

Teachers' Retirement System of Louisiana
Board of Trustees
Upon Adjournment of Executive Committee – Tuesday
April 2, 2013

MEMBERS PRESENT: Robert Lawyer, Joe A. Potts, Jr., Dr. Sheryl R. Abshire, Anne H. Baker, Dr. William C. "Bill" Baker, Bridget Devlin (Superintendent's Designee), Holly B. Gildig, Kathy Hattaway, Joyce P. Haynes, David A. Hennigan, John G. Parauka, Dr. Steven Procopio (Commissioner's Designee), and Carlos J. Sam

MEMBERS ABSENT: Senator Elbert Guillory, Superintendent Alonzo R. Luce, Jim Napper (Treasurer's Designee), and Representative J. Kevin Pearson

STAFF PRESENT: Maureen Westgard, Stuart Cagle, Phillip Griffith, Roy Mongrue, Jr., Roth Aymond, Dana Brown, Jim Buras, Maurice Coleman, Lisa Honore, Jeff LaCour, Steve Marangos, Shawn O'Rourke, Dionne Rabalais, Matt Tessier, Katherine Whitney, Charlene Wilson, and Lisa Barousse

OTHERS PRESENT: Shelley Johnson, Foster & Foster

Each member of the Board received the following:

1. April 2013 Board Book
2. *Investment Committee Meeting April 1, 2013, Performance Report–February 28, 2013*
3. Investment Committee Presentations: Hamilton Lane Advisors, LLC; Hewitt EnnisKnupp; Brown Investment Advisory Incorporated; and The Boston Company Asset Management LLC
4. *2013 Regular Legislative Session Legislation Affecting TRSL as of April 1, 2013 and 2013 Regular Legislative Session Legislation Monitored by TRSL as of April 1, 2013*
5. *Teachers' Retirement System of Louisiana, Actuarial Experience Study, July 1, 2017-June 30, 2012*
6. April Boardroom Beacon – *Preparing for retirement: A TRSL Timetable*

Mr. Lawyer called the meeting to order at 12:15 P.m. Ms. Hattaway 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 March 5, 2013 (Including Minutes of Committee Meetings held March 4 and 5, 2013)

ON MOTION OF DR. ABSHIRE, SECONDED BY MRS. BAKER, AND CARRIED, the Board voted to approve the minutes of the meeting of the TRSL Board of Trustees held March 5, 2013 (Including minutes of committee meetings held March 4 and 5, 2013).

Investment Committee Report

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

Personnel Committee Report

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

Legislative Committee Report

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

Dr. Procopio expressed concerns with Senate Bill 17.

Mr. Potts in the Chair.

Executive Committee Report

ON MOTION OF MR. LAWYER, SECONDED BY MR. HENNIGAN, AND CARRIED, the Board voted to accept the report of the Executive Committee and to approve the recommendations contained therein.

Mr. Lawyer in the Chair.

Introduction of Newly Hired Staff

Mr. Cagle introduced Shawn O'Rourke, IT Applications Programmer Analyst 2.

Director's Update

Ms. Westgard updated the Board on the following items:

- April Boardroom Beacon – Preparing for retirement: A TRSL Timetable

Adjournment

ON MOTION OF DR. ABSHIRE, SECONDED BY MRS. HAYNES, AND CARRIED, the Committee voted to adjourn at 12:40 p.m.

Teachers' Retirement System of Louisiana
Subcommittee to Review Responses to Solicitation for Proposals for
Domestic Small Cap Value Manager
11:15 a.m. – Monday
April 1, 2013

- MEMBERS PRESENT:** Dr. William C. "Bill" Baker, Dr. Sheryl R. Abshire, Holly B. Gildig, Jim Napper (Treasurer's Designee), and Joe A. Potts, Jr.
- OTHER MEMBERS PRESENT:** Anne H. Baker, Joyce P. Haynes, David A. Hennigan, Superintendent Alonzo R. Luce, John G. Parauka, and Carlos J. Sam
- 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:** Scott Coopriders, Russ Ivinjack, and David Rose, Hewitt EnnisKnupp

Roll Call

Dr. Baker called the meeting to order at 11:15 a.m. The secretary called the roll and a quorum was established.

Review Proposals and Recommend Finalists to be Interviewed

Phil Griffith (TRSL) and Scott Coopriders and Russ Ivinjack of Hewitt EnnisKnupp presented an overview of the responses to the Domestic Small Cap Value SFP.

