

Teachers' Retirement System of Louisiana
Board of Trustees
Upon Adjournment of Executive Committee – Friday
February 8, 2013

- MEMBERS PRESENT:** Robert Lawyer, Joe A. Potts, Jr., Anne H. Baker, Dr. William C. "Bill" Baker, Holly B. Gildig, David A. Hennigan, Superintendent Alonzo R. Luce, Jim Napper (Treasurer's Designee), John G. Parauka, and Dr. Steven Procopio (Commissioner's Designee)
- MEMBERS ABSENT:** Dr. Sheryl R. Abshire, Senator Elbert Guillory, Kathy Hattaway, Joyce P. Haynes, Representative J. Kevin Pearson, Carlos J. Sam, and State Superintendent John White
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Roy Mongrue, Jr., Philip Griffith, Dana Vicknair, Dana Brown, Jim Buras, Maurice Coleman, Lisa Honore, Jeff LaCour, Steve Marangos, Melinda Parker, Dionne Rabalais, Matt Tessier, Katherine Whitney, and Lisa Barousse
- OTHERS PRESENT:** Shelley Johnson, Foster & Foster

Each member of the Board received the following:

1. February 2013 Board Book
2. *Investment Committee Meeting February 7, 2013, Performance Report–December 31, 2012*
3. Investment Committee Presentations: Hamilton Lane Advisors, LLC; Insight Venture Partners; Hewitt EnnisKnupp, Inc.; Baillie Gifford Overseas Limited; LSV Asset Management; MFS Institutional Advisors, Inc.; and Artisan Partners Limited Partnership
4. *Investing in Louisiana; The Economic Impact of Louisiana's Largest Public Retirement System* (TRSL 2013)
5. *February 5, 2013 article entitled "No Escape, Generous Public Pensions are heading down an unsustainable path and each of us will pay the price" Greater Baton Rouge Business Report (www.businessreport.com) and February 6, 2013 response from TRSL entitled "TRSL provides facts in response to Baton Rouge Business Report article"*
6. *January 30, 2013 article entitled "127 Vermillion Parish teachers either retired or resigned thus far this school year; retirements/resignations have almost tripled this school year" (Vermillion Today (www.vermiliontoday.com), Abbeville, LA)*

Mr. Lawyer called the meeting to order at 10:15 a.m. The secretary called the roll and a quorum was established. Mrs. Baker led the Pledge of Allegiance.

Approval of the Minutes of the Meeting of the TRSL Board of Trustees Held January 8, 2013 (Including Minutes of Committee Meetings held January 7 and 8, 2013)

ON MOTION OF DR. BAKER, SECONDED BY MR. HENNIGAN, AND CARRIED, the Board voted to approve the minutes of the meeting of the TRSL Board of Trustees held January 8, 2013 (including minutes of committee meetings held January 7 and 8, 2013).

Investment Committee Report

ON MOTION OF MR. POTTS, SECONDED BY DR. PROCOPIO, AND CARRIED, the Board voted to accept the report of the Investment Committee and to approve the recommendations contained therein.

Legislative Committee Report

ON MOTION OF DR. BAKER, SECONDED BY MR. PARAUKA, AND CARRIED, the Board voted to accept the report of the Legislative Committee and to approve the recommendations contained therein.

Mr. Potts in the Chair.

Executive Committee Report

MR. LAWYER MOVED, AND MRS. GILDIG SECONDED A MOTION to accept the report of the Executive Committee and to approve the recommendations contained therein.

DR. PROCOPIO MADE A SUBSTITUTE MOTION TO DIVIDE THE QUESTION and consider *Item 4. Update to 2012 TRSL Valuation – Cash Balance Plan Contribution Rate* separately. There was no second to the motion.

The original motion was considered and there being no objection, the MOTION to accept the report of the Executive Committee and to approve the recommendations contained therein CARRIED.

Mr. Lawyer in the Chair.

