

Teachers' Retirement System of Louisiana
Board of Trustees
Upon Adjournment of Executive Committee – Friday
September 9, 2011

MEMBERS PRESENT: Anne H. Baker, Dr. William C. "Bill" Baker, Eula Beckwith, Holly B. Gildig, Kathy Hattaway, Joyce Haynes, Superintendent Darryl C. Kilbert, Robert Lawyer, Joe A. Potts, Jr., Dr. Dominic Salinas, and Gavin L. Vitter

MEMBERS ABSENT: Dr. Sheryl Abshire, Senator D.A. "Butch" Gautreaux, Jim Napper (Treasurer's Designee), Representative J. Kevin Pearson, and Acting State Superintendent Ollie Tyler

STAFF PRESENT: Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Roth Aymond, Trudy Berthelot, Dana Brown, Maurice Coleman, Randall Harrison, Lisa Honore, Melinda Parker, Katherine Whitney, Charlene Wilson, Laurie Wright, and Lisa Barousse

OTHERS PRESENT: Matt Tessier, Louisiana House of Representatives; Laura Gail Sullivan, Louisiana Senate; and Shelley Johnson, SJ Actuarial Associates

Each member of the Board received the following:

1. *September 2011 Board Book*
2. *Investment Committee Meeting–September 8, 2011, Performance Report–July 31, 2011*
3. Investment Committee Presentation Booklets from Hewitt EnnisKnupp; Hamilton Lane; Blackstone Energy Partners, L.P.; Artisan Partners Limited Partnership; and Baillie Gifford Overseas Limited
4. *TRSL Staff Analysis of Selected Writings by Dr. Michael Podgursky*
5. August 30, 2011 Letter to Editor from Maureen H. Westgard responding to comments relative to the financial well-being of the state's public pension systems
6. *TRSL's Boardroom Beacon, Governmental Accounting Standards Board (GASB)*
7. *TRSL Links, September 2011, Vol 29, No 1*

Mrs. Baker called the meeting to order at 11:12 a.m. Mrs. Gildig led the Pledge of Allegiance. The secretary called the roll and a quorum was established.

Approval of the Minutes of the Meeting of the TRSL Board of Trustees held August 2, 2011 (Including Minutes of Committee Meetings Held August 1 and 2, 2011)

ON MOTION OF MRS. BECKWITH, SECONDED BY MS. HATTAWAY, AND CARRIED, the Board voted to approve the Minutes of the meeting of the TRSL Board of Trustees held August 2, 2011 (including minutes of committee meetings held August 1 and 2, 2011).

Investment Committee Report

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

Budget & Finance Committee Report

ON MOTION OF DR. SALINAS, SECONDED BY SUPERINTENDENT KILBERT, AND CARRIED, the Board voted to accept the report of the Budget & Finance Committee.

Dr. Salinas in the Chair

Executive Committee Report

ON MOTION OF MRS. BAKER, SECONDED BY MRS. HAYNES, AND CARRIED, the Board voted to accept the report of the Executive Committee and to approve the recommendations contained therein.

Mrs. Baker in the Chair.

Director's Update

Ms. Westgard presented an update on the following items:

- LAPERS
- Trustee Education Requirements/Per Diem
- Status of Department of Education and Division of Administration Data Requests
- Member Statements – 93,600 mailed in August
- TRSL Staff Analysis of Dr. Michael Podgursky Articles
- Letter to the Editor from TRSL Director responding to comments relative to the financial well-being of the state's public pension systems
- Boardroom Beacon – Government Accounting Standards Board (GASB)

Adjournment

ON MOTION OF MRS. BECKWITH, SECONDED BY DR. SALINAS, AND CARRIED, the Committee voted to adjourn at 11:35 a.m.

