NONVERBATIM DRAFT MINUTES OF THE MEETING OF THE BOARD OF TRUSTEES, SHERIFFS’ PENSION & RELIEF FUND, HELD AT THE LOUISIANA SHERIFFS’ PENSION FUND IN BATON ROUGE, LOUISIANA AT 9:00 A.M. TUESDAY, DECEMBER 6, 2016. THIS DRAFT IS SUBJECT TO CHANGE UPON APPROVAL BY THE BOARD.

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

Active Sheriff Jeff Wiley

Active Sheriff Jay Russell

Active Sheriff Greg Champagne
Retired Sheriff Ken Goss

Retired Sheriff Wayne McElveen

 Active Deputy Calvin McFerrin
 Active Deputy Sharon Cutrera
 Active Deputy Debbie McBeth

 Retired Deputy Don Rittenberry

 Executive Director Osey McGee, Jr.

President Sheriff William Hilton called the meeting to order. Assistant Director Keith Duplechain offered the invocation and Sheriff Jay Russell led the pledge to the American flag. Roll was called and those in attendance represented a quorum. Sheriff Hilton recognized and congratulated the newest member of the Board, Sheriff Greg Champagne. The Director noted that Retired Deputy Ronnie Morse was out due to the passing of his mother. Sheriff Hilton asked audience members to introduce themselves. Others in attendance included Robert Klauser, Attorney, Klausner, Kaufmann, Jensen & Levinson; Gary Curran, Actuary, Curran & Co.; Dr. Bill Madden, Russell; Acadia Parish Sheriff K.P. Gibson; Jason Windham, Shobe Financial; and several parish representatives. Pension Fund staff members in attendance included Assistant Director Keith Duplechain, Lacey Weimer, Chris DeWitt, and Katie Thiebaud.

Sheriff Hilton asked for a moment of silence to observe the passing Laura Endsley, former Board member, Bobbie Jo Deen, wife of former Board President Retired Sheriff Larry Deen, and Lula Morse, mother of current Board member Ronnie Morse.

## The meeting began with a conference call with Paul Eitleman, CFA, North American Investment Strategist with Russell. He presented an economic and global market outlook for 2017 to the Board.

## Financial and Market Reports

Next, Executive Director Osey McGee, Jr., along with Senior Investment Analyst Chris DeWitt, and Bill Madden of Russell, presented a review of performance and economic information from the beginning of the fiscal year, to date of the meeting, as follows:

**Performance Highlights – Fiscal Year 2017 1st Quarter**

* A great start to Fiscal Year 2017 was led by better than expected U.S. economic data.
	+ The Dow, S&P, and Nasdaq hit all-time highs
* The U.S. continued to show promising signs of growth:
	+ Stellar jobs report
	+ Manufacturing growth
	+ Better than expected corporate earnings reports
	+ Housing growth
* Positive U.S. economic news easily offset the negative international news.
	+ There were many of the same issues as the last fiscal year.
* Much of the volatility in the first quarter was caused by speculation over the timing of the next rate hike.

**Performance Highlights – Fiscal Year 2017 Second Quarter**

* The markets rebounded after October selloff.
	+ There was optimism over surprise election results
		- Fiscal stimulus/regulation reform
* The U.S. lead global economic growth.
	+ GDP revised up to 2.9%
	+ Unemployment rate fell to 4.6%
	+ The highest consumer confidence since 2007
	+ An increase in manufacturing/non-manufacturing
* Oil continued to rally.
	+ OPEC agreed to a production cut
* With focus continuing to be on Fed policy, there was expectation for a December rate hike.
* Estimated Fiscal Year-to-Date performance as of the meeting date, 12/06/16, was 4.0% Net of Fees.

They also reviewed the Fund’s current asset allocation and reported an estimated total Fund investment assets to be $2,984,791,598.87 at 11/30/16.

The presentation also included a market outlook with reasons for optimism and causes for concern for the balance of the fiscal year.

**Investment Committee**

Investment Committee Chairman Don Rittenberry gave a report to the Board on the Investment Committee’s last meeting on October 18, 2016 at 9:30 A.M. Rittenberry asked for approval on the following recommendations of the Investment Committee:

* Waiting on further research from Russell on Opportunistic Credit manager Grosvenor’s OCF V Fund to make a decision on where to place funds from the closing of BlackRock’s BAA Tempus Fund and Grosvenor’s OCF IV Fund.
* After being put in a 12 month queue with J.P. Morgan’s Value Added Real Estate Fund, the commitment was called and a $15 million investment was placed in the Fund. The Committee recommended increasing the Pension Fund’s investment to J.P. Morgan’s Value Added Real Estate Fund by $10 million, taken from the $60 million currently being held in a short duration bond fund.
* Waiting to invest $45 million allocated to AQR Global Equity until further clarity was seen in the global markets.
* Adding a Large Cap Growth Mellon Capital Index Fund to the Fund’s Large Cap Growth, allocating $60 million towards it and leaving the decision of where the funding is taken from to the Director and the In-House Investment Committee.
* Renewing the fee agreement with BNY Mellon, with authorization of the Director to sign it.
* Redoing the custody agreement with BNY Mellon, with authorization of the Director to sign it in consultation with legal counsel.

