

## **MINUTES OF MEETING**

### **LOUISIANA ASSESSORS' RETIREMENT FUND BOARD OF TRUSTEES**

**April 24, 2012**

A meeting of the Board of Trustees of the Louisiana Assessors' Retirement Fund was held at 1:30 P.M., April 24, 2012, at the Louisiana Assessors' Association Office located at 3060 Valley Creek Drive, Baton Rouge, Louisiana. The following officers were present: President Terry Baker, Vice President Glenn Waguespack, Treasurer Lee Brown and Members Rhyn Duplechain, Randy Seal, James Johnson, Phyllis Mendoza, Richard Earl, Stephanie Smith, Erroll Williams, Jimmy Dean, Charlie Henington, Brian Wilson, Louis Hebert and Irby Gamble. Absent were Members, Senator Elbert Guillory and Representative Kevin Pearson.

Following the call to order, roll call, prayer, and Pledge of Allegiance, the meeting commenced with the presentation of the financial report by Accountant Anita Owens. James Johnson made a motion to accept the financial report which was seconded by Erroll Williams and passed with no objections.

Nannette Menou reported on deaths, refunds and retirements. Jimmy Dean made a motion which was seconded by Louis Hebert and passed with no objections to accept the aforementioned report.

A presentation was then made by Investment Consultant, Bob Borden. Mr. Borden suggested the Board be prepared to review the Investment Policy in July to consider any needed policy changes to be adopted at the October quarterly meeting.

The next agenda item was motioned by Richard Earl to advertise for an investment consultant, and at the next quarterly meeting have consultants come to make a presentation to the Board. Mr. Earl's motion also requested consideration of a 2-year time frame for Consultant contract review. The two part motion was seconded by Erroll Williams and passed unanimously.

President Terry Baker appointed a special sub-committee to handle the consultant search. The committee members are Charlie Henington, Richard Earl, Rhyn Duplechain, Erroll Williams, and Stephanie Smith.

A motion entered by Irby Gamble seconded by James Johnson passed unanimously to approve the Employer Contribution rate at 13.50% for 2011-2012.

Item 10 on the agenda was a presentation by actuary Gregory Curran. Mr. Curran provided the following suggested changes which would reduce costs to the Assessors' Retirement Fund in preparation for the 2013 Legislative Session:

1. Lower prospective accrual rate
2. Phase-in of sixty-month FAC for all members
3. Extended retirement eligibility standards for new hires
4. Restrictions on contributions/benefits calculated on Deferred Compensation Match
  - a. Phase out of contributions allowed on Deferred Compensation Match
  - b. Anti-spiking rules on Deferred Compensation Match
  - c. Change in benefit calculation technique for Deferred Compensation Match portion of benefit, by calculating benefit only on years in which contributions were made for a Deferred Compensation Match and possibly stretched over a longer period, like six years.
5. Phase out of car allowance and expense accounts from definition of earnings
6. Increase in employee contributions either to a set percentage or allowing the Board of Trustees to set the rate at any point within a specified range.

In all cases, steps should be taken to consider the complexity of administering changes when legislation is drafted. The Board should be aware that although such changes will reduce the cost to employers, administrative costs will likely increase with added plan complexity.

President Terry Baker appointed a new sub-committee to consider some of the recommended changes to the retirement plan and requested the committee be prepared to discuss those changes and their effects on the plan at the July meeting. The sub-committee members include Louis Hebert, Brian Wilson, Lee Brown, Glenn Waguespack, Phyllis Mendoza and Terry Baker.

Mr. Curran also requested the Board vote to adopt a change in the assumptions for actuarial equivalence calculations including optional equivalence factors for use pursuant to R.S. 11:1423 as of July 1, 2012. A motion entered by Louis Hebert, seconded by Phyllis Mendoza was accepted with unanimous consent to adopt the following changes:

As of July 1, 2012 all actuarial equivalence calculations and option factors shall be calculated using an interest rate of 7.50%, mortality equal to the sex distinct RP2000 Combine Healthy tables, and an assumption that annuity payments are made at the end of each month.

Further, as such factors must be developed so that a single set of factors is used for all members, male and female, such factors will be developed by assuming that 65% of members who choose optional forms of benefit are male and 35% are female. In addition, for the purpose of creating unisex tables, beneficiaries of members are assumed to be the opposite sex of the member.

The Board further states that as of July 1, 2012, any calculation of the actuarial cost for the purpose of a transfer of service credit, purchase of prior service credit, or purchase of military service credit shall be made using the assumptions as stipulated in the Board approved valuation report.

Calculations of whole life annuity equivalents to the benefits or financial awards which accrue to a disability retiree solely as a result of his disability under R.S. 11:221(D) shall be made based upon the sex distinct valuation mortality for disabled retirees and the valuation interest rate.

Finally, should there be a need for actuarial equivalence calculations other than those just specified, the calculations are to be made using the assumptions as stipulated in the Board approved valuation report, unless otherwise stated, in writing, by the system's actuary.

Item 11 on the agenda was a presentation by Connie Steven, Regional Director of Great West Retirement Services, to discuss a new, alternative 401a retirement plan that would allow retirement rollovers from Drop and Back Drop funds that would maintain exemption from state taxes. Assessor Rhyn Duplechain made a motion seconded by Jimmy Dean to request Ms. Stevens proceed with determining the pricing for the new Self-Directed Plan for Drop and Back Drop funds. The motion carried with no objections.

Item 12 on the agenda was consideration of approval of a new contract for general legal advice and representation for the Board with the Louisiana Department of Justice for the period July 2012 – June 2013. The contract was motioned for acceptance by Erroll Williams, seconded by Charlie Henington and passed with no objections.

Item 13 considered moving the July quarterly meeting from Tuesday July 24 to Monday July 23 to avoid conflict with the Louisiana Tax Commission Rebuttal hearings. Phyllis Mendoza put forth a motion to accept this change which was seconded by Erroll Williams and passed with unanimous consent.

A motion offered by Irby Gamble seconded by Charlie Henington passed with no objection to add an agenda item to discuss House Bill 6 and House Bill 1017.

There being no further business to come before the Board, a motion to adjourn was made by Brian Wilson, seconded by Charlie Henington and with no objections the meeting was adjourned.