

**Teachers' Retirement System of Louisiana
Board of Trustees
Upon Adjournment of Executive Committee – Friday
September 7, 2012**

MEMBERS PRESENT: Anne H. Baker, Dr. Sheryl R. Abshire, Dr. William C. "Bill" Baker, Holly B. Gildig, Kathy Hattaway, Joyce P. Haynes, David A. Hennigan, Robert Lawyer, John G. Parauka, Joe A. Potts, Jr., and Carlos J. Sam,

MEMBERS ABSENT: Senator Elbert Guillory, Jim Napper (Treasurer's Designee), Representative J. Kevin Pearson, Dr. Steven Procopio (Commissioner's Designee), and State Superintendent John White

STAFF PRESENT: Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Dana Brown, Maurice Coleman, Roth Aymond, Trudy Berthelot, Jim Buras, Lisa Honore, Jeff LaCour, Steve Marangos, Matt Tessier, Katherine Whitney, Charlene Wilson, and Lisa Barousse

OTHERS PRESENT: Terry Mumford, Ice Miller, LLP; Mary Patricia Ray, Louisiana Federation of Teachers; and Shelley Johnson, SJ Actuarial Associates

Each member of the Board received the following:

1. *September 2012 Board Book*
2. *Investment Committee Meeting September, 2012, Performance Report–July 31, 2012*
3. Investment Committee Presentations: Hamilton Lane; Hewitt EnnisKnupp, Inc.; Janus Capital Management; Loomis Sayles and Company; PIMCO; Reams Asset Management; and Dimensional Fund Advisors
4. Terry Mumford, Ice Miller, LLP presentation: *Teachers' Retirement System of Louisiana Tax Qualification and Compliance, September 7, 2012*
5. *TRSL's September 2012 Boardroom Beacon – Initial Lump Sum Benefit (ILSB)*

Mrs. Baker called the meeting to order at 10:50 a.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 August 7, 2012 (including minutes of committee meetings held August 6 & 7, 2012)

ON MOTION OF MRS. GILDIG, SECONDED BY MR. HENNIGAN, AND CARRIED, the Board voted to approve the Minutes of the meeting of the TRSL Board of Trustees held August 7, 2012 (including minutes of committee meetings held August 6 & 7, 2012).

Investment Committee Report

ON MOTION OF DR. ABSHIRE, SECONDED BY MR. PARAUKA, 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 MR. LAWYER, SECONDED BY MR. SAM, AND CARRIED, the Board voted to accept the report of the Budget & Finance Committee and to approve the recommendations contained therein.

Dr. Abshire in the Chair.

Executive Committee Report

ON MOTION OF MRS. BAKER, SECONDED BY MR. PARAUKA, 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 updated the Board on the following:

- LAPERS Itineraries
- Trustee Education Requirements for September 1, 2012 through August 31, 2013
- Boardroom Beacon - Initial Lump Sum Benefit (ILSB)
- Commendation letter recognizing Layne Roberts

Adjournment

ON MOTION OF DR. ABSHIRE, SECONDED BY MRS. GILDIG, AND CARRIED, the Board voted to adjourn at 11:05 a.m.

**Teachers' Retirement System of Louisiana
Investment Committee
8:30 a.m. – Thursday
September 6, 2012**

- MEMBERS PRESENT:** Dr. Sheryl R. Abshire, Kathy Hattaway, Holly B. Gildig, Dr. William C. "Bill" Baker, Jim Napper (Treasurer's Designee), Dr. Steven Procopio (Commissioner's Designee), Anne H. Baker, John G. Parauka, and Joyce P. Haynes
- MEMBERS ABSENT:** Senator Elbert Guillory, Robert Lawyer, Representative J. Kevin Pearson, and Joe A. Potts, Jr.
- OTHER MEMBERS PRESENT:** David A. Hennigan and Carlos J. Sam
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Dana Brown, Maurice Coleman, Steve Marangos, Genett Washington, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Paul Yett and Jonathan Floyd, Hamilton Lane; Scott Coopriider and Russ Ivinjack, Hewitt EnnisKnupp; Gibson Smith, Colleen Denzler and David Schrock, Janus Capital Management; Peter Palfrey and Chuck Koeniger, Loomis Sayles and Company; Matthew Clark, Marc Seidner and Alan Isenberg, PIMCO; Mark Egan and Thomas Fink, Reams Asset Management; Mike Heale, CEM Benchmarking, Inc.; James Charles and Daniel Ong, Dimensional Fund Advisors; and Laura Gail Sullivan, Louisiana Senate

Roll Call

Dr. Abshire called the meeting to order at 8:34 a.m. The secretary called the roll and a quorum was established. Dr. Abshire appointed Mr. Parauka and Mrs. Haynes to serve on the Committee as alternates for Mr. Lawyer and Mr. Potts.

Private Market Update and Potential Private Market Investments

Paul Yett of Hamilton Lane Advisors, L.L.C., presented a private market update and reviewed potential alternative investments in Falcon Strategic Partners IV, L.P.