ON MOTION OF MR. POTTS, SECONDED BY MRS. GILDIG, AND CARRIED, the Subcommittee voted to recommend to the Investment Committee that the following be interviewed as finalists for Domestic Small Cap Value Manager:

1. Delaware Investments
2. Dimensional Fund Advisors
3. Fiduciary Management Associates, LLC
4. GW Capital, Inc.

Adjournment

ON MOTION OF DR. ABSHIRE, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to adjourn at 11:50 a.m.

**Teachers' Retirement System of Louisiana
Investment Committee
12:30 p.m. – Monday
April 1, 2013**

- MEMBERS PRESENT:** Joe A. Potts, Jr., Dr. Sheryl R. Abshire, Kathy Hattaway, Dr. William C. "Bill" Baker, Jim Napper (Treasurer's Designee), Holly Gildig, David A. Hennigan, and Robert Lawyer
- MEMBERS ABSENT:** Senator Elbert Guillory, Representative J. Kevin Pearson, and Dr. Steven Procopio (Commissioner's Designee)
- OTHER MEMBERS PRESENT:** Anne H. Baker, Holly B. Gildig, Joyce P. Haynes, Superintendent Alonzo R. Luce, John G. Parauka, and Carlos J. Sam
- 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, Hamilton Lane Advisors, LLC; Scott Coopriker, Russ Ivinjack, and David Rose, Hewitt EnnisKnupp;– Mary Gregory and Kevin Osten, Brown Investment Advisory Incorporated; and Elizabeth Slover and Jerry Navarrete, The Boston Company Asset Management LLC

Roll Call

Mr. Potts called the meeting to order at 12:30 p.m. The secretary called the roll and a quorum was established.

Report of the Subcommittee to Review Responses to Solicitation for Proposals (SFP) for Domestic Small Cap Value Manager

Dr. Baker presented the report of the Subcommittee to Review Responses to the Domestic Small Cap Value SFP.

ON MOTION OF DR. BAKER, SECONDED BY MS. HATTAWAY, AND CARRIED, the Committee voted to approve the report of the Subcommittee to Review Responses to Domestic Small Cap Value SFP as follows:

“ON MOTION OF MR. POTTS, SECONDED BY MRS. GILDIG, AND CARRIED, the Subcommittee voted to recommend to the Investment Committee that the following be interviewed as finalists for Domestic Small Cap Value Manager: Delaware Investments; Dimensional Fund Advisors; Fiduciary Management Associates, LLC; and GW Capital, Inc.”

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 Fiscal Year 2013 commitment targets.

Mr. Yett reviewed a potential alternative investment in American Securities Opportunities Fund III, L.P.

ON MOTION OF DR. ABSHIRE, SECONDED BY DR. BAKER, AND CARRIED, consistent with the alternative investment guidelines, the Committee voted to receive the Hamilton Lane report, including the due-diligence process dated April 1, 2013, pertaining to investments in American Securities Opportunities Fund III, L.P. (up to \$75 million).

Mr. Yett reviewed a potential alternative investment in Providence Debt Opportunity Fund III, L.P.

ON MOTION OF MR. HENNIGAN, 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 April 1, 2013, pertaining to investments in Providence Debt Opportunity Fund III, L.P. (up to \$75 million).

Quarterly Transaction Summary of Alternative Assets & Real Estate Investments (for the period ended December 31, 2012)

Maurice Coleman presented the Quarterly Summary of Alternative Assets & Real Estate Investments (for the period ended December 31, 2012).

ON MOTION OF MRS. GILDIG, SECONDED BY DR. ABSHIRE, AND CARRIED, the Committee voted to receive the Quarterly Summary of Alternative Assets & Real Estate Investments (for the period ended December 31, 2012).

Appointment of Subcommittee to Review Responses to Solicitation for Proposals (SFP) for International All Country World Index (ACWI) ex U.S. Manager

Mr. Potts appointed the following members to serve on the Subcommittee to Review Responses to the SFP for International All Country World Index (ACWI) ex U.S. Manager: Dr. Abshire as Chair, Mr. Hennigan, Ms. Hattaway, Mr. Napper, and Mr. Potts.

Presentation and Approval of Solicitation for Proposals (SFP) for International Equity (EAFE Growth) Manager

Phil Griffith presented the SFP for International Equity (EAFE Growth) Manager.

