



Louisiana State Police Retirement System

Investment Committee Meeting Minutes

Meeting Title	LSPRS Investment Committee Meeting
Date of Meeting	March 23, 2016
Where	9224 Jefferson Highway, Baton Rouge, LA 70809
Start Time	9:30 a.m.

- 1) Chairperson, Amy Mathews called the meeting to order.
- 2) Shelley Sebastian, Administrative Assistant, called roll as follows:

Frank Besson Jr., President, LSTA – NOT PRESENT
Jay Dardenne, Commissioner of Administration, Appearing Thru
Andrea Hubbard, Designee – PRESENT
John Kennedy, State Treasurer, Appearing Thru
Amy Mathews, Designee – PRESENT
Kevin Marcel, Active Representative – NOT PRESENT
Jay O'Quinn, President, LSTA - PRESENT
Bobby E. Smith, Retiree Representative – PRESENT

The records reflect that the following persons were also present:

Irwin L. Felps, Jr., Executive Director
Robert Bickham, UBS/PaineWebber
Kimberly Gann, Assistant Director
Shelley Sebastian, Administrative Assistant

The pledge was led by Irwin Felps and prayer led by Bobby Smith.

- 3) Rob Bickham advised the committee that the main purposes of today's meeting is as follows:
 - a. Conference Call with Vontobel, Amit Mukadam, to discuss the organizational changes
 - b. Presentation by Todd Hughes with Portfolio Advisors (Private Equity manager) to discuss fees
 - c. Update on Custodial Bank search
 - d. Update on transition from Aberdeen to Wellington Management
 - e. Portfolio re-balancing

- 4) **Vontobel** – Amit Mukadam advised the committee that Rajiv Jain, Chief Investment Officer, resigned as of February 29, 2016 and his last day will be May 31, 2016. Mr. Mukadam also stated that Matthew Benkendorf has been promoted to Chief Investment Officer and assured the committee that the investment process will not change. (See Exhibit A on file at the LSPRS office)

Rob Bickham suggested that Vontobel be placed on the LSPRS "watch list" and the committee should hear back from Vontobel at the May 11, 2016 meeting.

- 5) **Portfolio Advisors** – Presentation given by Todd Hughes (See Exhibit B on file at the LSPRS office)

Mr. Hughes reviewed the performance of PAPEF VI and PAPEF VIII. He discussed the models for each fund that the Board invested in and indicated that in both funds the model had enabled our investment to avoid the "J Curve".

Mr. Hughes stated that PAPEF IX is now available. He presented the fundamentals of the PAPEF IX to the committee and stated that an early investor becomes an interest earner of 10% on drawn capital. Rob Bickham suggested the committee commit to investing \$10M to Portfolio Advisors, this money would be taken from cash. A **MOTION** was made by Andrea Hubbard to take \$10M from cash and commit to (Portfolio Advisors) PAPEF IX. The **MOTION** was seconded by Jay O'Quinn. No opposition. The motion passed.

- 6) Rob Bickham reviewed the Asset Allocation and Market Value and Returns Summary as of February 29, 2016. (See Exhibit C on file at the LSPRS office). Mr. Bickham pointed out that the fund's total assets are \$618M. The system's breakdown of assets are as follows; Total equities are \$357M making up 57.9% of the portfolio, Fixed Income is at \$121M which is 19.6%, Alternatives are \$96M making up 15.6% of the portfolio and cash is \$42M. As far as the Market Value and Returns Summary, as of February 29, 2016, total Domestic Equity managers were down -0.05%, total International Equity managers were down -0.50%, and total Fixed Income managers were up 0.67%. For the fiscal year to date, the total portfolio was down -7.88%.
- 7) **Custodial Search:** Rob Bickham updated the committee on the Custodian bank search. Mr. Bickham stated six or seven RFP's (Request for Proposal) were sent out and three responses were received; Northern Trust, Regions Bank and U.S. Bank (See Exhibit D on file at the LSPRS office). Rob suggested having each one present at the May 11, 2016 Investment Committee meeting, giving each candidate 45 minutes to present. The committee will submit questions and report requests to Kimberly Gann by April 1st. She will distribute to the finalist.
- 8) **Aberdeen to Wellington Management transition** - Mr. Bickham advised the committee that the target date for moving the funds is March 28, 2016. Kimberly Gann stated that approximately \$8M will be moved from State Street and approximately \$23M from Aberdeen on March 24, 2016. On Friday, March 25, 2016 a request was made for the funds to be moved from JP Morgan to the new accounts. The funding should be completed by March 28, 2016
- 9) **Portfolio Re-balancing:** At the last committee meeting, Kimberly Gann made the committee aware of the large amount of cash in the portfolio. She reminded them that we are now in a positive cash flow position and provided the committee with a spreadsheet showing same. Irwin Felps stated that after the \$10M commitment to private equity, there will still be over \$30M remaining. Kimberly Gann noted that, in her opinion, we should maintain a \$10M position in cash. It was agreed that Mr. Bickham would present a re-balancing proposal at the next Investment Committee meeting on May 11, 2016.
- 10) **Other Business:** Irwin Felps updated the committee on Campbell Timber. Mr. Felps advised the committee that the decision was made by the limited partners to liquidate the fund assets by 2019. The properties will be put up for bid. Mr. Felps will keep the committee updated.

Mr. Felps also advised the committee that he received an email from Fisher Investments indicating that Ken Fisher will be retiring as Chief Executive Officer. Mr. Fisher also announced that the new CEO will be Damien Ornani. Mr. Felps suggested that Fisher Investments be added to the "watch list" due to organizational changes.
- 11) A **MOTION** was made by Bobby Smith to add Vontobel and Fisher Investments to the "watch list" due to organizational changes. The **MOTION** was seconded by Andrea Hubbard. No opposition. The motion passed.

Rob Bickham reminded the committee of the managers that are currently on the watch list. See list below:

- Campbell Timber – Performance
- Brandes – Performance
- Vontobel – Organizational changes
- Fisher – Organizational changes

12) A **MOTION** was made by Bobby Smith to adjourn. The **MOTION** was seconded by Jay O'Quinn. No opposition. The motion passed.



Amy Mathews, Chairperson
Louisiana State Police Retirement System
Investment Committee