRESENT – (arrived after roll call)
Retiree Representative, VACANT

The records reflect that the following persons were also present:

Denise Akers, Attorney	Robin Landa, UBS/Paine Webber
Irwin L. Felps, Jr., Executive Director	Shelley Sebastian, Administrative Assistant
Kimberly A. Gann, Assistant Director	Baxter Welch, Newly Elected Retiree Representative
Stephen Griffin, Griffin and Furman	

See attached Visitor Sign in Sheet for list of visitors attending the meeting.

- The records reflect that Jay O'Quinn joined the meeting at 1:40p.m.

Chairman Frank Besson opened the meeting with the pledge of allegiance. The prayer was led by Irwin Felps, Jr.

- 2) Chairman Besson asked the board for a motion to amend the agenda to add approval of the 2018 budget. A **MOTION** was made to amend the agenda to add approval of the 2018 budget. The **MOTION** was seconded by Thurman Miller. No opposition. The motion passed. (**Exhibit A on file at the LSPRS office**)

Stephen Griffin, CPA, Griffin & Furman, reviewed the proposed 2018 budget.

A **MOTION** was made by Andrea Hubbard to approve the 2018 budget. The **MOTION** was seconded by Kevin Marcel. No opposition. The motion passed.

- 3) Kimberly Gann presented the Board Election results noting that the retiree representative elected is Baxter Welch. Ms. Gann introduced Mr. Baxter to the Board noting that he has signed the Oath of Office and has been given the DVDs to obtain the credits to begin taking official action at the next meeting. The number of votes were as follows:

Stephen Campbell - 168
Baxter Welch - 332

- 4) Irwin L. Felps, Jr. reviewed the Board meeting minutes as of October 19, 2016. Chairman Besson asked the board to approve the October 19, 2016 Board meeting minutes. A **MOTION** was made by Thomas Enright to approved the Board meeting minutes. The **MOTION** was seconded by Thurman Miller. No opposition. The motion passed. **(Exhibit B on file at the LSPRS office).**

- 5) Kevin Marcel, Investment Committee Chairman, reviewed the November 21, 2016 Investment Committee minutes. Chairman Marcel pointed out under Item 5, the Investment Committee added two more managers to the current watch list, T. Rowe for organizational change and Iridian for under performance and Item 7 regarding the offer received from CALPERS. The offer from CALPERS was to buyout LSPRS' timber interest for \$2.1M. The committee made a motion to decline this offer and a counter offer of 15% premium over the value on the books as of June 30, 2016. This offer was declined as well.

Irwin Felps reviewed the Annual Performance Evaluations through June 30, 2016. **(Exhibit C on file at the LSPRS office)**

Mr. Felps also reviewed the Letter of Intent concerning LSPRS' Timber Interest in the Campbell Opportunity Timber fund VI, L.P. The letter states the estimated purchase price is \$2.129M and the 25% premium would give LSPRS' Capital account an increase of \$532,204. After discussing with Rob Bickham, Consultant, Frank Besson and Kevin Marcel, Mr. Felps recommends accepting this offer. Mr. Felps advised the Board by approving the November 21, 2016 Investment Committee minutes, that will allow LSPRS to complete the purchase sales agreement, allowing us to sign in a couple of weeks.

A **MOTION** was made by Jay O'Quinn to approve the Investment Committee minutes. The **MOTION** was seconded by Andrea Hubbard. No opposition. The motion passed. **(Exhibit D on file at the LSPRS office).**

- 6) Robin Landa, UBS/Paine Webber reported as of November 30, 2016. Ms. Landa pointed out the total fund is \$699,838,728. The total domestic equity managers were up 9.19% fiscal year to date, total equity managers up 7.05% fiscal year to date and total fixed income managers down -1.53% fiscal year to date. The total fund is up 1.34% for the month and up 4.02% fiscal year to date. **(Exhibit E on file at the LSPRS office)**

- 7) Irwin L. Felps, Jr. reviewed the 2017 Investment Priorities. Priorities are as follows: **(Exhibit F on file at the LSPRS office)**

1. Analyze Fixed Income Portfolio
2. Review Real Estate
3. Review Private Equity
4. Re-balance the Portfolio
5. Review Hedge Funds

- 8) Stephen Griffin presented the check registers for the month ending September 30, 2016, October 31, 2016 and November 30, 2016. Mr. Griffin also presented the Statement of Net Position and

Budget Summary as of November 30, 2016. **(Exhibit G on file at the LSPRS office)**

A **MOTION** was made by Kevin Marcel to accept the Financial Report, FYE Comparison, and Check Register as of August 31, 2016. The **MOTION** was seconded by Jay O'Quinn. No opposition. The motion passed. **(Exhibit G on file at the LSPRS office)**