ON MOTION OF MR. NAPPER, 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 6, 2012 pertaining to investments in Falcon Strategic Partners IV, L.P. (up to \$50 million, not to exceed ten percent of the fund).

Private Market Annual Committee Reports

Mr. Yett presented private market annual reports on Irving Place Capital; Merit Capital Partners; Kohlberg, Kravis, Roberts & Co.; and Roark Capital Group.

ON MOTION OF MR. NAPPER, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to receive private market annual reports on Irving Place Capital; Merit Capital Partners; Kohlberg, Kravis, Roberts & Co.; and Roark Capital Group.

Presentation and Review of Investment Policy Statement Guidelines for Alternative Asset Investments

Mr. Griffith presented the Investment Policy Statement Guidelines for Alternative Asset Investments. There was discussion of incorporating a tiered approach within the Guidelines.

ON MOTION OF MRS. BAKER, SECONDED BY MRS. HAYNES, AND CARRIED, the Committee voted to receive the Investment Policy Statement Guidelines for Alternative Asset Investments for subsequent review at a future Investment Committee meeting.

Ms. Westgard updated the Committee on receipt of a public record request made by Unite Here regarding the Walton Street Investment.

Interview Finalists and Recommend Successful Candidate Firms for Core Plus Fixed Income Manager

Mr. Griffith (TRSL), Scott Coopridger and Russ Ivinjack (Hewitt EnnisKnupp) gave an overview of the finalist firms: Janus Capital Management; Loomis Sayles and Company; Pacific Investment Management Company, LLC (PIMCO); and Reams Asset Management.

The following representatives appeared before the Committee to be interviewed for Core Plus Fixed Income Manager: Gibson Smith, Colleen Denzler and David Schrock of Janus Capital Management; Peter Palfrey and Chuck Koeniger of Loomis Sayles and Company; Matthew Clark, Marc Seidner and Alan Isenberg of PIMCO; Mark Egan and Thomas Fink of Reams Asset Management.

The Committee ranked each firm from 1 to 4, with 1 ranking the highest. Loomis Sayles ranked highest.

	Janus	Loomis Sayles	PIMCO	Reams
Dr. Baker	4	1	3	2
Mrs. Gildig	4	1	3	2
Sen. Guillory	0	0	0	0
Ms. Hattaway	2	1	3	4
Mrs. Haynes (A)	1	2	3	4
Mr. Lawyer	0	0	0	0
Mr. Napper	4	1	2	3
Mr. Parauka (A)	2	1	4	3
Rep. Pearson	0	0	0	0
Mr. Potts	0	0	0	0
Dr. Procopio	3	1	2	4
Mrs. Baker	4	1	3	2
Dr. Abshire	2	1	3	4
Total	26	10	26	28
Rank	1 = Highest	4 = Lowest		

ON MOTION OF MR. NAPPER, SECONDED BY MR. PARAUKA, AND CARRIED, the Committee voted to hire Loomis Sayles and Company as Core Plus Fixed Income Manager, with an asset allocation up to \$400 million, subject to fee negotiation.

Annual CEM Administrative and Investment Benchmarking

Mike Heale of CEM Benchmarking Inc. presented the Pension Benefits Administration Benchmarking and Investment Benchmarking Reports and results for TRSL. The Investment Report portion of the presentation qualified for one-half hour of Investment Education.

ON MOTION OF MR. PARAUKA, SECONDED BY MS. HATTAWAY, AND CARRIED, the Committee voted to receive the CEM Benchmarking reports.

Presentation and Review of Investment Policy Statement Guidelines for Global Bonds, High Yield Bonds, and Emerging Market Debt Management

Mr. Griffith presented the Investment Policy Statement Guidelines for Global Bonds, High Yield Bonds, and Emerging Market Debt Management (received at the August 2012 Investment Committee meeting).

ON MOTION OF MS. HATTAWAY, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to approve the Investment Policy Statement Investment Guidelines for Global Bonds, High Yield Bonds, and Emerging Market Debt Management.

Capital Market Update and Review of TRSL Investments (Consultant and Staff)

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 September 6, 2012 portfolio summary report. Staff and Consultant reviewed performance of TRSL investments through July 31, 2012.

Mr. Griffith, Mr. Coopriider and Mr. Ivinjack updated the Committee on the rating of Perimeter Capital Management, which was changed by Hewitt EnnisKnupp from "buy" to "hold".

ON MOTION OF DR. BAKER, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to negotiate with Rhumblin Advisers to transition up to \$125 million from the Small Cap Growth portfolio, and to consider an SFP for Small Cap Growth assets at the October Investment Committee meeting.

Mr. Griffith, Mr. Coopriider and Mr. Ivinjack updated the Committee on Hewitt EnnisKnupp's rating of Columbus Circle Investors (Mid Cap Growth Equity Manager). The rating remains a "hold", unchanged from the prior rating. No further action is required at this time.

Portfolio Review – Emerging Market Equity - Value

Mr. Coopriider and Mr. Ivinjack, and Dana Brown reviewed Emerging Market Equity (Value) Manager – Dimensional Fund Advisors

James Charles and Daniel Ong presented the annual portfolio review. The market overview portion of the presentation qualified for one-half hour of Investment Education.

