

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

*Monday, April 11, 2016*

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 9:04 a.m. The Committee 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, Ms. Judith Ann McKee, Mr. Philip B. Walther, Mr. John Broussard – designee for Mr. John Kennedy – State Treasurer, Mr. Randy Davis – designee for Mr. Jay Dardenne – Commissioner of Administration

**Members Absent:** Representative J. Kevin Pearson – Chairman, House Committee on Retirement, Senator Barrow Peacock – Chairman, Senate Committee on Retirement, 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 V

**Others Present:** Mr. Jeffrey Boucek and Mr. Keith Reynolds - Segal Rogerscasey, Ms. Penny Brown

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**DIRECTOR'S ANNOUNCEMENTS**

Mr. Bujol made the following announcements:

- The annual Tier 2.1 Personal Financial Disclosure Statements are due to the Louisiana Board of Ethics by May 15, 201
- The board members were reminded that all board meetings are recorded.

**APPROVAL OF AGENDA**

The agenda was presented to the Committee for approval.

**ON MOTION BY MR. FAULK, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT** the Committee approved the agenda.

**PUBLIC COMMENTS ON ANY ITEM ON THE AGENDA**

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

**PORTFOLIO PERFORMANCE REVIEW**

Mr. Boucek and Mr. Reynolds provided an overview of market conditions and performance during February 2016. This included an audio/visual presentation and a handout titled: *Preliminary Investment Performance Review for Period Ending February 29, 2016*. They then addressed questions from the committee.

**ON MOTION BY MS. McKEE, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Committee approved the performance report by Segal.

**DISCUSS REAL ESTATE STRUCTURE/CONSOLIDATION**

Mr. Boucek and Mr. Reynolds provided an overview of the system's current real estate allocation. They reported that as of May 11, 2016, the publicly traded real estate position with Easterly will start trading on the securities exchange. Segal recommended that Royal Bank of Canada (RBC) be the broker to facilitate the orderly liquidation of the Easterly securities.

Mr. Boucek provided an overview of private real estate. The system is currently overweight real estate, and it was recommended that the system needs to reallocate its real estate position. This would include the elimination of its positions with Prudential and Principal. Morgan Stanley Prime Property would be retained as the core real estate investment. The funds from the sale of those real estate funds would be reinvested in Morgan Stanley to meet target allocation with the remainder being temporarily invested in fixed income.

**ON MOTION BY MS. LANDRY, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT**, the Committee approved the recommendation to select Royal Bank of Canada (RBC) as the broker for the liquidation relative to the sale of the Easterly funds and allow for further due diligence by Segal.

**ON MOTION BY MS. LANDRY, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT**, the Committee approved the recommendation to eliminate the real estate positions with both Principal and Prudential real estate funds and consolidate the funds into the Morgan Stanley Prime Property portfolio with the remainder of the funds to be temporarily invested in fixed income.

## **EMERGING MARKETS DEBT MANAGER INTERVIEWS**

Interviews were conducted with the following international equity managers:

### **Ashmore Investment Management Ltd.**

*Gustavo Medeiros - Portfolio Manager*  
*George Grunebaum – Chief Executive Officer*

### **BlueBay Asset Management**

*David Dowsett – Co-Head of Emerging Market Debt*  
*Donald Sanya, CFA – Managing Director, Institutional Sales*

### **Schroder Investment Management**

*Karl Dasher – Chief Executive Officer & Co-Head of Fixed Income*  
*Jim Barrineau – Co-Head of Emerging Market Debt Relative*  
*Anthony Williams – Institutional Director*

**ON MOTION BY MR. FAULK, SECONDED BY MS. LANDRY AND CARRIED BY MAJORITY CONSENT**, the Committee agreed to hire Schroder Investment Management as the new emerging market debt manager and allow staff to negotiate the fees. **It was noted that there was one nay vote by Mr. Broussard.**

## **STAFF REPORTS**

Mr. Saik provided the following reports:

Securities Lending  
Louisiana Broker  
Securities Litigation

**ON MOTION BY MS. LANDRY, SECONDED BY MR. WALTHER 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 April 6, 2016*. She then addressed questions from the Committee.

**ON MOTION BY MR. FAULK, SECONDED BY MS. McKEE 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. McKEE AND CARRIED BY UNANIMOUS CONSENT**, the Committee adjourned at 12:15 p.m.

  
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Charles P. Bujol, Executive Director

  
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Eugene Rester, Jr., Chairman