

Louisiana School Employees' Retirement System
Special Board Meeting

Monday, October 7, 2019

10:13 a.m.

The Louisiana School Employees' Retirement System's Special 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 10:13 a.m.

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Members Present: Mr. Jeffrey Faulk, Sr., Mr. Eugene Rester, Jr., Mr. Philip Walther, 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 Mr. Kyle Ardoin - Secretary of State, Ms. Laura Gail Sullivan – representative for Senator Barrow Peacock – Chairman, Senate Committee on Retirement

Members Absent: Ms. Andrea Matte, Representative Barbara W. Carpenter – House Committee on Retirement

Staff Present: Mr. Charles Bujol – Executive Director, Ms. Chenfei Zhou - Assistant Director, Mr. John Strange – Executive Counsel, Mr. Matthew Freedman - Chief Investment Officer, Ms. Laurie Stark – Administrative Program Specialist A, Ms. LaQuinta Jordan – Internal Auditor, Ms. Melinda Carson – Chief Financial Officer, Ms. Michelle Bridges – Executive Management Officer, Mr. Dean Majoue' - Information Technology Director 2, Mr. Mitchell Garlington – Retirement Benefits Assistant Administrator

Others Present: Mr. Phillip Qualls – State Treasurer's Office, Mr. Lowell Good and Ms. Nicole Edmonson – Louisiana Legislative Auditor's Office, *Ms. Michelle Cunningham and Mr. Patrick Butler – Duplantier, Hrapmann, Hogan & Maher,LLP, **Mr. Greg Curran – G.S. Curran & Company

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* Ms. Cunningham and Mr. Butler left at 10:40 a.m.

**Mr. Curran left at 11:12 a.m.

APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

ON MOTION BY MR. YEARBY, SECONDED BY MS. BROWN 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.

ADOPTION OF LOUISIANA COMPLIANCE QUESTIONNAIRE FOR JUNE 30, 2019

Ms. Zhou presented the June 30, 2019 Louisiana Compliance Questionnaire for adoption and then addressed questions from the Board.

ON MOTION BY MR. YEARBY, SECONDED BY MS. BROWN AND CARRIED BY UNANIMOUS CONSENT, the Board agreed to adopt the Louisiana Compliance Questionnaire for June 30, 2019.

ANNUAL REPORT - FY ENDING JUNE 30, 2019**INDEPENDENT AUDITOR'S REPORT – DUPLANTIER, HRAPMANN, HOGAN & MAHER**

Michelle Cunningham, CPA, Partner
J. Patrick Butler, CPA, Auditor Manager

The independent auditor's report prepared by Duplantier, Hrapmann, Hogan & Maher, LLP was made available at the meeting. Ms. Cunningham and Mr. Butler provided a detailed review and educational presentation of the audit report on the financial statements of the Louisiana School Employees' Retirement System (LSERS) via an audio/visual presentation titled: Presentation of the Results of the June 30, 2019 Audit. Ms. Cunningham then addressed questions from the Board.

ON MOTION BY MR. YEARBY, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board approved the 2019 Independent Auditor's report.

ANNUAL REPORT – FISCAL YEAR ENDING JUNE 30, 2019**ACTUARIAL VALUATION – G.S. CURRAN & COMPANY, LTD.**

Greg Curran, FCA, MAAA, ASA

The actuarial valuation prepared by *G.S. Curran & Company, LTD.* was distributed at the meeting. Mr. Curran provided a detailed report and educational presentation on the actuarial valuation of assets and liabilities, as well as funding requirements, for the Louisiana School Employees' Retirement System as of June 30, 2019. Mr. Curran then addressed questions from the Board.

ON MOTION BY MR. RESTER, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT the Board approved the 2019 Actuarial Valuation report.

RECOMMENDATIONS FROM THE INVESTMENT COMMITTEE MEETING

Mr. Rester recommended that the Board approve the approval of the Securities Lending, Securities Litigation, Louisiana Broker and the Litigation reports presented during the Investment Committee meeting:

ON MOTION BY MR. RESTER, SECONDED BY MS. BROWN AND CARRIED BY UNANIMOUS CONSENT, the Board approved the approval of Securities Lending, Securities Litigation, Louisiana Broker and Litigation reports presented during the Investment Committee meeting.

LSERS PROPOSED OPERATING BUDGET FY 2020-21

Mr. Bujol and Ms. Zhou provided a review of LSERS' proposed operating budget for Fiscal Year 2020-21 which included a 0.51% increase from the existing Fiscal Year 2019-20 budget. They then addressed questions from the Board.

ON MOTION BY MR. RESTER, SECONDED BY MS. BROWN AND CARRIED BY UNANIMOUS CONSENT the Board approved the 2020-21 LSERS Operating Budget.

UPDATE ON THIRD-PARTY ADMINISTRATION OF DROP & IBRP LA PROGRAMS

Ms. Zhou provided an update on the current status of the Self-Directed Plan with Empower Retirement which will have a blackout period after December 5 payroll to the asset transfer date of January 2, 2020.

ON MOTION BY MS. BARBER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT the Board approved the update regarding the Third-Party Administration of the DROP and IBRP programs.

DISCUSSION ON LSERS' SPONSORED BILLS FOR 2020 LEGISLATIVE SESSION

Mr. Strange informed the Board that there are currently no LSERS sponsored bills for the 2020 Legislative Session.

UPDATE ON LSERS' CYBERSECURITY

Mr. Majoue' provided an overview of LSERS' current cybersecurity protocol which included an audio/visual presentation titled: *LSERS Cybersecurity: Detection/Prevention/Remediation* and a handout. He then addressed questions from the Board.

ON MOTION BY MR. YEARBY, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT the Board approved the update on LSERS' Cybersecurity.

DISCUSS & CONSIDER MARKET RATE ADJUSTMENT FOR CHIEF INVESTMENT OFFICER

Mr. Bujol presented to the Board the current salaries of the Chief Investment Officers for various retirement systems along with the proposed salary adjustment schedule for the LSERS Chief Investment Officer. The proposal would provide a \$16,000.00 salary increase retroactive to July 1, 2019, a \$16,000.00 increase on July 1, 2020 and a \$16,000.00 increase on July 1, 2021.

ON MOTION BY MS. BARBER, SECONDED BY MS. BROWN AND CARRIED BY UNANIMOUS CONSENT the Board approved the proposed salary increase of \$16,000.00 retroactive to July 1, 2019, along with a salary increase of \$16,000.00 on July 1, 2020, and a salary increase of \$16,000.00 on July 1, 2021.

OTHER BUSINESS

Mr. Faulk took the opportunity to announce that he will host a Board/Staff Luncheon after the Monday, December 2, 2019 Quarterly Board meeting.

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 11:42 a.m.



Charles P. Bujol, Executive Director



Jeffrey Faulk, Sr., Chairman