NONVERBATIM MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES, SHERIFFS’ PENSION & RELIEF FUND, HELD AT THE LOUISIANA SHERIFFS’ PENSION FUND OFFICE IN BATON ROUGE, LOUISIANA AT 9:15 AM ON WEDNESDAY, MAY 25, 2022.

Retired Sheriff William Hilton, President  
Active Sheriff Willy Martin, Vice President

Active Sheriff Greg Champagne

Active Sheriff Jay Russell  
Retired Sheriff Wayne Melancon

Retired Sheriff Victor Jones  
Active Deputy Debbie McBeth  
Active Deputy Richard Corbett

Active Deputy Rebecca Hebert   
Retired Deputy Ronnie Morse

Retired Deputy Don Rittenberry

Retired Deputy Joe Seymour

Representative Phillip Tarver, Ex Officio

Executive Director Osey McGee, Jr.

The meeting was called to order, and everyone was welcomed by Sheriff William Hilton, President. An invocation was offered and the pledge to the American Flag was said. Roll was called and those in attendance represented a quorum.

Others in attendance for the meeting included Bob Klausner, Attorney, Klausner, Kaufman, Jensen & Levinson; Greg Curran, Actuary, G.S. Curran & Co.; Pension Fund staff members Keith Duplechain, Betty Sibley, Chris DeWitt, and Schylar Harris.

For the first item of business, Erik Ristuben, Chief Investment Strategist for Russell Investments, joined the Board meeting through conference call to give a global economic and market outlook. Erik discussed a range of issues, such as growth, employment, and concerns over inflation. These discussions assist the Board in planning investment strategies for the future.

Russell Consultant Hal Bradford also joined the meeting through conference call. He briefed the Board on he and the staff’s biweekly calls, and a risk analysis that Russell was working on for the Fund’s portfolio which will assist the Fund in evaluating past and future investment decisions. He also informed the Board of the Private Credit Manager search that was being conducted.

Next, Director McGee and Assistant CIO Chris DeWitt gave a performance report and asset allocation update and included reasons for optimism and causes for concern going forward. The following estimated returns (Net of Fees) were reported:

* First Quarter 9/30/2021: (0.1)%
* Second Quarter 12/31/2021: 4.2%
* First Half of Fiscal Year: 4.2%
* Third Quarter 3/31/2022: (4.5)%
* Fiscal Year to Date Third Quarter: (0.5)%
* April: (5.4)%
* May 23rd: (2.1)%
* Fiscal Year to Date: (8.5)%

The report also included a discussion on the unusually large number of macro factors weighing on the global markets and US economic conditions including:

* Rapidly rising inflation
* Federal Reserve actions on increasing rate hikes
* Russia/Ukraine intense conflict
* Supply chain issues and commodity prices
* Employment/unemployment issues
* Increasing possibility of factors leading to a recession.

These conditions and others have created heavy market volatility and impacted global market returns severely.

Next, they reported on plans looking ahead:

* Maintain strong liquidity position
* Continue to monitor the well diversified portfolio and perform any necessary rebalancing. This would be based on changes foreseen in the global markets and what the staff and Board wanted the portfolio to look like over the next 6-12 months and other intervals.
* In addition, with an ever-changing investment landscape, the Executive Director, Assistant CIO, and consultant plan to research and review new asset classes and strategies for possible addition to the portfolio.
  + Education has been focused on private markets and certain low vol strategies
  + Enhancing portfolio risk analysis with consultant at Russell.

Their asset allocation review reflected the Fund’s diversification and total assets at 05/23/2022 totaling $4,415,785,748.

Next, Investment Committee Vice Chairman Ronnie Morse gave the following Investment Committee Report:

The last meeting of the Investment Committee was called to order at 9:15 AM on May 11, 2022. Five Committee members were present and represented a quorum. Also in attendance were Hal Bradford and Andrew Hornbein of Russell Investments via conference call, and staff management members Keith Duplechain and Betty Sibley.