ON MOTION OF DR. ABSHIRE, SECONDED BY MS. HATTAWAY, AND CARRIED, the Committee voted to approve the SFP for International Equity (EAFE Growth) Manager.

Presentation and Review of Solicitation for Proposals for Global High Yield Manager

Mr. Griffith presented the SFP for Global High Yield Manager.

ON MOTION OF DR. BAKER, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to receive the SFP for Global High Yield Manager.

Update on Optional Retirement Plan (ORP) Provider, TIAA-CREF

Scott Coopridier and Russ Ivinjack of Hewitt EnnisKnupp presented an update on ORP provider, TIAA-CREF.

ON MOTION OF MS. HATTAWAY, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to receive the update on ORP provider, TIAA-CREF.

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. Coopridier and Mr. Ivinjack presented Hewitt EnnisKnupp's April 1, 2013 portfolio summary report. Staff and Consultant reviewed performance of TRSL investments through February 28, 2013.

Mr. Ivinjack introduced David Rose of Hewitt EnnisKnupp's Real Estate Section. Mr. Rose and Mr. Ivinjack presented Real Estate: Asset Class Overview. The presentation qualified as .75 hour of Investment Education.

Portfolio Reviews

Mr. Coopridier and Mr. Ivinjack, Hewitt EnnisKnupp reviewed Domestic Large Cap Growth Equity Managers – Brown Investment Advisory Incorporated and The Boston Company Asset Management LLC.

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

- Brown Investment Advisory Incorporated – Mary Gregory and Kevin Osten
- The Boston Company Asset Management LLC – Elizabeth Slover and Jerry Navarrete

Adjournment

ON MOTION OF MR. NAPPER, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to adjourn at 3:30 pm.

**Teachers' Retirement System of Louisiana
Personnel Committee
Upon Adjournment of the Investment Committee - Monday
April 1, 2013**

MEMBERS PRESENT: Holly B. Gildig, Jim Napper (Treasurer's Designee), Dr. Sheryl R. Abshire, Joyce P. Haynes, John G. Parauka, Anne H. Baker, Carlos J. Sam, and Robert Lawyer

OTHER MEMBERS PRESENT: Dr. William C. "Bill" Baker, Kathy Hattaway, David A. Hennigan, Superintendent Alonzo R. Luce, and Joe A. Potts, Jr.

STAFF PRESENT: Maureen Westgard, Stuart Cagle, Phillip Griffith, Roy Mongrue, Jr., Dana Vicknair, Dana Brown, Maurice Coleman, Dionne Rabalais, Dana Lee Haltom, and Lisa Barousse

Roll Call

Mrs. Gildig called the meeting to order at 3:35 p.m. The secretary called the roll and a quorum was established.

Update on Merit Increase Data Received from Civil Service

Ms. Westgard updated the Committee on merit increase data received from Civil Service and impacts as related to TRSL. Ms. Westgard noted that many of the agencies on the list that granted merit increases were small or headed by elected officials. It was also noted that LASERS and LSERS granted raises of 4% retroactive to October 1, 2012.

- a. Review of Retirement Department Impacts - Ms. Westgard noted that in addition to the two TRSL employees who were hired by LASERS last year, a supervisor was recently hired by LASERS. Two of those employees took a downgrade in position, but received a higher salary.
- b. Review of Investment Compensation Impacts

Ms. Westgard notified the Committee that the Investment Personnel had been notified of the meeting 24 hours in advance and indicated in writing that they did not wish that portion of the discussion to be held in open session.

Mr. NAPPER MOVED AND MRS. BAKER SECONDED a motion to convene into Executive Session to discuss the character and professional competence of Investment Personnel, with the Director and Deputy Director to remain in Executive Session. A roll call vote was taken. Dr. Abshire, Mrs. Baker, Mrs. Haynes, Mr. Napper, Mr. Parauka, Mr. Sam, Mr. Lawyer, and Mrs. Gildig voted yea. The vote was unanimous and the Committee convened into Executive Session.

MR. NAPPER MOVED AND MRS. HAYNES SECONDED a motion to reconvene into Regular Session. A roll call vote was taken. Dr. Abshire, Mrs. Baker, Mrs. Haynes, Mr. Napper, Mr. Parauka, Mr. Sam, Mr. Lawyer, and Mrs. Gildig voted yea. The Committee reconvened into Regular Session.

Mrs. Gildig noted that no action was taken during executive session.

