

# Louisiana School Employees' Retirement System Quarterly Board Meeting

Monday, May 6, 2019

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 9:01 a.m. The Board recited the Lord's Prayer and the Pledge of Allegiance. 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, Ms. Penny Brown, Mr. James Mack – designee for Mr. John Schroder – State Treasurer, Mr. Randy Davis – designee for Mr. Jay Dardenne – Commissioner of Administration

**Members Absent:** Rep. Barbara Carpenter - Committee on Retirement member appointed by the Speaker, Senator Barrow Peacock – Chairman, Senate Committee on Retirement, Mr. Joe Salter – designee for Mr. Kyle Ardoin – Secretary of State

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

**Others Present:** Mr. Jeffrey Boucek - Segal Marco Advisors

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## DIRECTOR'S ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- The Wifi password has changed.
- The advertisements for hiring a new Executive Counsel have been published to The Advocate newspaper, LSERS online webpage and Louisiana Civil Service website. The application deadline is today at 4:30. The staff plans to review applications and conduct an initial round of interviews this month. We have scheduled the Board's interview of the final candidates for the June meeting.

- Mr. Bujol reminded the Board that the June meeting will now be a two-day meeting. To accommodate the Executive Counsel interviews, the next meeting will be held on June 10th and June 11th.
- The 2nd floor renovation project has resumed. Sixteen offices are in the process of being improved and are expected to be completed by the end of this fiscal year.
- Duplantier, Hrapmann, Hogan & Maher won the auditor contract. We have worked with them before, they are very experienced in pensions systems. They came in with the lowest bid of \$64,900 which is a \$9,000 savings for LSERS.
- Our phone service is being switched from Windstream to Cox Communications. Cox will continue our internet services. The total cost of these two services will increase \$2,320 annually. Cox is currently installing and upgrading the wiring in the building for our internet and phone services. They will bring in a whole new phone system which will increase efficiency and reduce the number of missed calls from members. Also, the internet speed will increase 25 times.
- The Joint Legislative Committee on the Budget's annual review of LSERS' proposed budget for the fiscal year that starts July first is tentatively scheduled for May 17th.

#### **APPROVAL OF AGENDA**

Mr. Yearby requested that the Board amend the agenda by adding a resolution expressing condolences to Representative Barbara Carpenter on the loss of her husband.

**ON MOTION BY MS. MATTE, 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.

#### **RESOLUTION OF CONDOLENCES**

Mr. Collins presented the resolution of condolences to Representative Barbara Carpenter on the loss of her husband last month.

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

#### **PORTFOLIO PERFORMANCE REVIEW**

Mr. Boucek discussed portfolio performance, including an audio/visual presentation and handouts titled: *Preliminary Investment Performance as of March 31, 2019* and *Manager Watch List*. He then addressed questions from the Board.

**ON MOTION BY MR. RESTER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Portfolio Performance Review.

### **INVESTMENT RECOMMENDATION**

Mr. Freedman delivered a presentation titled *Scout Energy Partners*, and recommended a \$40 million commitment to Scout Energy Partners V.

**ON MOTION BY MR. RESTER, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved a commitment of \$40 million to Scout Energy Partners V.

### **PRIVATE EQUITY UPDATE**

Mr. Freedman delivered an informational presentation titled *Private Equity Update* and fielded questions from the Board.

Mr. Rester requested that the Board impose a “quiet period” between now and the time the Board chooses an advisor on Private Equity Investments. During this period, the Trustees would agree not to engage in any individual or group discussion with any prospective advisor, unless such a discussion occurred during an official meeting of the Board.

**ON MOTION BY MS. BARBER, SECONDED BY MS. MATTE AND CARRIED BY UNANIMOUS CONSENT**, the Board approved enacting a “quiet period”.

### **INVESTMENT REPORTS**

Mr. Freedman provided the following reports:

- Securities Lending
- Securities Litigation
- Louisiana Broker

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

## **APPROVAL OF MINUTES**

**February 4, 2019 - Quarterly Board Meeting**

**March 11, 2019 – Investment Committee Meeting**

**March 11, 2019 – Special Board Meeting**

**April 8, 2019 – Investment Committee Meeting**

**April 8, 2019 – Personnel Committee Meeting**

**April 8, 2019 – Special Board Meeting**

**ON MOTION BY MR. YEARBY, SECONDED BY MS. BROWN AND CARRIED BY UNANIMOUS CONSENT**, the Board approved all the minutes listed on the agenda.

## **ADMINISTRATION**

### **Reports**

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

Human Resources Actions and Overtime Report  
Administrative Fund – Budget to Actual Quarterly Report  
Travel Expenses Reports (Year-to-Date and Staff)

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

## **UPDATE ON LSERS.NET UNCLAIMED PROPERTY WEBPAGE**

Ms. Zhou provided an update on the Ex-member project and the bi-weekly update of the Unclaimed Property webpage on [www.lasers.net](http://www.lasers.net).

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

**AUDIT**

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

FY2017-18 Annual Privatization Questionnaire Report  
FY2017-18 Retirement Annual Salary File Memo

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

**LEGAL****Reports**

Mr. Collins provided a review of the following reports then addressed questions from the Board:

Litigation Report  
Collections Report

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

***Note:** Mr. Collins' update on the rulemaking process for group trust investing was inadvertently overlooked on the agenda. The board came back to the item after the Legislative report.*

**2019 LEGISLATIVE SESSION**

Mr. Collins provided an overview of the bills currently passing through the 2019 Legislative Session. He updated the board on the current status of House Bill 20 (to correct an apparent typographical error in an LSERS statute), House Bill 28 (to create a hybrid retirement plan in the four state retirement systems), as well as Senate Bill 14 (to re-institute term limits on members of state and statewide retirement system boards).

Mr. Collins also recommended the board take a position on Senate Bill 16, as amended, to include provisions about investment of LSERS' lump-sum benefits. The bill, authored by Senator Gerald Long, and as now amended, provides relative to investment of lump-sum benefits, at Louisiana State Police Retirement system, the Municipal Police Employees Retirement System, and LSERS.

**ON MOTION BY MS. BARBER, SECONDED BY MS. MATTE AND CARRIED BY UNANIMOUS CONSENT**, the Board voted to support Senate Bill 16.

**UPDATE ON RULEMAKING PROCESS FOR GROUP TRUST INVESTING RULE**

Mr. Collins provided an update on the rulemaking process for LSERS' proposed rule to authorize group trust investments. He explained that that the proposed rule has now been published in the State Register, and that rule is now in the required period to allow for any public comments.

**UPDATE ON MOVING DROP/IBRP LA FUND TO SELF-DIRECTED PLAN WITH EMPOWER RETIREMENT**

Ms. Zhou and Mr. Collins provided an update on moving DROP/IBRP LA fund to self-directed plan with Empower retirement, and the impact of Senate Bill 16 should it become law.

**ON MOTION BY MS. BROWN, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Legislative update, the update on the group trust rulemaking process, and the update on the DROP/IBRP Empower discussions.

**OTHER BUSINESS**


There was no other business to discuss.

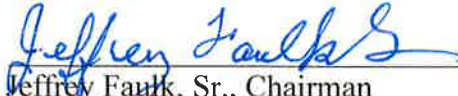
**PUBLIC COMMENTS**

There were no public comments.

**ADJOURNMENT**

**ON MOTION OF MS. BARBER, SECONDED BY MS. BROWN AND CARRIED BY UNANIMOUS CONSENT**, the Board adjourned at 11:09 a.m.

  
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Charles P. Bujol, Executive Director

  
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Jeffrey Faulk, Sr., Chairman