



## 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>	June 28, 2022 (Tuesday)
<b>Where</b>	9224 Jefferson Hwy, Baton Rouge, LA (Dr. Bobby E. Smith Boardroom)
<b>Start Time</b>	12:00 p.m.

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- 1) Chairman, Frank Besson called the meeting to order.
- 2) Frank Besson led the Pledge of Allegiance followed by a prayer led by Hackley Willis, LSTA President.
- 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 Vanessa LaFleur, Representing the House Committee on Retirement, PRESENT  
Chris LeDay, President, Central State Troopers Coalition, NOT PRESENT  
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 Appearing Through Amy Mathews, Designee for State Treasurer, PRESENT  
Walter W. Smith, Retiree Representative, PRESENT  
Hackley Willis, Jr., LSTA President, PRESENT

The records reflect that the following persons were also present:

Racheal Alvey, Griffin & Furman, LLC  
Andrew Barre, Griffin & Furman, LLC  
Stephen Griffin, Griffin & Furman, LLC  
Margaret Michel, LSPRS Assistant Director  
Denise Akers, General Counsel, Akers & Wisbar  
Rob Bickham, Rob Bickham, UBS Institutional Consulting (via Zoom)  
Gretchen Marquez, Administrative Program Specialist  
Claire Guidry, Retirement Benefits Analyst (via Zoom)  
Gregory Curran, Actuary, G.S Curran & Co  
Alan Verhoef, LA State Police Officer

- 4) A **MOTION** was made by Kevin Marcel to approve the Board Minutes from the April 27, 2022 Board Meeting. The motion was seconded by Walter Smith. No opposition. The motion passed **(See Exhibit A-attached)**.

A **MOTION** was made by Amy Mathews to approve the Investment Committee Minutes from the May 25, 2022 Investment Committee Meeting. The motion was seconded by Kevin Marcel. No opposition. The motion passed **(See Exhibit B-attached)**.

- 5) Rob Bickham, UBS Institutional Consulting, presented the Board with the Asset Allocation and Markets Value and Returns Summary as of May 31, 2022 **(See Exhibit C-attached)**. Mr. Bickham stated that we finished the month of May still with over a billion dollars, specifically \$1,055,936,443, for a total fund value. The total equities had a market value of \$636,978,301 equating to 60.3% of the portfolio which was slightly below the target of 62.5%, the total fixed income of \$216,403,832 being 20.5%, was slightly above the 16.0% target. Mr. Bickham stated that the flash report is reflecting the updated target percent allocation for total fixed income from previously being 20%, to the revised 16% that the Board approved a few months ago. Real Estate has been a positive thing for the portfolio with a weighting of 9.6%. The private equity portfolio's weighting is currently 5.9%, which was increased to 10% in the new policy statement.

Mr. Bickham directed the Board to view the Market Value and Returns Summary as of May 31, 2022. Looking at the Current Month column, the return for total domestic equity managers was down -0.27% with a market value of \$438,210,594. Year to date, equities are down -15.51% with Fiscal Year to date returns down -10.53%. Total fixed income was down -9.02% YTD and down -9.90% FYTD. Mr. Bickham noted that real estate funds of JP Morgan and PRISA have had phenomenal returns for the FYTD, but not to expect those levels of returns going forward due to higher interest rates. For the month, May's total fund for FYTD was down -7.30% and the manager analyzed return from inception was at 7.55%.

Mr. Bickham focused on the Committee Member's attention to the Market Outlook of July 2022 **(See Exhibit D-attached)**. He said that with is increased consumer demand, supply chain issues, and lower employment, this lends to creating inflation. Over the last four months, inflation has been moving up 8.0% to 9%. The market is saying that there is a 50/50 chance that, by raising rates, the Feds can slow down the economy enough that it gets inflation under control, but not enough that it causes a recession. Mr. Bickham then directed the Board to look at the "Quilt chart" of select asset classes' calendar year performance **(See Exhibit E-Attached)** and noted that the 60/40 portfolio has produced a 6.6% return with a risk of about 10%. Since inception, LSPRS has had a return of about 7.5% because we have a 60% equity, 20% fixed income, and 15% to 20% allocation to alternatives to create extra return in private equity and real estate. Mr. Bickham then directed the Board to view a graph detailing returns and drawdowns **(See Exhibit F-Attached)** during a 40-year period. The graph shows 40 brown bars with eight different periods in which the S&P has a negative calendar return, while the other 32 bars have a positive return. In 2009, the S&P 500 was down -27% but finished the year at almost 30%. Recently, in 2021, the S&P 500 was down -35% but finished the year at 20%. The takeaway is that it is impossible to know when the bottom has been hit during periods like we are currently experiencing.

- 6) Rob Bickham directed the Board to look at the Blackstone Private Credit Fund (BCRED) Summary and Recommendation letter by Kevin Reed **(See Exhibit G-Attached)**. Blackstone presented to the Investment Committee at last meeting and the Committee approved a \$10 million allocation in which \$5 million will be invested as soon as we complete the paperwork and another \$5 million allocation in the next 18 months. The Investment Committee motion can be viewed in the May 25, 2022, Investment Committee minutes under Item 13.

A **MOTION** was made by Walter Smith to accept the BCRED funding. The motion was seconded

by Hackley Willis. No opposition. The motion passed.