ON MOTION OF MR. LAWYER, SECONDED BY MR. SAM, AND CARRIED, the Committee voted to direct the Director and Deputy Director to provide an update and recommendations related to the issue of classified and unclassified merit increases at the June Personnel Committee meeting.

ON MOTION OF DR. ABSHIRE, SECONDED BY MR. PARAUKA, AND CARRIED, the Committee voted to authorize the Board Chair and Director to have the ability to present a counter-offer in the event a TRSL employee in an unclassified position receives a competitive employment offer.

Adjournment

ON MOTION OF MR. NAPPER, SECONDED BY MR. SAM, AND CARRIED, the Committee voted to adjourn at 4:45 p.m.

**Teachers' Retirement System of Louisiana
Legislative Committee
8:30 a.m. – Tuesday
April 2, 2013**

- MEMBERS PRESENT:** Dr. William C. "Bill" Baker, Joe A. Potts, Jr., Dr. Sheryl R. Abshire, Anne H. Baker, Carlos J. Sam, Holly B. Gildig, and Robert Lawyer
- MEMBERS ABSENT:** Senator Elbert Guillory, Jim Napper (Treasurer's Designee), and Representative J. Kevin Pearson
- OTHER MEMBERS PRESENT:** Kathy Hattaway, David A. Hennigan, John G. Parauka, Superintendent Alonzo R. Luce, and Dr. Steven Procopio (Commissioner's Designee)
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Phillip Griffith, Roy Mongrue, Jr., Roth Aymond, Dana Brown, Jim Buras, Maurice Coleman, Lisa Honore, Jeff LaCour, Dionne Rabalais, Matt Tessier, Katherine Whitney, Charlene Wilson, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Shelley Johnson, Foster & Foster; Charles Hall, Hall Actuarial Associates; Laura Gail Sullivan and Margaret Corley, Louisiana Senate; Stephanie Little, Louisiana House of Representatives; Mary Patricia Wray, Louisiana Federation of Teachers; Graig Luscombe, Louisiana Retired Teachers' Association; and Shane Riddle and Dr. Michael Walker-Jones, Louisiana Association of Educators;

Roll Call

Dr. Baker called the meeting to order at 8:30 a.m. The secretary called the roll and a quorum was established.

Update on Legislative Committee Meetings

Mr. Mongrue presented an update on the March 11, 2013 meeting with Representative Pearson and the Louisiana Charter School Association regarding HB 33 by Representative Pearson. Subsequent to the meeting, the bill was withdrawn.

Update on Cash Balance Plan

Ms. Westgard and Mr. Mongrue presented an update on the Cash Balance Plan.

Mr. Mongrue updated the Committee on the court case. Since the last Committee meeting, the matter was argued before the Supreme Court and is being handled in an expedited manner. However, the Supreme Court has not yet issued an opinion.

Dr. Procopio noted that the IRS has assigned the matter to an agent and is to receive an expedited review by the IRS.

Discussion and Review of Legislation for the 2013 Regular Legislative Session

- a. Ms. Westgard presented an overview of legislation affecting TRSL and the Committee took positions on the bills as follows:

Actuarial Valuation Method (Board Sponsored)

ON MOTION OF MR. LAWYER, SECONDED BY MR. POTTS, AND CARRIED, the Committee voted to support SB 4 by Senator Guillory.

Unfunded Accrued Liability (UAL)

ON MOTION OF MR. POTTS SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to support HB 666 by Representative Pearson.

ON MOTION OF MR. POTTS, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to support SB 17 by Senator Guillory.

Cash Balance Plan

ON MOTION OF MR. LAWYER, SECONDED BY MRS. BAKER, AND CARRIED, the Committee voted to support HCR 2 by Representative Harrison, **excluding the tax qualification language.**

ON MOTION OF MR. LAWYER, SECONDED BY MR. SAM, AND CARRIED, the Committee voted to support SCR 1 by Senator Cortez.

ON MOTION OF DR. ABSHIRE, SECONDED BY MR. POTTS, AND CARRIED, the Committee voted to remain neutral on HB 68 by Representative Pearson.

Tier Benefit Structure FAC/Contributions

ON MOTION OF MR. POTTS, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to oppose SB 7 by Senator Peacock.

ON MOTION OF MR. LAWYER, SECONDED BY MR. SAM, AND CARRIED, the Committee voted to oppose HB 57 by Representative Pearson.

ON MOTION OF MR. LAWYER, SECONDED BY DR. ABSHIRE, AND CARRIED, the Committee voted to oppose HB 61 by Representative Badon.