Adjournment

ON MOTION OF MS. HATTAWAY, SECONDED BY MRS. BAKER, AND CARRIED, the Committee voted to adjourn at 3:30 p.m.

**Teachers' Retirement System of Louisiana
Budget & Finance Committee
8:30 a.m. – Friday
September 7, 2012**

MEMBERS PRESENT: Robert Lawyer, Kathy Hattaway, Carlos J. Sam, Dr. Sheryl R. Abshire, Holly B. Gildig, Anne H. Baker, David A. Hennigan, and John G. Parauka

OTHER MEMBERS PRESENT: Dr. William C. "Bill" Baker, Joyce P. Haynes, Jim Napper (Treasurer's Designee), Joe A. Potts, Jr., and Dr. Steven Procopio (Commissioner's Designee)

STAFF PRESENT: Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Dana Brown, Maurice Coleman, Roth Aymond, Trudy Berthelot, Jim Buras, Lisa Honore, Jeff LaCour, Steve Marangos, Matt Tessier, Katherine Whitney, Charlene Wilson, Dana Lee Haltom, and Lisa Barousse

OTHERS PRESENT: Terry Mumford, Ice Miller, LLP; Malerie Cacibauda, Louisiana House Retirement Committee; Laura Gail Sullivan and Margaret Corley, Louisiana Senate; Shelley Johnson, SJ Actuarial Associates; and Charles Hall, Hall Actuarial Associates

Roll Call

Mr. Lawyer called the meeting to order at 8:30 a.m. The secretary called the roll and a quorum was established. Mr. Lawyer appointed Mr. Hennigan and Mr. Parauka to serve as alternates for Mrs. Haynes and Mr. Potts.

Discussion of FY 2014 Administrative Operating Budget

Ms. Westgard presented an update on the FY 2014 Administrative Operating Budget.

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

Adjournment

ON MOTION OF MS. HATTAWAY, SECONDED BY DR. ABSHIRE, AND CARRIED, the Committee voted to adjourn at 8:52 a.m.

Teachers' Retirement System of Louisiana
Executive Committee
Upon Adjournment of Budget & Finance Committee – Friday
September 7, 2012

MEMBERS PRESENT: Anne H. Baker, Dr. Sheryl R. Abshire, Dr. William C. "Bill" Baker, Robert Lawyer, Joyce P. Haynes, and Joe A. Potts, Jr.

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

STAFF PRESENT: Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Dana Brown, Maurice Coleman, Roth Aymond, Trudy Berthelot, Jim Buras, Lisa Honore, Jeff LaCour, Steve Marangos, Matt Tessier, Katherine Whitney, Charlene Wilson, Dana Lee Haltom, and Lisa Barousse

OTHERS PRESENT: Terry Mumford, Ice Miller, LLP; Mary Patricia Ray, Louisiana Federation of Teachers; Malerie Cacibauda, Louisiana House Retirement Committee; Laura Gail Sullivan and Margaret Corley, Louisiana Senate Retirement Committee; Shelley Johnson, SJ Actuarial Associates; and Charles Hall, Hall Actuarial Associates

Roll Call

Mrs. Baker called the meeting to order at 8:55 a.m. The secretary called the roll and a quorum was established.

Update on Act 483 – Cash Balance Plan

Ms. Westgard and Mr. Mongrue updated the Committee on the following items related to Act 483:

- a. August 10, 2012 meeting – Division of Administration and Governor's Staff
- b. *19th JDC, No. 614675, Docket No. 23 – The Retired State Employees Association, et al vs. The State of Louisiana, et al*

Overview of Cycle C Filing Process

Terry Mumford of Ice Miller, LLP presented an overview of the Cycle C Filing Process. The presentation qualified as 1.25 hours of Rules and Regulation Education for Trustees.

Update on Senate Retirement Committee Meeting of August 21, 2012 – COLA Study

Ms. Westgard presented an update on the Senate Retirement Committee meeting of August 21, 2012 regarding cost of living adjustments (COLAs). TRSL provided information on COLAs to the Senate Retirement Committee prior to the meeting. Ms. Westgard appeared before the Committee to present that information. This was an introductory meeting and two additional meetings are scheduled for Sept. 25th and October 16th.

Review and Approval of Revisions to Board Governance Manual Policy No. 100.2 - Board Membership, Term, Duration, and Vacancy

Katherine Whitney presented proposed revisions to Board Governance Manual Policy No. 100.2 - Board Membership, Term, Duration, and Vacancy.

ON MOTION OF MR. POTTS, SECONDED BY DR. ABSHIRE, AND CARRIED, the Committee voted to approve the revisions to Board Governance Manual Policy No. 100.2 Board Membership, Term, Duration, and Vacancy, including suggested revisions on page 42.

Update on Charter School Participation in TRSL

Mr. Mongrue informed the Committee that there was no change in the status of Charter school participation.

Adjournment

ON MOTION OF MR. POTTS, SECONDED BY DR. BAKER, AND CARRIED, the Committee voted to adjourn at 10:42. a.m.