**Teachers' Retirement System of Louisiana
Investment Committee
9:00 a.m. – Thursday
September 8, 2011**

- MEMBERS PRESENT:** Dr. Dominic Salinas, Dr. William C. "Bill" Baker, Superintendent Darryl C. Kilbert, Kathy Hattaway, Jim Napper (Treasurer's Designee), Anne H. Baker, Robert Lawyer, and Gavin Vitter
- MEMBERS ABSENT:** Dr. Sheryl Abshire, Senator D.A. "Butch" Gautreaux, and Representative J. Kevin Pearson
- OTHER MEMBERS PRESENT:** Eula Beckwith, Holly Gildig, Joyce Haynes, and Joe A. Potts, Jr.
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Dana Brown, Maurice Coleman, Lisa Honore, Randall Harrison, Melinda Parker, Katherine Whitney, Charlene Wilson, Laurie Wright, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Paul Yett, Hamilton Lane; David Foley and Keri "Mimi" Gammill, Blackstone Energy Partners, L.P.; Mike Heale, CEM Benchmarking, Inc.; Scott Coopridger, Russ Ivinjack, and Matt Pawlak, Hewitt EnnisKnupp; Sean Howley, Artisan Partners Limited Partnership; and David Salter and Johann van der Merwe, Baillie Gifford Overseas Limited

Roll Call

Dr. Salinas called the meeting to order at 9:00 a.m. The secretary called the roll and a quorum was established. Dr. Salinas appointed Mr. Lawyer and Mr. Vitter to serve on the Committee as alternates for Dr. Abshire and Mrs. Beckwith.

Private Market Update and Review of Potential Private Market Investments

Paul Yett of Hamilton Lane Advisors, L.L.C., presented a private market update and reviewed a potential alternative investment in Blackstone Energy Partners, L.P.

David Foley and Keri "Mimi" Gammill of Blackstone appeared before the Committee to make a presentation concerning an investment with Blackstone Energy Partners, L.P.

Mr. Yett reviewed potential alternative investments in Kohlberg Investors VII, L.P., and OHA European Strategic Credit Fund.

MR. LAWYER MOVED AND MS. HATTAWAY SECONDED A MOTION to receive the Hamilton Lane report, consistent with the alternative investment guidelines, including the due-diligence process dated September 8, 2011 pertaining to investments in Blackstone Energy Partners, L.P. (up to \$75 million), Kohlberg Investors VII, L.P. (up to \$75 million) and OHA European Strategic Credit Fund (up to \$50 million).

DR. BAKER MADE A SUBSTITUTE MOTION to divide the vote on each entity. MR. NAPPER SECONDED THE SUBSTITUTE MOTION. DR. SALINAS OBJECTED TO THE SUBSTITUTE MOTION and the secretary called the roll. The motion to divide the vote passed by a vote of five yeas and two nays.

ON MOTION OF MR. LAWYER, SECONDED BY MS. HATTAWAY, AND CARRIED, consistent with the alternative investment guidelines, the Committee voted to receive the Hamilton Lane report, including the due-diligence process dated September 8, 2011 pertaining to investments in Blackstone Energy Partners, L.P. (up to \$75 million).

MR. LAWYER MOVED AND MS. HATTAWAY SECONDED A MOTION to receive the Hamilton Lane report, consistent with the alternative investment guidelines, including the due-diligence process dated September 8, 2011 pertaining to investments in Kohlberg Investors VII, L.P. (up to \$75 million). DR. BAKER OBJECTED TO THE MOTION and the secretary called the roll. The motion passed by a vote of 6 yeas, 1 nay and 1 abstention.

ON MOTION OF MR. LAWYER, SECONDED BY MS. HATTAWAY, AND CARRIED, consistent with the alternative investment guidelines, the Committee voted to receive the Hamilton Lane report, including the due-diligence process dated September 8, 2011 pertaining to investments in OHA European Strategic Credit Fund (up to \$50 million).

Private Market Annual Committee Reports

Mr. Yett presented private market annual reports on Lindsay Goldberg, First Reserve, and Sterling American Properties.

ON MOTION OF MR. LAWYER, SECONDED BY MR. VITTER, AND CARRIED, the Committee voted to receive private market annual reports on Lindsay Goldberg, First Reserve and Sterling American Properties.

Annual CEM Investment and Administrative Benchmarking Report

Mike Heale of CEM Benchmarking Inc. presented the CEM Investment Benchmarking and Pension Benefits Administration results for TRSL.

Ms. Westgard commended staff on their contributions in achieving the results reflected in the report.

ON MOTION OF MR. VITTER, SECONDED BY SUPERINTENDENT KILBERT, AND CARRIED, the Committee voted to receive the CEM Benchmarking reports.