Sheriff Willy Martin made a motion to accept the minutes and approve the recommendations of the Investment Committee. Debbie McBeth seconded, and the motion passed.[[1]](#endnote-2)

The Director and Legal Counsel Bob Klausner reviewed with the Committee a summary of the events that led to the Death of West Baton Rouge Sheriff’s Office Deputy Donna Leblanc. In accordance with policies and procedures of the West Baton Rouge Sheriff’s Office and Louisiana law, and the recommendations of Sheriffs Mike Cazes and Bud Torres, it was the opinion of the Director and Bob Klausner that she should be considered as acting in the line of duty. The Director and legal counsel asked for a motion from the Board as to a decision on determining the in-line of duty death benefits to the deputy’s daughter. Don Rittenberry made a motion to approve the in-line of duty death benefits, and Ret. Sheriff Ken Goss seconded. The motion passed unanimously.[[2]](#endnote-3)

The Director and Dr. Bill Madden presented to the Committee a review of Opportunistic Credit, including details on Grosvenor’s OCF V Fund and BlackRock’s Tempus Fund. Madden stated that Russell researched Grosvenor’s OCF V Fund, and recommended allocation of the Funds from the closure of BlackRock’s Tempus Fund into Grosvenor’s OCF V Fund.

Dr. Bill Madden gave a presentation to the Board on the impact of rising interest rates on the Fund’s fixed income portfolio and total Fund return.

The Director gave an update on the progress of the Actuarial Valuation and the Audit Report. He stated that when the reports were finished, the Executive Committee would meet to review them, and report back to the Board.

Calvin McFerrin made a motion to accept and authorize the Director to sign the Audit Compliance Questionnaire required by the Legislative Auditor to complete the audit report. Don Rittenberry seconded, and the motion passed.[[3]](#endnote-4)

**Informational & Discussion Items**

The Director led a discussion on new GASB 72 standards.

Director McGee, along with Keith Duplechain reported on the Liaison Workshop Training Seminar held on November 15, 2016, stating that attendance was high and it was very successful. There were two Board members in attendance at the seminar, Sharon Cutrera and Debbie McBeth. Both expressed very favorable views of the seminar.

The Director gave an update on deputy elections and the tentative Board meeting schedule for 2017.

Don Rittenberry motioned to accept the following items:

1. Board meeting minutes for the 06/01/16 meeting of the Board of Trustees
2. Applications for reciprocal recognition of service and transfers
3. Applications for retirement, backdrop, disability, and survivor benefits

Calvin McFerrin seconded, and the motion passed.[[4]](#endnote-5)

**Executive Session**

President Hilton requested a motion for the Board to go into Executive Session to receive advice from counsel related to RS 11:2174 on matters which were privileged under RS 44:4.1 and Louisiana Code of Evidence Art. 506 to take possible action thereafter in Open Session. Sheriff Willy Martin made the motion and Don Rittenberry seconded.[[5]](#endnote-6)

**Regular Session**

The Board returned to regular session. The Counsel stated that the record should show that no actions or motions were taken during executive session. A discussion ensued regarding Acadia parish membership requirements. After lengthy discussion, Don Rittenberry made a motion that everyone must follow the Sheriffs Pension law enacted in 1999, RS 11:2174 requiring all sheriffs and deputies to be members of the Sheriffs’ Pension Fund system, and to allow Legal Counsel to take the necessary steps to ensure the law is upheld, including seeking judicial clarification if necessary. Willy Martin seconded the motion. There were 8 in favor, 1 opposed, and 1 abstention.[[6]](#endnote-7)

**Adjourn**

With no further business to consider, the Director thanked everyone for attending and invited guests and Board members to stay for lunch downstairs. Sheriff William Hilton adjourned 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 December 6, 2016.

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 Sheriff William Hilton,President

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 Osey McGee, Jr. Executive Director

Motions and Concurrences:

1. Approval of Investment Committee minutes and recommendations [↑](#endnote-ref-2)
2. Line of Duty Death: West Baton Rouge Deputy approval [↑](#endnote-ref-3)
3. Adoption and Audit Compliance Questionnaire [↑](#endnote-ref-4)
4. Approval of 02/24/16 Meeting Minutes

 Applications for reciprocal recognition of service and transfers

 Applications for retirement, backdrop, disability, and survivor benefits [↑](#endnote-ref-5)
5. Enter into executive session [↑](#endnote-ref-6)
6. Acadia Parish Membership [↑](#endnote-ref-7)