The meeting began with Paul Eitleman, Chief Investment Strategist at Russell Investments, who joined the meeting through conference call to provide an economic market review. He gave a detailed outlook on the global economy and global markets, touching on inflation, Central Bank action, and current economic conditions. His review and outlook assist the Committee in planning future investment activities.

Following the economic update, Paul Gillis, Darren Spencer, and Graham Seagraves of Russell Investments provided the Committee with a Private Credit overview as well as details about a proposed Private Credit Fund from Russell. This came as Skip and Chris had been meeting with Russell Consultants and other investment managers to further their knowledge of the Private Credit Space.

After the Private Credit presentation, Paul Gillis also provided an educational review of Fixed Income returns to explain the recent downturn to fixed income.

Next on the agenda, Hal Bradford provided an update on the Private Credit process that was planned for the near future. He also updated the Committee on the biweekly conference calls that he has with Skip and Chris. Finally, he discussed a quarterly risk analysis of the portfolio that he will provide the Fund.

Next, the Committee discussed a request from Pzena to amend their IMA to allow them to invest in publicly traded partnerships. Recommendations from the Investment Committee will follow.

Without any further business to consider, the Investment Committee adjourned the meeting at noon.

Ronnie Morse, Investment Committee Vice chairman reported on the following Investment Committee recommendations:

The Committee heard a request from Large Cap Value managers, Pzena. They requested that their investment management agreement be amended to allow them to invest in publicly traded partnerships. After discussion between Pzena, staff, legal counsel and our consultant, the following changes were requested:

* Maximum of 3 publicly traded partnerships (PTP) in the portfolio
* Maximum aggregate PTP exposure of 5% of the value of the portfolio, at time of purchase
* Maximum individual PTP security exposure of 5% of the value of the portfolio, at market
* Maximum aggregate PTP exposure of 12% of the value of the portfolio, at market

A motion was made recommending amendment to their IMA to allow for the requested changes. The motion was seconded and passed.

That concluded the Investment Committee’s report and recommendations.

Ronnie Morse made a motion to approve the Investment Committee’s report and recommendations. Joe Seymour seconded, and the motion passed.[[1]](#endnote-1)

Next, Ronnie Morse, Executive Committee Chairman, gave the following Executive Committee Report:

The Executive Committee met with Michelle Cunningham and Patrick Butler, partners of the Fund’s auditing firm Duplantier, Hrapmann, Hogan and Maher on Monday, March 14, 2022 at 2:30 PM though Zoom.

Members of the Committee were all present for the meeting: Ronnie Morse, Chairman, Don Rittenberry, Vice Chairman, and Osey McGee, Executive Director. Staff present for the meeting included Keith Duplechain, Betty Sibley and Katie Thiebaud.

Members were provided copies of the audit report, and Michelle reviewed the report along with the members. She reviewed the audit’s opinion that the financial statements presented fairly, in all material respects, the fiduciary net position of the Sheriffs’ Pension & Relief Fund as of June 30, 2021 and 2020, and the respective changes in the fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States.

She stated that this was a “clean, unmodified opinion.” There were no instances of non-compliance, and no findings to report in the audit. There were no material weaknesses or significant deficiencies on internal controls.

Patrick reviewed the statements of fiduciary net positions with the Committee. The plan’s net assets increased for the fiscal year ended 2021 to $4,820,204,144, an increase of $980,133,409 from 2020’s level of $3,840,070,735, and another new all-time high for the Fund’s assets. Patrick commented that this was a very strong year for the Fund primarily due to positive investment increases.

Michelle reviewed the Schedules of Employers Net Pension Liability for the eight years ended June 30, 2021 on page 54 of the audit report and complimented the Fund for moving in the right direction and being 101% funded for the Fiscal Year 2021.

Director Osey McGee commented that it was an accomplishment of the Investment Committee and the Board of Trustees that the Fund has seen consistent growth over the years and since the last big recession. Michelle and Patrick concurred.

