

**Louisiana School Employees' Retirement System
Investment Committee Meeting**

Monday, October 5, 2015

9:00 a.m.

The Louisiana School Employees' Retirement System's Investment Committee 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. Eugene Rester, Jr., Chairman of the Investment Committee, called the meeting to order at 9:00 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Ms. Kessler.

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Members Present: Mr. Jeffrey Faulk, Sr., Mr. Eugene Rester, Jr., Ms. Kathy B. Landry, Ms. Judith Ann McKee, Ms. Colleen Barber, Mr. Henry Yearby, Mr. Philip B. Walther, Ms. Margaret Corley - representative for Senator Elbert L. Guillory - Chairman, Senate Committee on Retirement, Ms. Kelli Rogers - designee for Mr. John Kennedy - State Treasurer

Members Absent: Representative J. Kevin Pearson – Chairman, House Committee on Retirement, Mr. Tom Schedler – Secretary of State, Ms. Kristy Nichols – Commissioner of Administration

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

Others Present: Mr. Jeffrey Boucek - Segal Rogerscasey, ¹Mr. William "Bill" Stamm and ²Mr. Patrick Butler - Duplantier, Hrapmann, Hogan & Maher, LLP, Mr. Greg Curran and Mr. Gary Curran – G.S. Curran and Company, LTD, ³Ms. Laura Gail Sullivan - Senate Counsel

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¹ Mr. Stamm arrived at 9:19 a.m.

² Mr. Butler arrived at 9:57 a.m.

³ Ms. Sullivan arrived at 9:43 a.m.

DIRECTOR'S ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- Provided an update on the building construction and renovations. Recently completed the renovations of the back hallways and currently in the process of staff kitchen renovations.
- Renegotiated our printing service contract resulting in a decrease in cost from \$40,000 to \$15,000.

APPROVAL OF AGENDA

The agenda was presented to the Committee for approval.

ON MOTION BY MR. FAULK, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT the Committee approved the agenda.

PUBLIC COMMENTS ON ANY ITEM ON THE AGENDA

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

PORTFOLIO PERFORMANCE REVIEW

Mr. Boucek provided an overview of market conditions and performance during August 2015. This included an audio/visual presentation and a handout titled: *Preliminary Investment Performance as of August 31, 2015*. He then addressed questions from the committee.

ASSET ALLOCATION OVERVIEW

Mr. Boucek provided an overview of fixed income structure overview. This included an audio/visual presentation and a handout titled: *Fixed Income Structure Overview*.

Mr. Boucek provided a suggested workplan. This included an audio/visual presentation and a handout titled: *LSERS Suggested Workplan*.

ON MOTION BY MR. FAULK, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the Committee agreed to the recommended changes to the Fixed Income Structure which included: elimination of dedicated Developed Non US Fixed Income, elimination of the TIPS mandate, creation of an Opportunistic mandate, creation of a Global

Core/Core Plus "hub" comprised of: a shorter duration mandate with Orleans, a new passive Global Fixed Income mandate, a new active Global Unconstrained mandate.

ON MOTION BY MR. WALTHER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Committee agreed to formally notify Orleans Capital to change their mandate to "Intermediate Core."

ON MOTION BY MS. ROGERS, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the Committee agreed to terminate Mondrian and use proceeds to fund a Global Aggregate Index with Mellon Capital.

HIGH YIELD BOND MANAGER CANDIDATES

Mr. Boucek provided an overview of high yield bond manager candidates. This included an audio/visual presentation and a handout titled: *High Yield (US) Search*.

ON MOTION BY MR. FAULK, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT, the Committee agreed to interview Oaktree Capital Management, Hotchkis and Wiley Capital Management, LLC and Loomis, Sayles and Company, L.P.

STAFF REPORTS

Mr. Saik provided the following reports:

Securities Lending
Louisiana Broker
Securities Litigation

ON MOTION BY MR. FAULK, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT, the Committee approved the reports.

CURRENT CASE REVIEW

Ms. Bailey provided an overview of current litigation which included a handout titled: *Litigation Report: As of September 30, 2015*.

ON MOTION BY MS. BARBER, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the Committee approved the Current Case review.

Ms. Bailey provided an update of the recently received favorable tax qualification determination letter from the IRS dated August 18, 2015.

ON MOTION BY MS. ROGERS, SECONDED BY MR. WALTER AND CARRIED BY UNANIMOUS CONSENT, the Committee agreed to request another tax qualification determination letter.

OTHER BUSINESS

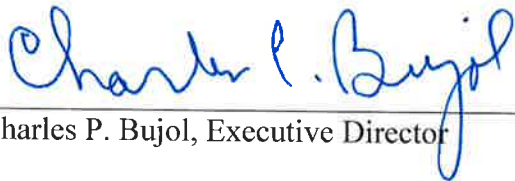
There was no other business to discuss.

PUBLIC COMMENTS

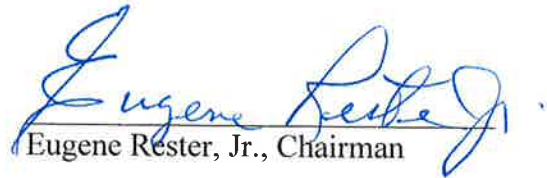
There were no public comments.

ADJOURNMENT

ON MOTION OF MS. ROGERS, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the Committee adjourned at 10:09 a.m.



Charles P. Bujol, Executive Director



Eugene Rester, Jr., Chairman