

**Louisiana School Employees' Retirement System**  
**Quarterly Board Meeting**  
*Monday, May 18, 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. Stark.

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**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, Ms. Amy Mathews - designee for Mr. John Kennedy - State Treasurer

**Members Absent:** Mr. Tom Schedler - Secretary of State, Ms. Kristy Nichols - Commissioner of Administration, 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. Laurie Stark – Administrative Assistant

**Others Present:** \*Mr. Jeffrey Boucek and \*Mr. Keith Reynolds - Segal Rogerscasey, Mr. Greg Curran - G.S. Curran and Company, Ltd., \*Mr. Charles Hall – Hall Actuarial Associates

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\*Mr. Hall arrived at 9:15 a.m.  
Mr. Boucek and Mr. Reynolds left at 9:33 a.m.

**DIRECTOR'S ANNOUNCEMENTS**

Mr. Bujol made the following announcements:

- LSERS received clean audits from Duplantier, Hrapmann, Hogan & Maher for the audits of LSERS' June 30, 2013 and 2014 Schedules of Employer Allocations and Pension Amounts by Employers.
- There is a water leak in the building's main line that is in the process of being repaired.
- Trees that are causing problems on the grounds will be removed.
- Greg Curran was introduced.
- Ms. Bailey and he may need to leave the meeting early for a legislative meeting.

## **APPROVAL OF AGENDA**

The agenda was presented to the Board for approval.

**ON MOTION BY MS. McKEE, 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.

## **MANAGER 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 March 2015. They also provided an overview of performance for the managers that are on the Manager Watch List, which included a handout titled *Manager Watch List*. Mr. Boucek and Mr. Reynolds discussed the current progress of the Strategic Asset Allocation plan that began in April 2013, which included a handout titled *Revisiting Strategic Asset Allocation*. They addressed questions from the Board and LSERS administrative staff.

**ON MOTION BY MS. McKEE, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Investment Performance Review.

\*Mr. Hall arrived at 9:15 a.m.

## **INVESTMENT REPORTS**

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

**Louisiana Broker  
Securities Lending  
Investment Transaction**

**ON MOTION BY MS. LANDRY, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Louisiana Broker, Securities Lending and the Investment Transaction reports.

\*Mr. Boucek and Mr. Reynolds left at 9:33 a.m.

#### **DISCUSS AND CONSIDER RFP FOR INVESTMENT CONSULTANT**

Mr. Saik provided an overview of the “draft” of the Investment Consultant Request for Proposal document. A handout titled “*Request for Proposal*” *General Investment Consultant* along with a list of candidates was distributed to the board members for review. It was recommended that RFP’s be sent to the following candidates: Bogdahn, Meketa, NEPC, Russell, Segal Rogerscasey, and Summit. Their responses will be reported at the June 22, 2015 Investment Committee meeting.

**ON MOTION BY MS. McKEE, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the draft of the Investment Consultant Request for Proposal.

**ON MOTION BY MS. LANDRY, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board agreed to have staff send out Request for Proposals to the following investment consultant candidates: Bogdahn, Meketa, NEPC, Russell, Segal Rogerscasey, and Summit. Their responses are to be reported to the board during the June 22, 2015 Investment Committee Meeting.

#### **APPROVAL OF MINUTES**

##### **February 9, 2015 - Quarterly Board Meeting**

**ON MOTION BY MR. YEARBY, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the minutes of the February 9, 2015 Quarterly Board meeting.

##### **March 16, 2015 – Investment Committee Meeting**

**ON MOTION BY MR. WALTHER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the minutes of the March 16, 2015 Investment Committee meeting.

##### **April 13, 2015 – Investment Committee Meeting**

**ON MOTION BY MS. LANDRY, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the minutes of the April 13, 2015 Investment Committee meeting.

**April 14, 2015 – Personnel Committee Meeting**

**UNANIMOUS ON MOTION BY MR. YEARBY, SECONDED BY MR. WALTHER AND CARRIED BY CONSENT**, the Board approved the minutes of the April 14, 2015 Personnel Committee meeting.