- 7) Rob Bickham discussed the two letters written by John Schroder, LA State Treasurer. The first letter was more of a statement from the Treasurer's opinion regarding financial arrangements and the fossil fuel industry (**See Exhibit H-Attached**). The second letter requests information on the market value of our system's investments, which we are working in conjunction with US Bank since they are the custodians (**See Exhibit I-Attached**).
- 8) Racheal Alvey, Griffin & Co., LLC, presented the Cash Disbursements for the month ending April 30, 2022, noting two fees that we are not used to seeing, which are quarterly investment manager fees for Loomis, and Investment Consulting. The total disbursements for April were \$198,302.86. On the Cash Disbursements for the month ending May 31, 2022, there were two unusual items, an actuary fee and refund of contributions. The total monthly disbursements were \$135,654.99. (**See Exhibit J-attached**).

Ms. Alvey then reviewed the Statement of Fiduciary Net Position/Balance Sheet for the month ending May 31, 2022, noting cash held in the bank was \$43,065, and Total Investments of \$1,054,935,826, Total Liabilities were at \$2,561,424 bringing the Net Position to \$1,054,339,124. 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 were negative at \$30,815,082.93 with the main driver being the unrealized gain/loss related to our investments. The Total Expenses were at \$74,101,881.64, bringing the Net Decrease to \$104,916,964.57. (**See Exhibit K-attached**).

Ms. Alvey reviewed the Budget Summary for the nine months ending May 31, 2022, focusing on the last column, Over/Under Budget. For Personnel Services, we were under budget \$140,472, Total Operating Expenses were over budget \$351, Total Professional Expenses were under budget \$28,663, Total Acquisitions were under budget \$24,363 and Total Investment Managers were under budget \$315,814. (**See Exhibit L-attached**). Margaret Michel mentioned that LSPRS will be paying the last installment for the estimate calculator so the amount in the Major Acquisitions line will include that payment amount of \$22,000 at the end of this Fiscal Year.

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

- 9) Margaret Michel discussed G.S. Curran's contract renewal with LSPRS (**See Exhibit M-attached**). The contract has generally not changed and still contains the same services. In 2023, there will be an experience study that is outside of the contract, but the \$11,200 cost is included in the contract. The annual compensation is increasing over a three-year period. There is also an increase from \$125 to \$150 in the base per-fee calculation that we charge to a member starting FY 2023-2024. The contract can be reviewed and amended in June 2023.

Ms. Michel then discussed G. S. Curran's fee comparison with LSPRS and other state retirement systems (**See Exhibit N-attached**). We are currently on the lower end of a base per-fee calculation and felt that it was appropriate to move the base fee from \$125 to \$150 that we charge to a member starting FY 2023-2024.

A **MOTION** was made by Hackley Willis to approve the contract as it is. The motion was seconded by Walter Smith. No opposition. The motion passed

- 10) Margaret Michel, Assistant Director, presented information to the Board regarding 2022 Regular Session (**See Exhibit O-attached**). Senate Bill 7 and Senate Bill 8 were passed and as requested. House Bill 25 did not leave House Retirement Committee. No bills relative to the payments of one-time monies to fund COLAs succeeded. Senate Bill 5 and Senate Bill 6 which are the non-recurring

lump sum payments for LASERS and the PBI granted to Teacher's Retirement were signed into law. Ms. Michel stated that all of the LSPRS bills are enacted.

Ms. Michel stated that LSPRS's PBI will generate a payment advice for July's payments for the members who qualify.

11) A **MOTION** was made by Hackley Willis to approve the Benefits Change Report, in globo. The motion was seconded by Kevin Marcel. No opposition. The motion passed. **(See Exhibit P-attached).**

12) A **MOTION** was made by Kevin Marcel to discuss Other Business of the Board Meeting Agenda. The motion was seconded by Hackley Willis. No opposition. The motion passed.

Ms. Michel states that the first item is an action item. She mentioned that LAPERS has moved the conference from September 11, 2022, to September 18, 2022. The conference will be from 9/18-9/22. The Board meeting will be around 3:00 PM – 3:30 PM on that Sunday, the 18th.

A **MOTION** was made by Amy Mathews to change the Board meeting date to September 18, 2022. The motion was seconded by Kevin Marcel. No opposition. The motion passed.

Ms. Michel asked the Board to let her know who will be able to attend so LSPRS can make arrangements. Ms. Michel also asked the Board to complete all training required, especially actuarial hours. All training is due by August 31, 2022.

Ms. Michel congratulated Hackley Willis on his new role as LSTA president. This triggered an election for an active member and active/retiree member role on the LSPRS Board. The elections will run simultaneously.

13) A **MOTION** was made by Kevin Marcel to **enter** executive session. The motion was seconded by Hackley Willis. No opposition. The motion passed.

A **MOTION** was made by Walter Smith to **exit** Executive Session. The motion was seconded by Hackley Willis. No opposition. The motion passed.

A **MOTION** was made by Amy Mathews to approve for the Assistant Director to be authorized to take action for and on behalf of the Board, which are authorized under our statutes, including financial matters and signing and approving of contracts. The motion was seconded by Kevin Marcel. No opposition. The motion passed. **(See Exhibit Q -attached).**

14) A **MOTION** was made by Doris Prudhomme to adjourn the meeting. The motion was seconded by Amy Mathews. No opposition. The motion passed.



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