

Louisiana School Employees' Retirement System Investment Committee Meeting

Monday, June 10, 2019
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 Committee recited the Lord's Prayer and the Pledge of Allegiance. Roll was then called by Ms. Stark.

Members Present: Mr. Jeffrey Faulk, Sr., Mr. Eugene Rester, Jr., Mr. Philip Walther, Ms. Andrea Matte, Ms. Colleen Barber, Mr. Henry J. Yearby, Ms. Penny Brown, *Mr. Randy Davis – designee for Mr. Jay Dardenne – Commissioner of Administration, Mr. James Mack – designee for Mr. John Schroder – State Treasurer, Mr. Joe Salter – designee for Kyle Ardoin – Secretary of State

Members Absent: Representative Barbara W. Carpenter – House Committee on Retirement, Senator Barrow Peacock – Chairman, Senate Committee on Retirement

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. Laurie Stark – Administrative Program Specialist A, **Ms. Michelle Bridges – Executive Management Officer, **Ms. Melinda Carson – Chief Financial Officer

Others Present: ***Mr. Gary Curran and ***Mr. Stephen Brouillette – G.S. Curran & Co., ****Mr. Jeffrey Boucek and ****Mr. Keith Reynolds - Segal Marco Advisors

- * Mr. Davis arrived at 9:06 a.m.
- ** Ms. Bridges and Ms. Carson arrived at 9:22 a.m.
- *** Mr. Curran and Mr. Brouillette left at 10:22a.m.
- **** Mr. Boucek and Mr. Reynolds left at 11:22 a.m.

DIRECTOR'S ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- LSERS' budget was approved by the Joint Legislative Committee at May meeting.
- The financial audit has begun by the auditors. An entrance conference is planned for July.
- The second cooling tower has been installed.
- Second-floor renovations for this fiscal year have been completed. More are planned for the next fiscal year.
- The installation of a new phone system and internet through Cox Communications has been completed.

APPROVAL OF AGENDA

The agenda was presented to the Committee for approval.

ON MOTION BY MS. BARBER, SECONDED BY MR. YEARBY 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 April 2019. This included an audio/visual presentation and a handout titled: *Preliminary Investment Performance Review for Period Ending April 30, 2019* and *Analysis of Investment Performance Quarter Ending March 31, 2019*. They then addressed questions from the Committee.

ON MOTION BY MR. WALTHER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT, the Committee approved the performance report by Segal.

ACTUARIAL SCIENCE EDUCATIONAL PRESENTATION

Mr. Curran and Mr. Brouillette with G.S. Curran and Company were in attendance for an actuarial science educational presentation. They addressed questions from the Committee.

ALTERNATIVE INVESTMENT IMPLEMENTATION

Mr. Freedman provided an overview of the current asset allocation which included an audio/visual presentation and a handout titled: *Asset Allocation Update*. He addressed questions from the Committee.

STAFF REPORTS

Mr. Freedman provided the following reports:

Securities Lending
Louisiana Broker
Securities Litigation

ON MOTION BY MS. BARBER, SECONDED BY MS. BROWN AND CARRIED BY UNANIMOUS CONSENT, the Committee approved the reports.

CONSIDERATION OF BOARD APPROVAL OF GROUP INVESTMENT RULE WHEN FULLY PROMULGATED

Mr. Collins updated the Committee on the current status of the promulgation of administrative rule to authorize group trust investments.

ON MOTION BY MR. YEARBY, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT, the Committee recommended that the Board approve, in advance, the proposed administrative rule to authorize LSERS to invest in group trusts, which is now in the process of being promulgated, the advance approval being for such time as the rule's promulgation process is complete.

CONSIDERATION OF MOVING DROP/IBRP LA FUND TO SELF-DIRECTED PLAN WITH EMPOWER RETIREMENT

Ms. Zhou provided an overview of the Self-Directed Plan with Empower Retirement which included an audio/visual presentation and handout titled: *LSERS DROP/IBRP LA Self-Directed Plan with Empower Retirement (SDP – A new investment management for Deferred Retirement Plan or Initial Benefit Retirement Plan)*. She addressed questions from the Committee.

ON MOTION BY MR. WALTHER, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT, the Committee recommended that the Board approve contracting with Empower to serve as the third-party administrator of LSERS' DROP and IBRP programs, subject to the successful completion of three things: 1) the completion of the process of promulgating our new rule authorizing group trust investments; 2) the completion of a contractual review by LSERS' tax attorneys; and 3) the completion of a contractual review by LSERS' own legal counsel.

2019 LEGISLATIVE SESSION UPDATE

Mr. Collins provided an update on the final status of the bills that were of interest to LSERS from the 2019 Regular Legislative Session.

ON MOTION BY MS. BARBER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT, the Committee approved the update of the 2019 Regular Legislative Session by Mr. Collins.

LITIGATION REPORT

Mr. Collins provided an overview of current litigation which included a handout titled: *Litigation Report: As of May 23, 2019*. He then addressed questions from the Committee.

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

OTHER BUSINESS

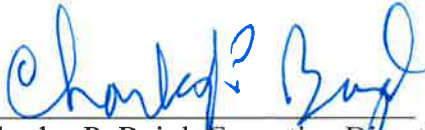
There was no other business to discuss.


PUBLIC COMMENTS

There were no public comments.

ADJOURNMENT

ON MOTION OF MR. FAULK, SECONDED BY MS. BROWN AND CARRIED BY UNANIMOUS CONSENT, the Committee adjourned at 12:00 noon.


Charles P. Bujol, Executive Director


Eugene Rester, Jr., Chairman