



Louisiana State Police Retirement System

Board Meeting Minutes

Meeting Title	Louisiana State Police Retirement System Board Meeting
Date of Meeting	August 22, 2018
Where	9224 Jefferson Hwy, Baton Rouge, LA 70809
Start Time	1:30 p.m.

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

Commissioner Jay Dardenne, Div. Of Administration, Appearing Thru
Andrea Hubbard, Designee for DOA Commissioner, PRESENT
Col. Kevin Reeves, Superintendent, Office of State Police, Appearing Thru
*Frank Besson, Designee for Superintendent, PRESENT
John Schroder, State Treasurer, Appearing Thru
Amy Mathews, Designee for State Treasurer, PRESENT
*Rep. Sam Jones, House Retirement Committee, PRESENT
Byron Juneau, President, Central State Troopers Coalition, NOT PRESENT
Kevin Marcel, Active Representative, Vice Chairman, PRESENT
Sen. Barrow Peacock, Senate Retirement Committee, NOT PRESENT
Doris Prudhomme, Surviving Spouse Representative, PRESENT
Jay O'Quinn, LSTA President, PRESENT
Baxter Welch, 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	Kimberly Gann, Assistant Director
Margaret Corley, Senate Retirement Comm.	Robin Landa, UBS/Paine Webber
Greg Curran, G.S. Curran & Co.	Shelley Sebastian, Administrative Asst.
Irwin L. Felps, Jr., Executive Director	Rebecca Wisbar, Attorney

- * Rep. Sam Jones joined the meeting after roll call
- * Chairman Frank Besson joined the meeting after roll call

- 2) Vice-Chairman Kevin Marcel opened the meeting with the pledge of allegiance. The prayer was led by Irwin L. Felps, Jr.

No public comments

- 3) A **MOTION** was made by Baxter Welch to approve the Board minutes of June 27, 2018. The **MOTION** was seconded by Jay O'Quinn. No opposition. The motion passed. **(Exhibit A Attached)**

Kevin Marcel and Irwin Felps reviewed the July 25, 2018 Investment Committee minutes with the board. Baxter Welch, referencing item 7 on the Investment Committee minutes, asked how much did the monthly payroll increase since the increase in retirements? Kimberly Gann stated the monthly increase since January 2018 is about \$600,000. Previously, monthly payroll was approximately \$3.4M and now it is approximately \$4M, not including lump sum payments. The Board followed with

a lengthy discussion about the increase in payroll and funding of the retirement system. A **MOTION** was made by Baxter Welch to approve the Investment Committee Minutes of July 25, 2018. The **MOTION** was seconded by Hackley Willis. No opposition. The motion passed. **(Exhibit B Attached)**

A **MOTION** was made by Jay O'Quinn to approve the Executive Committee Minutes of August 7, 2018. The **MOTION** was seconded by Hackley Willis. No opposition. The motion passed. **(Exhibit C Attached)**

- 4) Robin Landa, UBS/Paine Webber reported as of July 31, 2018. Ms. Landa pointed out the total fund is \$875,348,563. The total equities are \$564,675,558 which is 64.5% of the portfolio, Fixed Income is \$155,143,219 or 17.7% of the portfolio and total alternatives are \$113,932,179 or 13.10% of the portfolio. As of 7/31/18 the fund is up 1.51% for the fiscal year, 3.17% year to date and up 1.51% for the current month. **(Exhibit D Attached)**

Kim Gann presented the 2nd quarter ACT 1004 report. **(Exhibit E Attached)**

- 5) Greg Curran, G.S. Curran & Co., presented the June 30, 2018 Experience Study. Mr. Curran explained that the system is required by statute to review the past plan experience in determining the actuarially required contributions every five years.

Mr. Curran discussed the financial assumptions for the valuation interest rate and the rate of salary increase for troopers. He also presented extensive information on the direction of valuation rates for all retirement systems and concluded that LSPRS' rate of 7.0% is reasonable. However, LSPRS should closely monitor this rate as the overall direction is toward lower rates. Mr. Curran also stated that LSPRS' assumed rate of inflation of 2.50% is reasonable, but the rates will probably tend to increase as rates move back to more normal rates of inflation.

Mr. Curran presented a thorough analysis of the past history of pay increases for troopers. He recommended that LSPRS use a level long-term salary scale assumption of 5.25%.