Appoint Subcommittee to Review Responses to SFP for Emerging Markets Manager

Dr. Salinas appointed the following committee members to serve on the Subcommittee to Review Responses to the SFP for Emerging Markets Manager: Dr Abshire, Dr. Baker, Superintendent Kilbert, Ms. Hattaway, and Mr. Napper.

Quarterly Review of the Optional Retirement Plan (ORP)

Matt Pawlak of Hewitt EnnisKnupp presented a review of the Optional Retirement Plan.

ON MOTION OF SUPERINTENDENT KILBERT, SECONDED BY MR. VITTER, AND CARRIED, the Committee voted to receive the review of the Optional Retirement Plan.

Review of TRSL Investments

Mr. Griffith presented an overview of the Investment Policy Statement inclusion of asset targets and ranges; the new Investment Policy Statement general outline; and the recommendation to terminate the contract between TRSL and Golden Capital Management.

ON MOTION OF DR. BAKER, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to adopt the Investment Policy Statement as presented with approved asset targets and ranges.

ON MOTION OF MS. HATTAWAY, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to approve the new Investment Policy Statement General Outline.

ON MOTION OF DR. BAKER, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to terminate the contract with TRSL and Golden Capital Management, LLC, as recommended by Hewitt EnnisKnupp.

Mr. Griffith presented an overview of TRSL's total plan and public market investments.

Ms. Westgard recognized Mr. Griffith, Mr. Coleman, Mr. Brown, and TRSL consultants, Hewitt EnnisKnupp for their work in achieving a 26.76 percent return on investments, making it the highest performing fund among public pension plans with assets greater than \$1.0 billion, according to the Wilshire Trust Universe Comparison Service (TUCS).

Scott Coopriider and Russ Ivinjack of Hewitt EnnisKnupp presented their September 8, 2011 Meeting Packet. Staff and consultant reviewed performance of TRSL investments through July 31, 2011.

Portfolio Review: International

Mr. Coopriider, Mr. Ivinjack, and Dana Brown reviewed Artisan Partners Limited Partnership and Baillie Gifford Overseas Limited.

Sean Howley of Artisan Partners Limited Partnership and David Salter and Johann van der Merwe of Baillie Gifford Overseas Limited presented their firm's annual portfolio review.

Adjournment

ON MOTION OF MS. HATTAWAY, SECONDED BY MR. VITTER, AND CARRIED, the Committee voted to adjourn at 3:25 p.m.

**Teachers' Retirement System of Louisiana
Budget & Finance Committee
8:30 a.m. – Friday
September 9, 2011**

- MEMBERS PRESENT:** Dr. Dominic Salinas, Eula Beckwith, Robert Lawyer, Joyce Haynes, Gavin Vitter, Anne Baker, Superintendent Darryl Kilbert, and Dr. William C. "Bill" Baker
- MEMBERS ABSENT:** Dr. Sheryl Abshire
- OTHER MEMBERS PRESENT:** Holly Gildig, Kathy Hattaway, Jim Napper (Treasurer's Designee), Joe A. Potts, Jr., and Acting State Superintendent Ollie Tyler
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Roth Aymond, Trudy Berthelot, Dana Brown, Maurice Coleman, Randall Harrison, Lisa Honore, Jeff LaCour, Melinda Parker, Katherine Whitney, Charlene Wilson, Laurie Wright, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Charles Hall, Hall Actuarial Associates; Shelley Johnson, SJ Actuarial Associates; Joe Salter, Louisiana Department of Education; Laura Gail Sullivan, Louisiana Senate; and Matt Tessier, Louisiana House of Representatives

Roll Call

Dr. Salinas called the meeting to order at 8:30 a.m. The secretary called the roll and a quorum was established. Dr. Salinas appointed Superintendent Kilbert and Dr. Baker to serve as alternates for Dr. Abshire and Mr. Potts.

Discussion of FY 2013 Administrative Operating Budget

Ms. Westgard and Mr. Cagle presented an update on the FY 2013 Administrative Operating Budget.

Mrs. Baker commended TRSL staff on their contributions to excellent service and efficiency.

ON MOTION OF MRS. BECKWITH, SECONDED BY MRS. HAYNES, AND CARRIED, the Committee voted to receive the report.

Adjournment

ON MOTION OF MRS. BECKWITH, SECONDED BY MRS. HAYNES, AND CARRIED, the Committee voted to adjourn at 8:59 a.m.

