

**Louisiana School Employees' Retirement System**  
**Quarterly Board Meeting**

*Monday, February 13, 2017*  
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. The Board recited the Lord's Prayer and the Pledge of Allegiance. Roll was then called by Ms. Simmons.

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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 B. Walther, Ms. Penny Brown, Senator Barrow Peacock, Mr. Joe Salter – designee for Tom Schedler - Secretary of State, Ms. Lori Pierce – designee for Mr. Ron Henson – State Treasurer, Mr. Randy Davis – designee for Mr. Jay Dardenne – Commissioner of Administration

**Members Absent:** Representative Barbara Carpenter – Designee, House Committee on Retirement

**Staff Present:** Mr. Charles Bujol – Executive Director, Ms. Carolyn Forbes - Assistant Director, Mr. Matthew J. Freedman - Chief Investment Officer, Ms. Larisa Ellard - Internal Auditor, Ms. Ashley D. Simmons – Executive Staff Officer

**Others Present:** Mr. Jeffrey Boucek and Mr. Rob Hungerbuhler - Segal Marco Advisors, Mr. Greg Curran – G.S. Curran & Co., Ms. Elizabeth Thornton – Louisiana Legislative Auditors, Ms. Margaret Corley - Attorney, Senate Committee on Retirement

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**DIRECTOR'S ANNOUNCEMENTS**

Mr. Bujol made the following announcements:

- The Board of Trustees group picture will be taken at the March meeting.
- A letter to the editor of “The Advocate” from the Louisiana School Board Association was put in the member’s folders.
- The special session of the Louisiana Legislature started February 13, 2017 and will end on February 22, 2017.

- Larisa Ellard was introduced so that she could announce her resignation.

## **APPROVAL OF AGENDA**

The agenda was presented to the Board for approval.

**ON MOTION BY MR. WALTHER, SECONDED BY MR. YEARBY 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.

## **APPOINTMENT OF INVESTMENT AND PERSONNEL COMMITTEE CHAIRMEN**

Mr. Faulk appointed Mr. Rester as the Investment Committee Chairman. Mr. Yearby was appointed Personnel Committee Chairman – **NO MOTION WAS CALLED.**

## **PORTFOLIO PERFORMANCE REVIEW**

Mr. Boucek and Mr. Hungerbuhler provided an overview of market conditions and performance during the fourth quarter of 2016. This included a visual presentation and a handout titled: *Analysis of Investment Performance, Fourth Quarter 2016*.

## **MANAGER WATCH LIST AND PROPOSED WORK PLAN**

Mr. Boucek and Mr. Hungerbuhler provided an overview of performance for the managers that are on the Manager Watch List, which included a handout titled: *Manager Watch List*. Segal also provided a plan for 2017 investments in a handout titled: *Proposed 2017 Work Plan*. They then addressed questions from the Board.

## **INVESTMENT MANAGER REVIEWS**

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

### Principal Global Investors

*Darren Kleis - Managing Director, Portfolio Management*  
*Paul Stover, CFA – Senior Relationship Manager*

Prudential Real Estate Investors (now known as PGIM Real Estate)

*Kevin P. Smith, Executive Director*

Morgan Stanley Prime Property, LLC

*Megan Golder, Vice President*

Senator Barrow Peacock took the opportunity to advise the Board of his intent to put forth a bill to merge Teachers' Retirement System and LSERS. He took questions from the Board and was informed that they do not support the merger.

**INVESTMENT REPORTS**

Mr. Freedman provided the following reports:

Securities Lending  
Louisiana Broker  
Securities Litigation

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

**DISCUSSION OF SMALL CAP GROWTH**

Mr. Boucek requested authorization to begin a U.S. small cap growth manager search.

**ON MOTION BY MR. RESTER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved giving authority to Segal Marco to initiate a small cap growth search.

**ADMINISTRATION REPORTS**

Ms. Forbes provided the following reports and then addressed questions from the Board.

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

**ON MOTION BY MR. RESTER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board agreed to accept the Administration reports.

Mr. Bujol presented a review of the following reports then addressed questions from the Board.

2017 Legislation Impacting LSERS  
2016 Annual Consultant Evaluation Results

**ON MOTION BY MS. BROWN, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT**, the Board agreed to accept the Legislative Impact presentation and 2016 Annual Consultant Evaluation results.

#### **LEGAL**

Ms. Forbes presented a review of the Legal reports then addressed questions from the Board.

Litigation Report  
Collections Report

**ON MOTION BY MR. RESTER, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board agreed to accept the Litigation and Collections reports.

#### **PUBLIC COMMENTS**

There were no public comments.

#### **ADJOURNMENT**

**ON MOTION OF MR. RESTER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT**, the Board adjourned at 12:02 p.m.

  
Charles P. Bujol, Executive Director

  
Jeffrey Faulk, Sr., Chairman