Payment of Employer Retirement Cost

ON MOTION OF DR. ABSHIRE, SECONDED BY MR. SAM, AND CARRIED, the Committee voted to take no position on HB 643 by Representative Miller. Ms. Westgard noted that TRSL will notify the author of the technical issues identified in the legislation.

LHSAA Members - Removal

ON MOTION OF MR. POTTS, SECONDED BY DR. ABSHIRE, AND CARRIED, the Committee voted to take no position on HB 53 by Representative Seabaugh.

LSUHSC Members – Retirement Eligibility

ON MOTION OF MR. LAWYER, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to oppose HB 35 by Representative Barrow.

Optional Retirement Plan Contributions

ON MOTION OF MR. POTTS, SECONDED BY MRS. BAKER, AND CARRIED, the Committee voted to remain neutral on SB 16 by Senator Long.

Permanent Benefit Increase (PBI)

ON MOTION OF DR. BAKER, SECONDED BY MRS. BAKER, AND CARRIED, the Committee voted to oppose SB 11 by Senator Guillory.

Return to Work

ON MOTION OF MR. POTTS, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to remain neutral on **HB 60** by Representative Talbot.

Transfers Between Retirement Systems

ON MOTION OF MR. POTTS, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to remain neutral on **SB 14** by Senator Martiny.

- b. Ms. Whitney presented an overview of legislation monitored by TRSL relating to Transfer of Hospitals (HB 284 by Ortego), Constitutional Provision Regarding Unfunded Mandates (HB 531 by Havard and SB 29 by Nevers), Taxation of Retirement Income (HB 350 by Seabaugh and HB 571 by Robideaux), Open Meetings Law (HB 454 by N. Landry), Boards and Commissions (HB 156 by Schexnayder).

Ms. Westgard stated that letters will be sent to the authors of the legislation notifying them of the Board's position.

Adjournment

ON MOTION OF MR. LAWYER, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to adjourn at 10:30 a.m.

**Teachers' Retirement System of Louisiana
Executive Committee
Upon Adjournment of Legislative Committee – Tuesday
April 2, 2013**

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

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

STAFF PRESENT: Maureen Westgard, Stuart Cagle, Phillip Griffith, Roy Mongrue, Jr., Roth Aymond, Dana Brown, Jim Buras, Maurice Coleman, Lisa Honore, Jeff LaCour, Dionne Rabalais, Matt Tessier, Katherine Whitney, Charlene Wilson, Dana Lee Haltom, and Lisa Barousse

OTHERS PRESENT: Shelley Johnson, Foster & Foster; Charles Hall, Hall Actuarial Associates; Laura Gail Sullivan, Louisiana Senate; and Stephanie Little, Louisiana House of Representatives

Roll Call

Mr. Lawyer called the meeting to order at 10:30 a.m. The secretary called the roll and a quorum was established.

Presentation and Approval of Audit Reports by TRSL Audit Staff

Mr. LaCour presented Compliance Audit Reports – Retirees Returning to Work and Limited Scope Reviews.

ON MOTION OF MR. POTTS, SECONDED BY DR. ABSHIRE, AND CARRIED, the committee voted to approve the Audit Reports as presented.

Presentation of Quarterly Litigation Reports

Mr. Mongrue presented the Quarterly Litigation Reports.

ON MOTION OF MS. HATTAWAY, SECONDED BY MR. POTTS, AND CARRIED, the Committee voted to receive the Quarterly Litigation Reports.

Update on Public Retirement Systems' Actuarial Committee (PRSAC) meeting of March 7, 2013

Shelley Johnson, TRSL actuary, updated the Committee on the March 7th PRSAC meeting. TRSL's 2012 valuation was approved at the meeting.

Presentation and Approval of the Report by the TRSL Actuary on the 2013 Experience Study

Ms. Johnson presented the 2013 Experience Study. The presentation qualified for 1.25 hours of Actuarial Education for Trustees.

ON MOTION OF DR. BAKER, SECONDED BY MR. POTTS, AND CARRIED, the committee voted to approve the 2013 Experience Study and adopt the recommendations contained therein, subject to review of Tables 1 and 2 by the Actuary.

Adjournment

ON MOTION OF MS. HATTAWAY, SECONDED BY DR. ABSHIRE, AND CARRIED, the Committee voted to adjourn at 12:05 a.m.