

# Louisiana School Employees' Retirement System Quarterly Board Meeting

Monday, May 7, 2018

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 9:00 a.m. Roll was then called by Ms. Ashley D. Simmons.

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**Members Present:** Mr. Jeffrey Faulk, Sr., Mr. Eugene Rester, Jr., Ms. Andrea Matte, Ms. Colleen Barber, Mr. Henry Yearby, Mr. Philip B. Walther, Ms. Penny Brown, Mr. Randy Davis\* - designee for Mr. Jay Dardenne – Commissioner of Administration, Mr. Joe Salter – designee for Mr. Tom Schedler – Secretary of State, Ms. Lori Pierce – designee for Mr. John Schroder – State Treasurer

**Members Absent:** Senator Barrow Peacock – Chairman, Senate Committee on Retirement, Representative Barbara Carpenter – House Committee on Retirement

**Staff Present:** Mr. Charles Bujol – Executive Director, Ms. Carolyn Forbes - Assistant Director, Mr. Robert Collins - Executive Counsel, Mr. Matthew Freedman - Chief Investment Officer, Mrs. Ashley D. Simmons – Executive Staff Officer, Ms. LaQuinta Jordan – Internal Auditor

**Others Present:** Mr. Jeffrey Boucek and Mr. Rob Hungerbuhler - Segal Marco Advisors, Ms. Arielle Collins – Louisiana Legislative Auditor, Mr. Greg Curran\*\* and Mr. Jacob Putnam\*\* – G.S. Curran and Company

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\* Mr. Davis arrived at 9:06 a.m.

\*\*Mr. Greg Curran and Mr. Jacob Putnam arrived at 10:00 a.m.

## DIRECTOR'S ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- The Tier 2.1 Financial Disclosures are due to the Ethics Board by May 15<sup>th</sup>.
- The Joint Legislative Committee on the Budget (JLCB) will meet next week on Wednesday, May 16th, to review LSERS fiscal year 2018-19 operating budget.

- Update on Benefit Recipient Verification Project where 93 benefits were suspended for March 1. There are nine recipients whose benefits are still suspended which includes one recipient to whom LSERS sends benefits each month by paper check.
- The cooling towers replacement project is progressing and there is landscaping work in the back of the building that is on-going. We hope to complete both projects by the end of the fiscal year.
- We are replacing the carpet on the second floor of the building. We expect to complete a number of the offices by the end of the fiscal year, and we plan to replace the carpet in the remaining offices next fiscal year.

## **APPROVAL OF AGENDA**

The agenda was presented to the Board for approval.

**ON MOTION OF 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. Hungerbuhler provided an overview of market conditions and performance during the first quarter of 2018. This included an audio/visual presentation and a handout entitled: *Analysis of Investment Performance, First Quarter 2018*. They then addressed questions from the Board.

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

## **INTERNATIONAL EQUITY MANAGER PRESENTATIONS**

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

Walter Scott and Partners Limited

*Roy Leckie – Investment Director*

Todd Asset Management, LLC.

*Eddie Vandiver – Director, Public Pensions Marketing  
Jack White – Partner, Senior Partner Manager*

LSV Asset Management

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

**ACTUARIAL VALUATION REPORTS**

Mr. Curran and Mr. Putnam presented the *Experience Study*, a table on *Net Assumptions* and a handout called *UAL payments through June 30, 2017 – Future Expected Payments*. Mr. Curran recommended reducing the discount rate to 7%. Mr. Bujol recommended making that reduction over multiple years.

**ON MOTION BY MR. RESTER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved reducing the discount rate from 7.125% to 7.0625% for the fiscal year ending June 30, 2018 and down to the final recommended 7% for the fiscal year ending June 30, 2019; the motion also included approving all proposed assumptions from the Experience Study.

**STAFF REPORTS**

Mr. Freedman provided the following Investment reports:

Securities Lending  
Securities Litigation  
Louisiana Broker

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

**APPROVAL OF MINUTES**

February 5, 2018 - Quarterly Board Meeting  
February 6, 2018 - Quarterly Board Meeting  
March 12, 2018 – Investment Committee Meeting  
March 12, 2018 – Special Board Meeting  
April 16, 2018 – Investment Committee Meeting – official record amended to replace John Broussard's name with John Schroder.

April 16, 2018 – Personnel Committee Meeting

April 16, 2018 – Special Board Meeting

**ON MOTION BY MR. RESTER, SECONDED BY MS. MATTE AND CARRIED BY UNANIMOUS CONSENT**, the Board approved all the board minutes as amended.

## **ADMINISTRATION**

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

Human Resources Action Report  
Travel Expense Reports (Year-to-Date and Staff)  
Overtime Reports

**ON MOTION BY MR. YEARBY, SECONDED BY MS. MATTE AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Administration reports.

## **2018 REGULAR LEGISLATIVE SESSION**

Mr. Collins provided an update of the 2018 Regular Legislative Session.

**ON MOTION BY MR. BARBER SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the 2018 Regular Legislative Session update.

## **AUDIT**

Ms. Jordan provided an overview of the *Annual Questionnaire Project for 2016-17* and the *Annual Review for Compliance with Salary Reporting for 2016-17* reports.

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

## **LEGAL**

### **Litigation Report**

Mr. Collins provided a review of the Litigation report, 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 Litigation report.

**Collections Report**

Mr. Collins provided a review of the Collections report, and then addressed questions from the Board.

**ON MOTION BY MS. MATTE SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Collections report.

**OTHER BUSINESS**

There was no other business to discuss.

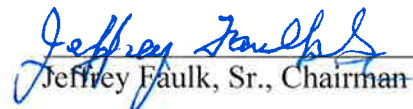
**PUBLIC COMMENTS**

There were no public comments.

**ADJOURNMENT**

**ON MOTION OF MR. RESTER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board adjourned at 12:20 p.m.

  
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Charles P. Bujol, Executive Director

  
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Jeffrey Faulk, Sr., Chairman