**April 14, 2015 – Special Board Meeting**

**UNANIMOUS ON MOTION BY MR. YEARBY, SECONDED BY MS. McKEE AND CARRIED BY CONSENT**, the Board approved the minutes of the April 14, 2015 Special Board meeting.

**ADMINISTRATION**

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

**Human Resources Actions  
Staff Travel Expenses  
Year-to-date Travel Expenses  
Overtime**

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

**REVIEW PROPOSED REVISION TO TRAVEL POLICY**

Ms. Bailey provided an overview of the proposed revisions to the LSERS travel policy which included setting a \$5.00 limit for tips at check-in and check-out. R.S. 11:182 was further discussed relative to per diems being paid only when a meeting exceeds three hours in duration if more than one meeting occurs during any seven-day period. Administration will try to estimate how long a meeting will last in order to be in compliance with this statute. Mr. Faulk stated that he will cancel the second day of any scheduled two-day meeting if he feels there will not be enough on the agenda to require a three-hour meeting.

**ON MOTION BY MR. RESTER, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the proposed revisions to the travel policy.

**AUDIT**

Ms. Ellard provided a review of the Internal Audit of the following parishes and then addressed questions from the Board and LSERS administrative staff:

**St. Landry Parish School Board  
Orleans Parish School Board  
Claiborne Parish School Board  
West Baton Rouge Parish School Board**

**ON MOTION BY MR. YEARBY, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Internal Audit report regarding St. Landry Parish School Board, Orleans Parish School Board, Claiborne Parish School Board and West Baton Rouge Parish School Board.

**LEGAL**

**Litigation Report**

Ms. Bailey reported that there was no new information to provide for the litigation report for this meeting.

**ON MOTION BY MR. WALTHER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the litigation report.

**Collections Report**

Ms. Bailey provided a report on collections during last quarter.

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

**LEGISLATION**

**Discuss and Consider Board Positions**

Ms. Bailey provided an overview of the current bills that affect LSERS. It was recommended that should HB 42 pass and LSERS is included, the Board should support an amendment to increase the COLA (Cost-of-Living Adjustment) from 1.5% to 2% as our retirees would never recoup the .5% that would be given up.

**ON MOTION BY MS. LANDRY, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT**, the Board agreed to the recommendation that should HB 42 pass and LSERS is included, that they would support an amendment requesting that the 1.5% COLA be increased to a 2% COLA.

Ms. Bailey informed the Board that HCR 130 would be heard in the Senate Committee on Retirement later during the day and that in its current form it is not completely clear which entity the appeal would be brought before. The Board agreed to request an amendment that would require the appeal process for audits of LSERS privatized positions be brought before the LSERS Board of Trustees as it is their fiduciary duty to administer the laws of the system.

**ON MOTION BY MS. McKEE, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT**, the Board agreed to the recommendation to support the proposed amendments to HCR 130 that would require the appeals process for audits of LSERS privatized positions be brought before the LSERS Board of Trustees as it is responsible for administering the laws relative to the system.

#### **OTHER BUSINESS**

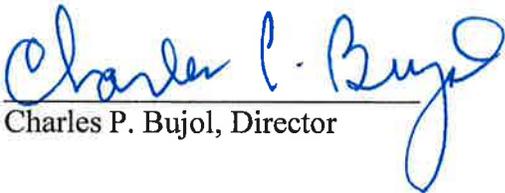
Ms. Forbes referred to the letters handed out and addressed to the Board of Trustees dated April 2, 2015 and April 20, 2015 from the financial auditors, Duplantier, Hrapmann, Hogan & Maher (DHHM). She explained that these audits of the employer pension schedules for the fiscal years ending June 30, 2013 and 2014 resulted from the implementation of Governmental Accounting Statement No. 68 – *Accounting and Financial Reporting for Pensions*. Both audits resulted in clean opinions from the auditors. She also announced that the full audit reports have been posted to LSERS website and are now available to all employers. Based on the new governmental accounting standards, employers must begin recognizing their proportionate share of the net pension liability on their financial statements.

#### **PUBLIC COMMENTS**

There were no public comments.

#### **ADJOURNMENT**

**ON MOTION OF MR. YEARBY, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board adjourned at 11:07 a.m.

  
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Charles P. Bujol, Director

  
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Jeffrey Faulk, Sr., Chairman