

**Louisiana School Employees' Retirement System**  
**Special Board Meeting**  
*Monday, October 6, 2014*  
10:09 a.m.

The Louisiana School Employees' Retirement System's Special Board Meeting convened in the boardroom (Room 100) of the Louisiana School Employees' Retirement System Building, located at 8660 United Plaza Blvd., Baton Rouge, Louisiana. Mr. Faulk, Chairman of the Board, called the meeting to order at 10:09 a.m. Roll was called by Ms. Stark.

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**Members Present:** Mr. Jeffrey Faulk, Sr., \*Mr. Eugene Rester, Jr., Mr. Henry Yearby, Ms. Kathy B. Landry, \*Ms. Betty Crain, Mr. Philip B. Walther, Ms. Judith Ann McKee, Ms. Margaret Corley - representative for Senator Elbert L. Guillory - Chairman, Senate Committee on Retirement, Mr. Ron Henson - designee for Mr. John Kennedy - State Treasurer, Mr. Joe Salter - designee for Mr. Tom Schedler - Secretary of State, Ms. Ashlee McNeely - designee for Ms. Kristy Nichols - Commissioner of Administration, Ms. Stephanie Little - representative of Representative J. Kevin Pearson - Chairman, House Committee on Retirement

**Staff Present:** Mr. Charles Bujol – Executive Director, Ms. Carolyn Forbes - Assistant Director, Ms. Lauren Bailey - Executive Counsel, Ms. Larisa Ellard - Internal Auditor, Mr. Christopher Saik – Chief Investment Officer, Ms. Laurie Stark - Administrative Assistant, Ms. Melinda Carson - Accountant Administrator

**Others Present:** Mr. Steve Bowes - Sisung Securities, Ms. Laura Gail Sullivan - Senate Counsel, Ms. Michelle Cunningham - Duplantier, Hrapmann, Hogan & Maher, Mr. Charles Hall - Hall Actuarial Associates

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\*Ms. Crain and Mr. Rester left the meeting at 11:28 a.m.

**APPROVAL OF AGENDA**

The agenda was presented to the Board for approval.

**ON MOTION BY MS. MCKEE, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT** the Board approved the agenda.

**PUBLIC COMMENTS ON ANY ITEM ON AGENDA**

Mr. Faulk called for public comments on any item on the agenda. There were no comments.

**ANNUAL REPORTS - FY ENDING JUNE 30, 2014****FINANCIAL - DUPLANTIER, HRAPMANN, HOGAN & MAHER**

*Michelle Cunningham, CPA, Audit Partner*

The financial report prepared by *Duplantier, Hrapmann, Hogan & Maher* was made available at the meeting. Ms. Cunningham presented an audit report on the financial statements of the Louisiana School Employees' Retirement System (LSERS). A detailed review of the audit was provided via an audio/visual presentation titled: *Presentation of the Results of the June 30, 2014 Financial Statement and Compliance Audit*. Ms. Cunningham then addressed questions from the Board.

**ON MOTION BY MS. McKEE, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT** the Board approved the Financial report.

**ACTUARIAL VALUATION - CHARLES HALL, HALL ACTUARIAL ASSOCIATES**

*Charles Hall, Hall Actuarial Associates*

The actuarial valuation prepared by *Hall Actuarial Associates* was distributed at the meeting. Mr. Hall provided a detailed report and educational presentation on the actuarial valuation of assets and liabilities, as well as funding requirements, for the Louisiana School Employees' Retirement System as of June 30, 2014. Mr. Hall then addressed questions from the Board.

\*Ms. Crain and Mr. Rester left the meeting at 11:28 a.m.

**ON MOTION BY MR. YEARBY, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT** the Board approved the Actuarial Valuation report.

**RECOMMENDATIONS FROM THE INVESTMENT COMMITTEE MEETING**

Mr. Walther recommended approval of the recommendations as follows: conduct an emerging markets debt manager search for approximately 7% of the portfolio; conduct a high yield manager search for approximately 5% of the portfolio; utilize Mellon Capital's EAFE index fund for approximately 5% of the portfolio; trim the Orleans Capital allocation from 6% to approximately 5% and alter their mandate to intermediate core benchmarked to the Barclays Intermediate Aggregate Index; reduce the current global fixed income allocation from 6% to approximately 3% with a manager TBD; dissolve the current Schrodgers distressed debt portfolio; trim the Schrodgers core plus allocation from 6% to approximately 5%.

**ON MOTION BY MS. McKEE, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the recommendations as follows: conduct an emerging markets debt manager search for approximately 7% of the portfolio; conduct a high yield manager search for approximately 5% of the portfolio; utilize Mellon Capital's EAFE index fund for approximately 5% of the portfolio; trim the Orleans Capital allocation from 6% to approximately 5% and alter their mandate to intermediate core benchmarked to the Barclays Intermediate Aggregate Index; reduce the current global fixed income allocation from 6% to approximately 3% with a manager TBD; dissolve the current Schroders distressed debt portfolio; trim the Schroders core plus allocation from 6% to approximately 5%.

### **LSERS PROPOSED 2015-16 BUDGET**

Mr. Bujol and Ms. Forbes provided a review of LSERS proposed 2015-16 operating budget which included an increase of .15% over the existing fiscal year budget, abolishment of one classified position and performance pay adjustments for eligible employees. They then addressed questions from the Board.

**ON MOTION BY MR. WALTHER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board adopted the 2015-16 Budget.

### **OTHER BUSINESS**

Mr. Faulk recommended that the Board Officer Elections be held in January 2015 to give the incoming board member an opportunity to participate in the election process. Nomination letters will need to be received by November 11, 2014. Ms. Bailey indicated that the Board needed to amend the agenda in order to vote on this recommendation during today's meeting.

**ON MOTION BY MS. McKEE, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT**, the Board agreed to amend the agenda and add the Procedures for Board Officer Elections as an agenda item to be voted on during today's meeting.

**ON MOTION BY MS. McKEE, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board agreed to move the Board Officer Elections from December 2014 meeting to the January 2015 meeting.

Ms. Bailey reminded the board members to complete their educational certificates to certify receiving one hour of actuarial science and a half hour of education regarding laws, rules and regulations. She also announced that most of the speakers are in place for the educational retreat in March 2015. Mr. Faulk announced that he will be providing his annual meal for board and staff during the December 1, 2014 Quarterly Meeting.


There was no other business to discuss.

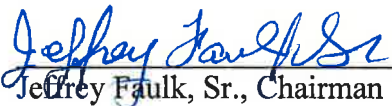
**PUBLIC COMMENT**

There were no public comments.

**ADJOURNMENT**

**ON MOTION OF MS. McKEE, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned at 11:55 a.m.**

  
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Charles P. Bujol, Director

  
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Jeffrey Faulk, Sr., Chairman