

Louisiana School Employees' Retirement System
Quarterly Board Meeting

Monday, December 7, 2015

9:00 a.m.

The Board of Trustees of the Louisiana School Employees' Retirement System convened in the boardroom (Room 100) of the Louisiana School Employees' Retirement System Building, located at 8660 United Plaza Blvd., Baton Rouge, Louisiana. Mr. Jeffrey Faulk, Sr., Chairman of the Board, 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.

Members Present: Mr. Jeffrey Faulk, Sr., Ms. Judith Ann McKee, Mr. Eugene Rester, Jr., Ms. Kathy B. Landry, Ms. Colleen Barber, Mr. Henry Yearby, Mr. Philip B. Walther, Mr. Joe Salter - designee for Mr. Tom Schedler - Secretary of State, Ms. Ashlee McNeely - designee for Ms. Stafford Palmieri - Commissioner of Administration, Mr. John Broussard - designee for Mr. John Kennedy State Treasurer

Members Absent: Senator Elbert L. Guillory - Chairman, Senate Committee on Retirement, 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, Mr. Christopher Saik - Chief Investment Officer, Ms. Larisa Ellard - Internal Auditor, Ms. Alison Kessler – Executive Staff Officer

Others Present: Mr. Jeffrey Boucek and Mr. Keith Reynolds - Segal Rogerscasey

DIRECTOR'S ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- On behalf of myself and the staff we wish all of you a Merry Christmas and a Happy New Year. We look forward to working with you in the coming year.
- PRSAC approved LSERS' FYE 2015 valuation on Tuesday, December 1, 2015 which included the employer contribution rate of 27.3% effective July 1, 2016. This is a 2.9% reduction from the current 2015-16 employer rate of 30.2%. The DROP rate was set at 11.13% which is the highest of all the state retirement systems.

- A copy of the December *Crossroads* newsletter has been placed in board member folders and will be mailed to membership before the end of the month.
- Staff kitchen renovations completed within the last couple of weeks and really came out nice.
- Mr. Bujol, Ms. Bailey, Ms. Schof and Ms. Traylor attended Louisiana School Bus Operators Association (LSBOA) meeting in Lafayette last month.

APPROVAL OF AGENDA

The agenda was presented to the Committee for approval.

ON MOTION BY MR. YEARBY, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT the Board approved the agenda.

PUBLIC COMMENTS ON ANY ITEM ON THE AGENDA

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

PORTFOLIO PERFORMANCE REVIEW

Mr. Boucek and Mr. Reynolds provided a review of manager performance, which included a handout titled *Analysis of Investment Performance* for period ending September 2015. They then addressed questions from the Board and LSERS administrative staff.

DISCUSSION OF WATCH LIST

Mr. Boucek and Mr. Reynolds provided a review of manager watch list, which included a handout titled *Manager Watch List*. They then addressed questions from the Board and LSERS administrative staff.

ON MOTION BY MS. McKEE, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board approved the Investment Performance Review and LSERS Manager Watch List.

INVESTMENT REPORTS

Mr. Saik provided the following reports and then addressed questions from the Board and LSERS administrative staff:

Investment Transaction
Securities Lending
Securities Litigation Receipts
Louisiana Broker

ON MOTION BY MR. RESTER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT, the Board approved the Investment Transactions, Securities Lending, Securities Litigation Receipts and Louisiana Broker reports.

HIGH YIELD MANAGER INTERVIEWS

Interviews were conducted with the following high yield managers:

Hotchkis and Wiley Capital Management, LLC

*George H. Davis, Jr. – Portfolio Manager – CEP – Principal
Kristin Smith – Managing Director*

Loomis, Sayles and Company, L.P.

*Chad Gross - Vice President - Institutional Services
Ken Johnson - Vice President - Fixed Income Product Manager*

Oaktree Capital Management

*Sheldon Stone – Principal Portfolio Manager
Alexis Otto – Managing Director*

Mr. Faulk offered for discussion the selection of a high yield manager.

ON MOTION BY MR. RESTER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT, the Board approved hiring Loomis, Sayles and Company, L.P. as a high yield manager.

OTHER BUSINESS

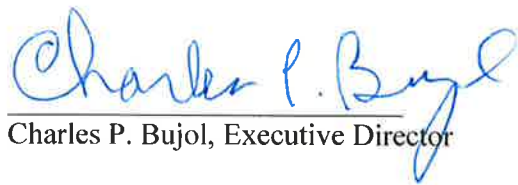
Ms. Landry announced to the Board that she anticipates a change in her employment status and she requested LSERS Executive Counsel to research any ramifications.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

ON MOTION OF MS. McKEE, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned at 11:35 a.m.


Charles P. Bujol, Executive Director


Jeffrey Faulk, Sr., Chairman