Director's Update

Ms. Westgard updated the Board on the following items:

- 2013 Board Reference Manual
- *Investing in Louisiana; The Economic Impact of Louisiana's Largest Public Retirement System* (TRSL 2013)
- Consumer Alert – Texas Pension Advisor Services sent a letter to active TRSL members stating that they can provide an estimate of TRSL benefits. TRSL has no affiliation with the company. TRSL issued a consumer alert via email regarding the issue. TRSL has also contacted the Attorney General Consumer Protection Office
- TRSL will conduct Reduction in Force webinars over the next four months, which will cover the following topics: 1) TRSL retirement eligibility requirements, 2) Refunding member contributions, and 3) Leaving your member contributions with TRSL
- Ms. Westgard authorized invitational travel for Charles Hall. Ms. Westgard and Mr. Hall will travel to Foster and Foster's home office in Ft. Myers, Florida to conduct a due diligence review of the firm.
- TRSL issued a response to the February Baton Rouge Business Report cover story – *No Escape, Generous public pensions are heading down an unsustainable path and each of us will pay the price.* Dr. Baker commended Dr. Honore on the response.
- LASERS and LSERS granted a 4% salary increase to their employees, retroactive to October 2012. TRSL will continue to monitor the situation as it effects staffing.

Adjournment

ON MOTION OF MR. POTTS, SECONDED BY MR. PARAUKA, AND CARRIED, the Committee voted to adjourn at 10:45 a.m.

**Teachers' Retirement System of Louisiana
Investment Committee
9:00 a.m. – Thursday
February 7, 2013**

- MEMBERS PRESENT:** Joe A. Potts, Jr., Kathy Hattaway, Dr. William C. "Bill" Baker, Jim Napper (Treasurer's Designee), Holly B. Gildig, David A. Hennigan, Suzette Meiske (Commissioner's Designee), Robert Lawyer, and John Parauka
- MEMBERS ABSENT:** Dr. Sheryl R. Abshire, Senator Elbert Guillory, and Representative J. Kevin Pearson
- OTHER MEMBERS PRESENT:** Anne H. Baker and Superintendent Alonzo R. Luce
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Dana Brown, Maurice Coleman, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Paul Yett and Jonathan Floyd, Hamilton Lane Advisors, LLC; Cian Cotter, Insight Venture Partners; Scott Coopridger and Russ Ivinjack, Hewitt EnnisKnupp; David Salter and Johann van der Merwe, Baillie Gifford Overseas Limited; James Owens and Scott Kemper, LSV Asset Management; Camille Humphries and Kimberly Hyland, MFS Institutional Advisors, Inc.; and Sean Howley, Artisan Partners Limited Partnership

Roll Call

Mr. Potts called the meeting to order at 9:00 a.m. The secretary called the roll and a quorum was established. Mr. Potts appointed Mr. Parauka to serve on the Committee as an alternate for Dr. Abshire.

Private Market Update and Review of Potential Private Market Investments

Paul Yett and Jonathan Floyd, Hamilton Lane Advisors, L.L.C., appeared before the Committee to present private market items. Mr. Yett presented the private market update.

a. Blackstone Real Estate Debt Strategies II

Mr. Yett reviewed a potential alternative investment in Blackstone Real Estate Debt Strategies II.

ON MOTION OF MS. HATTAWAY, SECONDED BY MR. PARAUKA, AND CARRIED, consistent with the alternative investment guidelines, the Committee voted to receive the Hamilton Lane report, including the due diligence process dated February 7, 2013, pertaining to investments in Blackstone Real Estate Debt Strategies II (up to \$75 million).

b. Insight Venture Partners VIII

Mr. Yett reviewed a potential alternative investment in Insight Venture Partners VIII.

Cian Cotter of Insight Venture Partners appeared before the Committee to give a presentation on Insight Venture Partners VIII.

ON MOTION OF MR. NAPPER, SECONDED BY MR. PARAUKA, AND CARRIED, consistent with the alternative investment guidelines, the Committee voted to receive the Hamilton Lane report, including the due diligence process dated February January 7, 2013, pertaining to investments in Insight Venture Partners VIII (up to \$50 million).

Private Market Investment Annual Committee Reports

Mr. Floyd and Mr. Yett presented private market annual reports on American Securities Opportunities Funds, Carlyle Group, CVC Capital Partners, Kohlberg & Company, Platinum Equity Capital Partners, and Texas Pacific Group (TPG).

ON MOTION OF MRS. GILDIG, SECONDED BY MS. HATTAWAY, AND CARRIED, the Committee voted to receive private market annual reports on American Securities Opportunities Funds, Carlyle Group, CVC Capital Partners, Kohlberg & Company, Platinum Equity Capital Partners, and TPG.

Presentation and Approval of Solicitation for Proposals (SFP) for Domestic Small Cap Value Manager

Mr. Griffith presented the SFP for Domestic Small Cap Value Manager that was received at the January Investment Committee meeting.

ON MOTION OF DR. BAKER, SECONDED BY MS. MEISKE, AND CARRIED, the Committee voted to approve the SFP for Domestic Small Cap Value Manager, as presented.