Teachers' Retirement System of Louisiana
Executive Committee
Upon Adjournment of Budget & Finance Committee – Friday
September 9, 2011

MEMBERS PRESENT: Anne H. Baker, Dr. William C. "Bill" Baker, Eula Beckwith, Joyce Haynes, Dr. Dominic Salinas, and Kathy Hattaway

MEMBERS ABSENT: Dr. Sheryl Abshire

OTHER MEMBERS PRESENT: Holly Gildig, Superintendent Darryl Kilbert, Robert Lawyer, Jim Napper (Treasurer's Designee), Joe A. Potts, Jr., Acting State Superintendent Ollie Tyler, and Gavin Vitter

STAFF PRESENT: Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Roth Aymond, Trudy Berthelot, Dana Brown, Maurice Coleman, Randall Harrison, Lisa Honore, Jeff LaCour, Melinda Parker, Katherine Whitney, Charlene Wilson, Laurie Wright, Dana Lee Haltom, and Lisa Barousse

OTHERS PRESENT: Charles Hall, Hall Actuarial Associates; Shelley Johnson, SJ Actuarial Associates; Joe Salter, Louisiana Department of Education; Laura Gail Sullivan, Louisiana Senate; and Matt Tessier, Louisiana House of Representatives

Roll Call

Mrs. Baker called the meeting to order at 9:01 a.m. The secretary called the roll and a quorum was established.

Update on Actuarial Items – Shelley Johnson, SJ Actuarial Associates

Ms. Johnson presented an update on actuarial cost methods and actuarial standards of practice, which qualified as one hour of Actuarial Education for Trustees.

ON MOTION OF DR. SALINAS, SECONDED BY MRS. BECKWITH, AND CARRIED, the Committee voted to receive the actuarial update.

Overview of Alternative Contribution Plan (ACP)

Ms. Westgard and Mrs. Vicknair presented an overview of the ACP, which qualified as one-half hour of Rules and Regulations Education for Trustees.

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

Update on Delinquent Employer Contributions and Potential Litigation

- a. Priestley School of Architecture and Construction, Inc.
- b. Firstline Schools, Inc. – John Dibert Community School

Mrs. Baker asked for a motion to convene into Executive Session to discuss potential litigation regarding Priestley School and Orleans Parish School Board, and Firstline Schools, Inc. – John Dibert Community School, and that Ms. Westgard, Mr. Cagle, Mr. Mongrue, and Ms. Whitney remain in the room.

Superintendent Kilbert recused himself from the discussion regarding Priestley School due to his position as Superintendent of the Orleans Parish School Board. Superintendent Kilbert was not present during the discussion regarding Priestley.

DR. BAKER MOVED to convene into Executive Session to discuss potential litigation regarding Priestley School and Orleans Parish School Board, and Firstline Schools, Inc. – John Dibert Community School, and that Ms. Westgard, Mr. Cagle, Mr. Mongrue, and Ms. Whitney remain in the room. MRS. HAYNES SECONDED THE MOTION. The secretary called the roll.

Dr. Baker	Y
Mrs. Beckwith	Y
Ms. Hattaway	Y
Mrs. Haynes	Y
Dr. Salinas	Y
Mrs. Baker	Y

The vote was unanimous and the Committee convened into Executive Session.

MRS. HAYNES MOVED to reconvene into Regular Session. DR. SALINAS SECONDED THE MOTION. The secretary called the roll.

Dr. Baker	Y
Mrs. Beckwith	Y
Ms. Hattaway	Y
Mrs. Haynes	Y
Dr. Salinas	Y
Mrs. Baker	Y

The vote was unanimous and the Committee reconvened into Regular Session.

Update on Charter School Participation in TRSL

Ms. Westgard, Mr. Mongrue, and Ms. Whitney presented an update on charter school participation in TRSL. The Board of Elementary and Secondary Education (BESE) approved amending contracts of Renew-Scitech, Kenilworth and Crestworth Charter Schools to opt out of TRSL.

ON MOTION OF MS. HATTAWAY, SECONDED BY MRS. BECKWITH, AND CARRIED, the Committee voted to receive the report.

Adjournment

ON MOTION OF DR. BAKER, SECONDED BY DR. SALINAS, AND CARRIED, the Committee voted to adjourn at 11:05 a.m.