- 9) Presentation of the 2016 Financial Audit by Bradley Cryer, CPA, with the Legislative Auditor. The audit opinion on the June 30, 2016 financial statements was qualified due to the fact that JP Morgan, the system's Custodial bank at that time, was unable to provide the documentation required to complete the disclosure related to GASB 72. Mr. Cryer stated he has never had a bank refuse to provide information requested by an auditor. **(Exhibit H on file at the LSPRS office)**

Kimberly Gann advised the Board there is a Management's Response letter attached and a letter from US Bank, the system's new Custodial Bank, that they will in fact be able to provide the needed information to comply with GASB 72 reporting in the future. The report will include an assignment of hierarchy levels based on US Bank's Summary of Methodology for Assigning Fair Value to Client Assets. **(Exhibit I on file at the LSPRS office)**

- 10) Presentation of the 2016 Actuarial Report by Charles Hall. Mr. Hall provided a brief summary for the more important figures developed in this valuation; The results as of June 30, 2016 are as follows: **(Exhibit J on file at the LSPRS office)**

Member Census	
Retirees	1,220
Actives	1,041
Annual Benefits	\$41,866,788
Investment Yield	
Market Value	-1.63%
Actuarial Value	6.23%
DROP Accounts	5.73%
Experience Account	3,963,595
Unfunded Actuarial	
Accrued Liability	307,504,737
Funded Percentage	69.5%
Recommended Projected Employer Rate	47.4%

A **MOTION** was made by Kevin Marcel to accept the 2016 Actuarial Report and authorize Mr. Hall to present the recommendations to the PRSAC Committee. The **MOTION** was seconded by Thurman Miller. No opposition. The motion passed. **(See Exhibit K on file at the LSPRS office)**

- 11) Irwin Felps, Jr. asked the board to consider a piece of legislation that would give the family of a state trooper, killed by an "Intentional Act", the average annual base salary of a Master Trooper, \$94,738.

Mr. Hall advised the impact of this to the retirement system would be .36%, de Minimis to the system.

Kimberly Gann noted that the benefit should be based on the rank and years of service of the trooper killed by an "intentional act" or the annual salary of a Master trooper, the higher of the two and the wording of the bill should reflect that. Mr. Hall suggested the wording to reflect the criteria for "In Line of Duty" and "Intentional Act". Ms. Gann suggested the bill actually define "Intentional Act".

A **MOTION** was made by Kevin Marcel to add to the agenda, the discussion of a bill awarding the family, of a trooper killed in the Line of Duty by an "Intentional Act". The **MOTION** was seconded by Thomas Enright. No opposition. The motion passed.

A **MOTION** was by Thurman Miller authorizing the LSPRS to seek a sponsor and all requisite requirements for a bill to provide the family of a State Trooper killed in the Line of Duty, by an "Intentional Act" with the average annual salary of a Master Trooper or the salary based on the trooper's rank and years of service, the higher of the two. The **MOTION** was seconded by Kevin Marcel. No opposition. The motion passed.

- 12) Kimberly Gann presented the Education Credit and Meeting Attendance Report. **(Exhibit L on file at the LSPRS office)**
- 13) A **MOTION** was made by Kevin Marcel to go into Executive session to discuss the 2016 unclassified employee evaluations. The **MOTION** was seconded by Jay O'Quinn. No opposition. The motion passed.
- 14) A **MOTION** was made by Jay O'Quinn to return from Executive session. The **MOTION** was seconded by Kevin Marcel. No opposition. The motion passed.
- 15) A **MOTION** was made by Jay O'Quinn to approve the 2016 unclassified evaluations for Irwin Felps, Jr. and Kimberly Gann. The **MOTION** was seconded by Andrea Hubbard. No opposition. The motion passed.
- 16) A **MOTION** was made by Thurman Miller to accept the Benefit Change Report, Retirement/DROP approvals and the elimination/awarding benefit to spouse/children. The **MOTION** was seconded by Jay O'Quinn. No opposition. The motion passed. **(Exhibit M on file at the LSPRS office)**

17) **Other Business:**

Irwin Felps, Jr. recommended that the Board Room be named in the memory of Dr. Bobby E. Smith. The board agreed with this recommendation.

A **MOTION** was made by Kevin Marcel to name the LSPRS Board room in memory of Dr. Bobby E. Smith. The **MOTION** was seconded by Thurman Miller. No opposition. The motion passed.

- 18) A **MOTION** was made by Kevin Marcel to adjourn. The **MOTION** was seconded by Jay O'Quinn. No opposition. The motion passed.



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