Presentation and Review of Solicitation for Proposals (SFP) for International All Country World Index (ACWI) ex U.S. Manager

Mr. Griffith presented the SFP for International All Country World Index (ACWI) ex U.S. Manager.

ON MOTION OF MS. HATTAWAY, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to receive the SFP for International All Country World Index (ACWI) ex U.S. Manager to be presented to the Committee for approval in March, 2013.

Investment Policy Update

Mr. Griffith presented the following Investment Policy Sections for review: Selection and Monitoring of Investment Options, and Investment Policy Amendment Process.

ON MOTION OF MR. PARAUKA, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to receive the Investment Policy Sections: Selection and Monitoring of Investment Options and Investment Policy Amendment Process, to be presented to the Committee for approval in March, 2013.

Capital Market Update and Review of TRSL Investments

Mr. Griffith presented an overview of TRSL's total plan and public and private market investments. Mr. Coopriider and Mr. Ivinjack presented Hewitt EnnisKnupp's February 7, 2013 portfolio summary report. Staff and Consultant reviewed performance of TRSL investments through December 31, 2012.

Mr. Coopriider, Mr. Ivinjack and Mr. Griffith reviewed Mid Cap Growth Manager, Columbus Circle. The firm has been on the watch list since June 2010. Hewitt EnnisKnupp recommended that TRSL conduct a Mid Cap Growth Manager search to replace Columbus Circle, and in the interim time period, allocate half of Columbus Circle's assets to the Rhumblin Mid Cap Index.

ON MOTION OF MR. NAPPER, SECONDED BY MR. PARAUKA, AND CARRIED, the Committee voted to begin the process for a Mid Cap Growth Manager Search.

MS. HATTAWAY MOVED to allocate one-half of Columbus Circle's assets to the Rhumblin Mid Cap Index. DR. BAKER SECONDED THE MOTION and MR. NAPPER OBJECTED TO THE MOTION. The secretary called the roll. THE MOTION CARRIED by a vote of 7 yeas and 2 nays. Dr. Baker, Mrs. Gildig, Ms. Hattaway, Mr. Hennigan, Ms. Meiske, Mr. Lawyer, and Mr. Potts voted yea. Mr. Napper and Mr. Parauka voted nay.

Portfolio Review

Mr. Coopridier, Mr. Ivinjack, and Dana Brown reviewed International firms – Baillie Gifford Overseas Limited and LSV Asset Management; and International Large firms - MFS Institutional Advisors, Inc. (Value) and Artisan Partners Limited Partnership (Growth)

The following representatives presented their respective firm's portfolio review.

International

- Baillie Gifford Overseas Limited – David Salter and Johann van der Merwe
- LSV Asset Management – James Owens and Scott Kemper

International Large Cap

- MFS Institutional Advisors, Inc. (Value) – Camille Humphries and Kimberly Hyland
- Artisan Partners Limited Partnership (Growth) – Sean Howley

Adjournment

ON MOTION OF MR. NAPPER, SECONDED BY MS. HATTAWAY, AND CARRIED, the Committee voted to adjourn at 3:15 p.m.

Teachers' Retirement System of Louisiana
Legislative Committee
8:30 a.m. – Friday
February 8, 2013

- MEMBERS PRESENT:** Dr. William C. "Bill" Baker, Joe A. Potts, Jr., Jim Napper (Treasurer's Designee), Anne H. Baker, Holly B. Gildig, Robert Lawyer, and David A. Hennigan
- MEMBERS ABSENT:** Dr. Sheryl R. Abshire, Senator Elbert Guillory, Representative J. Kevin Pearson, and Carlos J. Sam
- OTHER MEMBERS PRESENT:** Superintendent Alonzo R. Luce, John G. Parauka, and Dr. Steven Procopio (Commissioner's Designee)
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Dana Brown, Jim Buras, Maurice Coleman, Lisa Honore, Jeff LaCour, Melinda Parker, Dionne Rabalais, Matt Tessier, Katherine Whitney, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Shelley Johnson, Foster & Foster; Marsha Shuler, The Advocate; Graig Luscombe, Louisiana Retired Teachers' Association; and Margaret Corley and Laura Gail Sullivan, Louisiana Senate

Roll Call

Dr. Baker called the meeting to order at 8:30 a.m. The secretary called the roll and a quorum was established. Dr. Baker appointed Mr. Hennigan to serve on the Committee as an alternate for Dr. Abshire.

