

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

Monday, October 6, 2014

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. Stark.

* * * * *

Members Present: Mr. Jeffrey Faulk, Sr., Mr. Eugene Rester, Jr., Ms. Kathy B. Landry, Ms. Judith Ann McKee, Ms. Betty Crain, Mr. Henry Yearby, Mr. Philip B. Walther, Ms. Margaret Corley - representative for Senator Elbert L. Guillory - Chairman, Senate Committee on Retirement, *Ms. Ashlee McNeely - designee for Ms. Kristy Nichols - Commissioner of Administration, Ms. Stephanie Little - representative for Representative J. Kevin Pearson - Chairman, House Committee on Retirement, *Mr. Ron Henson - designee for Mr. John Kennedy - State Treasurer, Mr. Joe Salter - designee for Mr. Tom Schedler - Secretary of State

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, Ms. Melinda Carson - Accountant Administrator

Others Present: Mr. Jeffrey Boucek and Mr. Rob Hungerbuhler - Segal Rogerscasey, Mr. Steve Bowes - Sisung Securities, Ms. Michelle Cunningham - Duplantier, Hrapmann, Hogan & Maher, Mr. Charles Hall - Hall Actuarial Associates, Ms. Laura Gail Sullivan - Senate Counsel, Mr. Randy Roche

* * * * *

*Ms. McNeely arrived at 9:03 a.m.
Mr. Henson arrived at 9:05 a.m.

DIRECTOR'S ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- Board Officer Election nominations are due by November 11, 2014 to be voted on during the December 2014 quarterly meeting, discussion may be held to consider delaying this election to January 2015 in order for the incoming board member to participate.
- East Baton Rouge v. LSERS suit has come to a conclusion favorable to LSERS after nine years

APPROVAL OF AGENDA

The agenda was presented to the Committee for approval.

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

*Ms. McNeely arrived at 9:03 a.m.

PUBLIC COMMENTS ON ANY ITEM ON THE AGENDA

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

*Mr. Henson arrived at 9:05 a.m.

PORTFOLIO PERFORMANCE REVIEW

Mr. Boucek and Mr. Hungerbuhler provided an overview of market conditions and performance during August 2014. This included an audio/visual presentation and a handout titled: *Preliminary Investment Performance Review for Period Ending August 31, 2014*. They then addressed questions from the committee.

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Committee approved the Portfolio Performance Review.

IMPLEMENTATION OF FIXED INCOME TARGET ALLOCATIONS

Mr. Boucek, Mr. Hungerbuhler, and Mr. Saik provided an overview of the proposed repositioning of the fixed income structure. The recommendations were as follows: conduct an emerging markets debt manager search for approximately 7% of the portfolio; conduct a high yield manager search for approximately 5% of the portfolio; utilize Mellon Capital's EAFE index fund for approximately 5% of the portfolio; trim the Orleans Capital allocation from 6% to

approximately 5% and alter their mandate to intermediate core benchmarked to the Barclays Intermediate Aggregate Index; reduce the current global fixed income allocation from 6% to approximately 3% with a manager TBD; dissolve the current Schroders distressed debt portfolio; trim the Schroders core plus allocation from 6% to approximately 5%.

ON MOTION BY MR. YEARBY, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Committee agreed to the recommended changes to the Fixed Income Structure which included: conduct an emerging markets debt manager search for approximately 7% of the portfolio; conduct a high yield manager search for approximately 5% of the portfolio; utilize Mellon Capital's EAFE index fund for approximately 5% of the portfolio; trim the Orleans Capital allocation from 6% to approximately 5% and alter their mandate to intermediate core benchmarked to the Barclays Intermediate Aggregate Index; reduce the current global fixed income allocation from 6% to approximately 3% with a manager TBD; dissolve the current Schroders distressed debt portfolio; trim the Schroders core plus allocation from 6% to approximately 5%.

STAFF REPORTS

Mr. Saik provided the following reports:

Securities Lending
Louisiana Broker
Securities Litigation

ON MOTION BY MS. LANDRY, SECONDED BY MR. YEARBY 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 October 3, 2014*. She then addressed questions from the Committee.

ON MOTION BY MR. YEARBY, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Committee approved the Current Case review.

OTHER BUSINESS

There was no other business to discuss.

PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

ON MOTION OF MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Committee adjourned at 10:00 a.m.



Charles P. Bujol, Director



Eugene Restor, Jr., Chairman