In addition to the financial assumptions, Mr. Curran reviewed the liability assumptions. He explained that the assumption for withdrawal from the system is based more on service rather than age. Mr. Curran also presented the draft assumptions for 2018. Another liability assumption is the rate of disability. He indicated that the disability assumption for LSPRS presents some special problems due to the hazardous nature of the members' job. He decided to use a de novo rate based on LSPRS' recent experiences and to shape the curve based on the disability table published by the Railroad Retirements System. Another liability assumption is the rates of retirement, and this assumption presented some recent data that reflected that troopers have been waiting to retire to take full advantage of the pay plan revisions in 2015. Due to this unusual retirement pattern during this study period, he indicated that he has elected to maintain the same retirement rates set by Mr. Charles Hall in the last experience study in 2013. For the assumption concerning Back Drop, Mr. Curran discussed their analysis of the utilization of the Back-Drop program. During this study period, there were no members who elected to use the Back-Drop program after December of 2014. As a result of this data, the Curran's are recommending no change to existing utilization probabilities for Back-Drop. The last liability assumption is the mortality rates for the system. Mr. Curran indicated that the appropriate rate of mortality is a very complex and important process. In the final analysis, Mr. Curran indicated that they had used the RP2014 Healthy Annuitant Table and adjusted it for Louisiana's increased mortality and to allow for the system's own mortality data.

In addition to the above-mentioned assumptions, Mr. Curran explained that they also reviewed family statistics which included percentage of members married, percentage of families with children, average number of children per family and the average age of the children per family. Also, he and his staff reviewed the rate of assumed re-marriage, and it remained unchanged from the prior valuation. Other assumptions that were studied included; (1) accumulated leave conversion (2)

vesting election percentage (3) percentage of active members death which occur "In the Line of Duty", and the percentage of disabilities who qualify as "Service connected".

Mr. Curran concluded his presentation by handing out a one-page summary of the impact as a percentage of payroll of the assumption changes that are recommended with their plan experience study. The overall impact of their study will be an 8.8% increase as a percentage of payroll.

A **MOTION** was made by Hackley Willis to accept the Experience study presented by Greg Curran. The **MOTION** was seconded by Doris Prudhomme. No opposition. The motion passed.

- 6) Vice-Chairman Kevin Marcel announced that the next item to be heard will be the financial report, out of agenda order. Rachel Alvey, Griffin & Furman, LLC, presented the check registers for the month ending June 30, 2018 and July 31, 2018. Ms. Alvey also presented the Statement of Net Position and Budget Summary as of July 31, 2018.

*Baxter Welch exited the meeting.

- 7) A **MOTION** was made by Hackley Willis to go into Executive Session to discuss unclassified personnel evaluations. The **MOTION** was seconded by Jay O'Quinn. No opposition. The motion passed.

A **MOTION** was made by Jay O'Quinn to come out of Executive Session. The **MOTION** was seconded by Hackley Willis. No opposition. The motion passed.

A **MOTION** was made by Rep. Sam Jones to approve the increase in salary for Irwin L. Felts, Jr., Executive Director, to \$160,000 annually and Kimberly Gann, Assistant Director, to \$96,000 annually. The **MOTION** was seconded by Jay O'Quinn. No opposition. The motion passed.

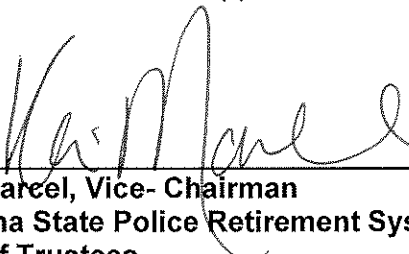
- 8) A **MOTION** was made by Hackley Willis to accept the Benefit Change Report, Retirement/DROP approvals and the elimination/awarding benefit to spouse/children. The **MOTION** was seconded by Doris Prudhomme. No opposition. The motion passed. **(Exhibit G Attached)**

- 9) **Other Business:**

LAPERS – Kim Gann reminded the board that LAPERS is 9/16/18 through 9/18/18 and check out on 9/19/18.

Audit – Kim Gann advised the board the auditors have been in the office a couple of times and have completed the field work for the audit. As in year's past we are at the point where we are waiting on final June 30, 2018 numbers before the reports can be finalized. The actuarial report must have final numbers from the auditors before completion of the actuarial report which is due 10/01/18.

- 10) A **MOTION** was made by Jay O'Quinn to adjourn. The **MOTION** was seconded by Doris Prudhomme. No opposition. The motion passed.



Kevin Marcel, Vice- Chairman
Louisiana State Police Retirement System
Board of Trustees