Update on Legislative Committee Meetings

Ms. Westgard presented an update on the House Retirement Committee meeting of January 22, 2013; and the Funding Review Panel meeting of January 28, 2013.

Ms. Westgard noted that PRSAC must meet by the fourth Monday in February to approve state retirement system valuations.

Update on Cash Balance Plan

Mr. Mongrue presented updates on the following:

- a. Lawsuit - *The Retired State Employees Association, Frank L. Jobert, Jr., et al vs. State of Louisiana, Honorable Governor Bobby Jindal and Honorable John Neely Kennedy, State Treasurer*

A judgment was issued ruling the legislation invalid because it did not receive the required 2/3 vote for passage. The Administration has filed a Motion for Suspensive Appeal and Expedited Hearing.

- b. Request for Attorney General Opinion – Clarification Regarding Cash Balance Plan Contribution Rates Related to ORP

ON MOTION OF MRS. BAKER, SECONDED BY MR. POTTS, AND CARRIED, the Committee voted to authorize the Director to request an Attorney General Opinion on the issue of which employer contribution rate should be used for ORP participants once the Cash Balance Plan is implemented.

Discussion and Review of Potential Legislation for the 2013 Regular Legislative Session

Ms. Westgard reviewed Public Notices affecting state and statewide retirement systems, and noted that Ms. Johnson is working on the actuarial analysis of the PBI Bill. An update will be presented at the March Legislative Committee meeting.

Adjournment

ON MOTION OF MR. LAWYER, SECONDED BY MR. NAPPER, AND CARRIED, the Committee voted to adjourn at 9:15 a.m.

Teachers' Retirement System of Louisiana
Executive Committee
Upon Adjournment of Legislative Committee – Friday
February 8, 2013

MEMBERS PRESENT: Robert Lawyer, Joe A. Potts, Jr., Anne H. Baker, Dr. William C. "Bill" Baker, and Holly B. Gildig

MEMBERS ABSENT: Dr. Sheryl R. Abshire and Kathy Hattaway

OTHER MEMBERS PRESENT: David A. Hennigan, Superintendent Alonzo R. Luce, Jim Napper (Treasurer's Designee), John G. Parauka, and Dr. Steven Procopio (Commissioner's Designee)

STAFF PRESENT: Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Dana Brown, Jim Buras, Maurice Coleman, Lisa Honore, Jeff LaCour, Melinda Parker, Dionne Rabalais, Matt Tessier, Katherine Whitney, Dana Lee Haltom, and Lisa Barousse

OTHERS PRESENT: Shelley Johnson, Foster & Foster; Marsha Shuler, The Advocate; and Margaret Corley and Laura Gail Sullivan, Louisiana Senate

Roll Call

Mr. Lawyer called the meeting to order at 9:23 a.m. The secretary called the roll and a quorum was established.

Presentation and Review of FY 2012 Summary of Annual Return to Work (RTW) Retiree Data

Ms. Westgard reviewed the FY 2012 Summary of Annual Return to Work Retiree Data.

ON MOTION OF MR. POTTS, SECONDED BY DR. BAKER, AND CARRIED, the Committee voted to receive the report.

Presentation and Approval of Amendments to Board Governance Manual Policy No. 100.21 (Education and Training Requirements)

Ms. Whitney presented amendments to Board Governance Manual Policy No. 100.21 (Education and Training Requirements).

ON MOTION OF MR. POTTS, SECONDED BY DR. BAKER, AND CARRIED, the Committee voted to approve the amendments to Board Governance Manual Policy No. 100.21 (Education and Training Requirements), as presented.

ON MOTION OF MRS. BAKER, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted authorize staff to amend the Board Governance Manual as necessary, related to technical statutory requirements or changes.

Approval of Update to 2012 TRSL Valuation – Cash Balance Plan Contribution Rate

Ms. Westgard reviewed background information on the item. Shelley Johnson, Foster and Foster, presented an update to the 2012 TRSL Valuation regarding Cash Balance Plan contribution rates in response to a discussion at TRSL's December Board meeting regarding administration of the Cash Balance Plan.

ON MOTION OF DR. BAKER, SECONDED BY MR. POTTS, AND CARRIED, the Committee voted to approve the amended Cash Balance Plan contribution rates for the 2012 TRSL Valuation.

Update on Charter School Participation in TRSL

Mr. Mongrue stated that there was nothing new to report on Charter School Participation in TRSL.

Adjournment

ON MOTION OF MRS. GILDIG, SECONDED BY DR. BAKER, AND CARRIED, the Committee voted to adjourn at 10:10 a.m.