GASB 68 Audit

Patrick then reviewed the census data testing audit. This audit is required by GASB standards. Every year, Keith Duplechain, CPA, Assistant Director, Betty Sibley, CPA, Director of Accounting, and Stacey Walton, Benefits Supervisor, audit 3 sheriff’s offices. Then the auditors audit the findings of the staff. The parishes audited this year were Bossier, Calcasieu and East Baton Rouge. Patrick was very complementary of the staff’s job in auditing the parishes.

Director McGee commended and thanked our Fund’s audit team for the job they do on the 3 sheriff’s offices we are required to audit annually.

He also thanked Michelle and Patrick and their firm for our long-term relationship, the thorough job they do, and the assistance they provided when needed. Michelle complimented the Pension Fund’s staff.

With no further questions or business to consider, that concluded the meeting of the Executive Committee

Joe Seymour made a motion to accept the Executive Committee Report. Sheriff Greg Champagne seconded the motion, and it passed.[[2]](#endnote-2)

Next on the agenda was the adoption of new actuarial equivalence assumptions. A table with the factors was provided to Board members. Actuary Greg Curran presented on them and recommended the Board adopt formally their assumptions and publicly make them available. These changes, if approved, would be applicable to retirement calculations effective July 1, 2022. Director McGee noted that the staff recommended approval.

Joe Seymour made a motion to adopt the new actuarial equivalence assumptions. Ronnie Morse seconded, and the motion passed.[[3]](#endnote-3)

The Director asked for the Board’s adoption of the Fund’s actuarial services contract with G.S. Curran & Co. Greg noted that the contract came with small technical changes and around a 3% increase in retainer due to the current economic climate. Legal Counsel Bob Klausner stated that he reviewed the contract and approved. The Director recommended approval as well.

Ronnie Morse made a motion to adopt the Actuarial Services contract for July 1, 2022. Sheriff Willy Martin seconded, and the motion passed.[[4]](#endnote-4)

Next, the Director asked for approval of the Agreed Upon Procedures (SAUP) Audit with the Fund’s auditors, Duplantier, Hrappman, Hogan and Meher. Ronnie Morse made a motion for approval. Richard Corbett seconded, and the motion passed.[[5]](#endnote-5)

Next, after discussion amongst Board members and Greg Curran, Joe Seymour made a motion to reduce the Employer Contribution Rate from 12.25% to 11.5% effective July 1, 2022 based upon the recommendation of the Executive Director. Richard Corbett seconded, and the motion passed.[[6]](#endnote-6)

The Director reminded the Board of Financial Disclosures that were due to the Board of Ethics on May 15, 2022.

He reminded Board members of the Louisiana Sheriffs’ Association July 31 – August 4. He asked that anyone needing arrangements handled, to let the Fund know as soon as possible.

For the last informational item, the Director reported that PRSAC approved the Fund’s 2021 Actuarial Valuation and was complementary of it.

Joe Seymour made a motion to approve the December 8, 2021 Board meeting minutes, along with the applications for reciprocal recognition of service and transfers, as well as applications for retirement, BackDROP, disability, and survivor benefits. Sheriff Jay Russell seconded, and the motion passed.[[7]](#endnote-7)

A motion was made to go into executive session to discuss securities litigation matters.

When the Board returned to regular session, Legal Counsel stated that the record should show that no action was taken during executive session.

**Adjourn**

With no further business to consider, Sheriff Hilton motioned to adjourn the meeting.

I hereby certify to the best of my knowledge and belief that the above and foregoing is a true and correct synopsis of the proceedings of the meeting of the Board of Trustees on May 25, 2022.

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Osey McGee, Jr. Executive Director

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Katie Thiebaud, Executive Assistant

Motions and Concurrences :

1. Investment Committee Report and Recommendations [↑](#endnote-ref-1)
2. Executive Committee Report [↑](#endnote-ref-2)
3. Actuarial Equivalence Assumptions [↑](#endnote-ref-3)
4. Actuarial Services Contract Agreement [↑](#endnote-ref-4)
5. Agreed Upon Procedures Audit Engagement [↑](#endnote-ref-5)
6. Employer Contribution Rate [↑](#endnote-ref-6)
7. 12/08/2021 Board Meeting Minutes and Applications [↑](#endnote-ref-7)