

# Louisiana School Employees' Retirement System Quarterly Board Meeting

*Monday, December 2, 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 9:00 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., Ms. Colleen Barber, Mr. Eugene Rester, Jr., Ms. Andrea Matte, Mr. Henry Yearby, Ms. Penny Brown, Mr. Philip Walther, 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

**Members Absent:** Representative Barbara W. Carpenter – Committee on Retirement member appointed by the Speaker, Senator Barrow Peacock – Chairman, Senate Committee on Retirement

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

**Others Present:** Mr. Jeffrey Boucek, Mr. Rob Hungerbuhler, Mr. Michael St. Germain - Segal Marco Advisors

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\* Mr. Randy Davis arrived to meeting at 9:02 a.m.

## DIRECTOR'S ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- On behalf of the LSERS staff, we wish all of you a Merry Christmas and a Happy New Year. We look forward to working with you in the coming year.

- I would like to recognize the LSERS' staff for receiving the Public Pension Standards Award for Funding and Administration 2019. The award was presented by the Public Pension Coordinating Council for meeting professional standards for plan funding and administration as set forth in the Public Pension Standards.
- The December Crossroads newsletter will be mailed out to the membership before the end of the month. It will include information on the upcoming election for the District 3 seat.
- Chairman Faulk is providing lunch for the Board and the staff this afternoon. Members of the Board have also provided desserts. We would like to invite everyone to join us in the kitchen after the meeting.

## **APPROVAL OF AGENDA**

The agenda was presented to the Board for approval.

**ON MOTION OF MR. YEARBY 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.

## **PORTFOLIO PERFORMANCE REVIEW**

Mr. Freedman, Mr. Boucek, and Mr. Hungerbuhler provided an overview of asset allocation and comparative performance through September 30, 2019. They presented audio/visual presentations and three handouts titled: *Analysis of Investment Performance, Quarter ending September 30, 2019; Preliminary Investment Performance as of October 31, 2019, and Manager Watch List*. They then addressed questions from the Board.

**ON MOTION OF MR. RESTER SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the performance reports by Segal.

## **INVESTMENT MANAGER PRESENTATION**

The following Investment Manager made a presentation and addressed questions from the Board, LSERS' Investment Consultant, and LSERS' administrative staff:

### Orleans Capital Management

*Emily C. Becker, President  
Gary Welchel, Marketing*

**AGENDA AMENDED**

Chairman Faulk requested that the Agenda Item IV ArrowMark Global Opportunity Fund III be amended for presentation as the Schroder's team was not immediately available for their presentation.

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

**INVESTMENT RECOMMENDATION**

Mr. Freedman made a presentation titled "ArrowMark Partners". Mr. Freedman recommended a commitment of up to \$30 million to ArrowMark Global Opportunity Fund III and addressed questions from the Board.

**ON MOTION BY MR. RESTER, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved a commitment of up to \$30 million to ArrowMark Partners.

**INVESTMENT MANAGER PRESENTATIONS CONTINUED**

The following Investment Manager made a presentation and addressed questions from the Board, LSERS' Investment Consultant, and LSERS' administrative staff:

Schroder Emerging Market Multi-Sector Bond L.P.

*Fernando Grisales, CFA, Senior Portfolio Manager  
Katie Nicholson, Consultant Relations Director*

**PRIVATE EQUITY EDUCATION**

Mr. Michael St. Germain provided an education overview of Private Equity, including an audio/visual presentation and handouts titled: *Private Equity Portfolio Overview: Developing Optimal Private Equity Investment Programs*. He then addressed questions from the Board.

**STAFF REPORTS**

Mr. Freedman provided the following Investment reports:

Securities Lending  
Securities Litigation  
Louisiana Broker

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

## **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 MR. RESTER, SECONDED BY MS. MATTE AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Administration reports.

### **Update on Empower Retirement**

Ms. Zhou updated the Board on the transition progress and timeline of DROP/IBRP LA fund to Self-Directed Plan with Empower Retirement.

**ON MOTION BY MS. MATTE, SECONDED BY MS. BARBER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the update on the Empower Retirement.

## **AUDIT**

Ms. Jordan presented the following reports on the Annual Audit Plan, Compliance Audits and Internal Audit:

2020 Annual Audit Plan  
City of Baker School District Compliance Audit  
Tensas Parish School Board Compliance Audit  
Internal Audit: Accounts Payable

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

## **LEGAL**

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

Litigation Report  
Collections Report

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

#### **APPROVAL OF MINUTES**

**August 19, 2019 - Quarterly Board Meeting, Day 1**

**August 20, 2019 - Quarterly Board Meeting, Day 2**

**October 7, 2019 – Investment Committee Meeting**

**October 7, 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.

#### **ELECTION**

Mr. Strange informed the Board of the upcoming election in 2020 for the Board seat representing the 3rd Retirement District and presented the election schedule.

#### **ACTION REGARDING THE ANNEXATION OF LSERS' REAL PROPERTY INTO THE CITY OF BATON ROUGE**

Mr. Bujol requested that the Board formally approve the filing of the Petition for Annexation into the City of Baton Rouge.

**ON MOTION BY MR. WALTHER, SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board formally approved the filing of a Petition for Annexation into the city of Baton Rouge.

#### **OTHER BUSINESS**

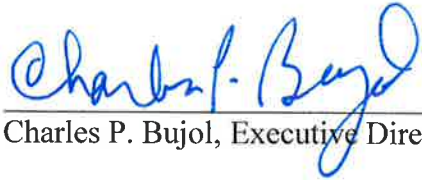
There was no other business to discuss.

#### **PUBLIC COMMENTS**

There were no public comments.

**ADJOURNMENT**

**ON MOTION OF MR. RESTER SECONDED BY MR. YEARBY AND CARRIED BY UNANIMOUS CONSENT**, the Board adjourned at 11:50 a.m.



Charles P. Bujol, Executive Director



Jeffrey Faulk, Sr., Chairman