

Louisiana School Employees' Retirement System
Special Board Meeting
Monday, October 5, 2015
10:20 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 10:20 a.m. 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. William “Bill” Stamm and Mr. Patrick Butler - Duplantier, Hrapmann, Hogan & Maher, LLP, Mr. Greg Curran and Mr. Gary Curran – G.S. Curran and Company, LTD, Ms. Laura Gail Sullivan - Senate Counsel

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APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

ON MOTION BY MS. McKEE, SECONDED BY MR. FAULK 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, 2015**FINANCIAL - DUPLANTIER, HRAPMANN, HOGAN & MAHER**

William G. Stamm, CPA, Audit Partner

The financial report prepared by *Duplantier, Hrapmann, Hogan & Maher* was made available at the meeting. Mr. Stamm presented a detailed review of the audit report on the financial statements and census data of the Louisiana School Employees' Retirement System (LSERS) via an audio/visual presentation of a handout titled: *Presentation of the Results of the June 30, 2015 Financial Statement and Compliance Audit*. Mr. Stamm then addressed questions from the Board.

ON MOTION BY MR. WALTHER, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT the Board approved the audit reports.

ACTUARIAL VALUATION – G.S. CURRAN & COMPANY, LTD.

Gary Curran, FCA, MAAA, ASA
Gregory Curran, FCA, MAAA, ASA

The actuarial valuation prepared by *G.S. Curran & Company, LTD.* was distributed at the meeting. Messrs. Curran 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, 2015. Messrs. Curran then addressed questions from the Board.

ON MOTION BY MR. RESTER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT the Board agreed to adopt the June 30, 2015 Actuarial Valuation inclusive of all assumption changes.

ON MOTION BY MR. RESTER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT the Board agreed that effective date of the 7% interest rate for purposes of privatization costs and interest on delinquent contributions shall be July 1, 2015.

ON MOTION BY MR. RESTER, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT the Board agreed that effective date of the 7% interest rate for purposes of retirement options, cost factors and other member calculations shall be July 1, 2016.

RECOMMENDATIONS FROM THE INVESTMENT COMMITTEE MEETING

ON MOTION BY MR. RESTER, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT the Board agreed to adopt the recommended Strategic Fixed Income Structure inclusive of: 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. RESTER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT the Board agreed to send a letter to notify Orleans Capitol of change in Mandate and to terminate Mondrian and use proceeds to fund a Global Aggregate Index with Mellon Capital. The Board also agreed to move forward with request for IRS determination letter.

LSERS PROPOSED OPERATING BUDGET FY 2016-17

Mr. Bujol and Ms. Forbes provided a review of LSERS proposed operating budget for Fiscal Year 2016-17 which included a decrease of 1.28% over the existing Fiscal Year 2015-16 budget, abolishment of one classified position and performance pay adjustments for eligible employees. They then addressed questions from the Board.

ON MOTION BY MS. ROGERS, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT, the Board approved LSERS proposed operating budget for Fiscal Year 2016-17.

HCR 130 APPEALS PROCESS

Ms. Bailey provided an overview including an audio/visual presentation of a handout titled: *HCR 130 Privatization Appeal Procedures*.

ON MOTION BY MR. RESTER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board agreed to adopt the HCR 130 Privatization Appeal Procedures.

RATIFICATION OF AMENDMENT TO BUILDING LEASE

Mr. Bujol provided an update on the extension and terms of the building lease for Office of Financial Institutions (OFI).

ON MOTION BY MR. RESTER, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT, the Board approved the ratification of the amendment to the building lease for Office of Financial Institutions (OFI).

REVIEW/CONSIDER CHANGE TO THE 2016 BOARD MEETING SCHEDULE

Mr. Bujol recommended that the Board approve the amended 2016 Board Meeting schedule to change the date of the January Investment Committee Meeting from January 11, 2016 to January 4, 2016.

ON MOTION BY MS. LANDRY, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the Board approved the amended 2016 Board Meeting schedule to change the date of the January Investment Committee Meeting from January 11, 2016 to January 4, 2016.

OTHER BUSINESS

There was no other business to discuss.


PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

ON MOTION OF MR. RESTER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned at 12:00 p.m.


Charles P. Bujol, Executive Director


Jeffrey Faulk, Sr., Chairman