

# Louisiana School Employees' Retirement System Quarterly Board Meeting

Monday, August 22, 2016

9:00 a.m.

The Louisiana School Employees' Retirement System's Quarterly 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. Jeffrey Faulk, Sr., Chairman of Board, called the meeting to order at 9:03 a.m. The Board recited the Lord's Prayer and the Pledge of Allegiance. Roll was then called by Ms. Stark.

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**Members Present:** Mr. Jeffrey Faulk, Sr., Mr. Eugene Rester, Jr., Ms. Kathy B. Landry, Ms. Colleen Barber, Mr. Henry Yearby, Mr. Philip Walther, Ms. Judith Ann McKee, Ms. Lori Pierce – designee for Mr. John Kennedy – State Treasurer, Ms. Annie Smith – representative on behalf of the House Committee on Retirement

**Members Absent:** Mr. Jay Dardenne – Commissioner of Administration, Mr. Tom Schedler – Secretary of State, a member of the House Committee on Retirement appointed by the Speaker, Senator Barrow Peacock – Chairman, Senate 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. Laurie Stark – Administrative Assistant V

**Others Present:** Mr. Jeffrey Boucek and Mr. Rob Hungerbuhler - Segal Rogerscasey, Ms. Peggy Brown

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## DIRECTOR'S ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- Four LSERS employees were affected by the 2016 flooding.
- The 2016 LAPERS seminar packets have been distributed.
- An advanced copy of the August 2016 *Crossroads* newsletter has been provided.

**APPROVAL OF AGENDA**

**ON MOTION BY MR. YEARBY, SECONDED BY MR. WALTHER 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. Hungerbuhler provided an overview of market conditions and performance during the second quarter of 2016. This included an audio/visual presentation and two (2) handouts titled: *Analysis of Investment Performance* and *Preliminary Investment Performance as of July 31, 2016*. They then addressed questions from the Board.

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

**DISCUSS AND CONSIDER ALTERNATIVE INVESTMENT MANAGERS**

Mr. Boucek reviewed the previous discussion regarding the possibility of hiring an alternative investment opportunities manager. After hearing presentations from Orleans Capital Management on their energy opportunities strategy and Kleinwort Benson investors regarding their water strategy during the July 18, 2016 Investment Committee meeting, Mr. Boucek requested that the Board make their wishes known on whether or not they wanted to hire either/or any of the two managers or to table the item until a future date. After discussion, the Board agreed to table the item. No further action was taken.

**STAFF REPORTS**

Mr. Saik provided the following reports:

- Securities Lending
- Securities Litigation
- Louisiana Broker

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

## INVESTMENT MANAGER REVIEWS

The following Investment Managers provided their presentations and then addressed questions from the Board, Investment Consultant, and LSERS administrative staff:

### Acadian Asset Management

*Scott J. Brymer, CFA – Vice President, Portfolio Manager*  
*James E. Klapman – Senior Vice President, Relationship Manager*

### LSV Asset Management

*Scott Kemper – Partner & Director, Client Portfolio Services*

### Todd Asset Management

*Curtiss M. Scott, Jr., CFA – President, CIO*  
*Eddie B. Vandiver – Director, Public Funds Marketing*  
*John J. White, CFA – Partner, Senior Portfolio Manager*

## APPROVAL OF MINUTES

### May 23, 2016 - Quarterly Board Meeting

**ON MOTION BY MR. RESTER, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the minutes of the May 23, 2016 Quarterly Board meeting.

### June 20, 2016 – Investment Committee Meeting

**ON MOTION BY MS. LANDRY, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the minutes of the June 20, 2016 Investment Committee meeting.

### June 20, 2016 – Special Board Meeting

**ON MOTION BY MR. RESTER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the minutes of the June 20, 2016 Special Board meeting.

**July 18, 2016 – Investment Committee Meeting**

**ON MOTION BY MR. WALTHER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the minutes of the July 18, 2016 Investment Committee meeting.

**ADMINISTRATION****Adoption of Management's Financial and Compliance Representation Letter**

Ms. Forbes presented the June 30, 2016 Management's Financial and Compliance Representation letter for adoption and then addressed questions from the Board.

**ON MOTION BY MR. YEARBY, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Management's Financial and Compliance Representation letter for June 30, 2015.

**Reports**

Ms. Forbes provided a review of the following reports then addressed questions from the Board.

Human Resources Actions Report  
Travel Expenses Reports (Year-to-Date and Staff)  
Overtime Report

**ON MOTION BY MR. YEARBY, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Human Resources Actions, Travel Expenses (Year-to-Date and Staff) and Overtime reports.

**Consideration of 2017 Board Meeting Schedule**

Mr. Bujol presented for the Board's consideration the proposed 2017 Board Meeting schedule.

**ON MOTION BY MR. RESTER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the 2017 Board Meeting schedule.

**Approval of 2017 Election Schedule**

Ms. Bailey provided the proposed 2017 Election Schedule for Division 2 Retiree Representative and the District 4 Active-Member Representative.

**ON MOTION BY MS. LANDRY, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the 2017 Election Schedule.

**DROP/IBRP WITHDRAWAL CHANGES: ACT 321**

Ms. Bailey provided an overview of the recommended DROP/IBRP withdrawal changes pursuant to Act 321 of the 2016 Regular Legislative Session.

**ON MOTION BY MR. RESTER, SECONDED BY MS. PIERCE AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the recommended changes to the DROP/IBRP withdrawal changes pursuant to Act 321 of the 2016 Regular Legislative Session.

**AUDIT****Bienville Parish School Board**

Ms. Ellard provided a review of the internal audit of Bienville Parish School Board and then addressed questions from the Board and LSERS administrative staff.

**ON MOTION BY MR. RESTER, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the internal audit report of Bienville Parish School Board.

**Madison Parish School Board**

Ms. Ellard provided a review of the internal audit of the Madison Parish School Board and then addressed questions from the Board and LSERS administrative staff.

**ON MOTION BY MR. WALTHER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the internal audit report of Madison Parish School Board.

**LEGAL****Litigation Report**

Ms. Bailey provided a review of the litigation report which included a handout titled *Litigation Report as of August 16, 2016*. She then addressed questions from the Board.

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

**Collections Report**

Ms. Bailey also provided a review of the collections report.

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

**OTHER BUSINESS**

There was no other business to discuss.

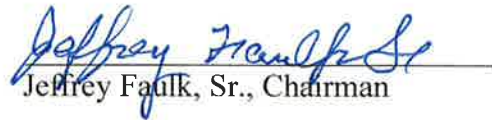
**PUBLIC COMMENTS**

There were no public comments.

**ADJOURNMENT**

**ON MOTION OF MR. YEARBY, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT**, the Board adjourned at 11:30 a.m.

  
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Charles P. Bujol, Executive Director

  
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Jeffrey Faulk, Sr., Chairman