

**Louisiana State Employees' Retirement System  
Regular Board Meeting  
September 26 & 27, 2011**

The Board of Trustees of the Louisiana State Employees' Retirement System met on Monday, September 26, 2011, in the fourth floor Board room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Ms. Connie Carlton, Board Chair, called the meeting to order at 1:12 p.m. Roll call was conducted by Caye Weaver, recording secretary.

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**ROLL CALL**

Members present: Ms. Connie Carlton; Mr. Charles Castille; Ms. Beverly Hodges; Mr. Whit Kling – designee, State Treasurer; Ms. Susan Pappan; Ms. Lori Pierce; Ms. Sheryl Ranatza; Ms. Kathy Singleton

Members absent: Senator Butch Gautreaux; Ms. Janice Lansing; Ms. Barbara McManus; Representative Kevin Pearson

Staff present: Ms. Cynthia Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director; Mr. Trey Boudreaux, Assistant Director; Mr. Bobby Beale, Chief Investment Officer; Mr. Troy Searles, Deputy Chief Investment Officer; Ms. Tina Vicari Grant, Executive Counsel; Investment Staff: Mr. Darren Fournerat, Ms. Celeste Funderburk, Ms. Alisa Lacombe, Mr. Mac Owens, Ms. Laney Sanders

Also present: Mr. Keith Stronkowsky and Mr. Jeff Roberts - NEPC, LLC

A quorum was declared present and the meeting opened for business.

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**NEW BUSINESS**

**No one appeared before the Board to offer public comments.**

**Private Equity – European Distressed Search Review**

Mr. Beale informed the Board that opportunities have opened up recently that would allow increasing the amount of the total mandate to \$100 million. He

asked the Board to keep that in mind as they listened to the interviews. Mr. Owens then reviewed the due diligence trips to each manager. Mr. Roberts stated that each manager is different in the way they invest.

### **Private Equity – European Distressed Finalist Interviews**

Mr. Victor Khosla and Mr. Thomas Libassi appeared for Strategic Value Partners.

Mr. Caleb Kramer and Mr. Doug Powell appeared for Oaktree Capital Management.

Mr. Marc Lasry and Ms. Gina Strum appeared for Avenue Capital Group.

Mr. David Abrams, Ms. Ginny Darrow and Ms. Holly McMullan appeared for Apollo Management.

### **Discussion and Mandate Selection of Private Equity – European Distressed Manager**

Mr. Owens, Mr. Roberts, Ms. Sanders and Ms. Pierce reviewed the site visits made at each manager's U.S. office. Mr. Roberts stated that on behalf of NEPC he has conducted a site visit overseas with each manager within the last year. Ms. Sanders and Mr. Roberts reviewed the different strategies of each fund. Ms. Carlton asked Mr. Beale to clarify his statement about the commitment amount. Mr. Beale reiterated the growing opportunity in this particular strategy and if the Board is comfortable with hiring two managers we could easily invest \$100 million in total for the mandate. But, he noted that Oaktree may only be able to accept \$40 million.

The Chair then called for recommendations from staff and NEPC. Mr. Owens and Ms. Sanders stated they recommend hiring Oaktree and Apollo Management. Mr. Roberts agreed with staff recommendations. Ms. Pierce stated she would not give a recommendation. Mr. Beale agreed with staff and NEPC recommendations. Ms. Rougeou stated this is an opportunity to choose two separate strategies, and that she concurs with the recommendations made.

**Ms. Ranatza moved, seconded by Mr. Kling, to choose two (2) managers for the mandate. With no further discussion, and no objections, the motion carried.**

**Ms. Pierce moved, seconded by Ms. Pappan, to invest up to \$100 million in the mandate. With no further discussion, and no objections, the motion carried.**

The Chair then called for the ballots, which were distributed and collected. Mr. Beale tallied the ballots, then read each one as follows:

Trustee	Apollo Management	Avenue Capital Group	Oaktree Capital Management	Strategic Value Partners
Ms. Carlton (tie only)				
Mr. Castille	X		X	
Ms. Hodges	X			X
Mr. Kling	X		X	
Ms. Pappan	X		X	
Ms. Pierce		X	X	
Ms. Ranatza	X		X	
Ms. Singleton	X		X	

He stated the majority vote is for Apollo Management and Oaktree Capital Management. He asked for the Board's direction on the amount to invest with each manager. He stated he would like to be able to offer an even split of the \$100 million, and will try to do so. Mr. Beale said if LASERS is not able to invest \$50 million in Oaktree, he will invest the amount Oaktree will allow and put the remainder of the \$100 million in the Apollo fund.

**Mr. Kling moved, seconded by Mr. Castille, to invest up to \$50 million in Oaktree Capital Management, with the balance to go to Apollo Management. After further discussion, and no objections, the motion carried.**

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With no further business to discuss, the Board then recessed at 4:10 p.m.

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The Board of Trustees of the Louisiana State Employees' Retirement System met on Tuesday, September 27, 2011, in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Ms. Connie Carlton, Board Chair, called the meeting to order at 12:32 p.m. Roll call was conducted by Abby Roshto, recording secretary.

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**Members Present:** Ms. Connie Carlton, Mr. Charles Castille, Ms. Beverly Hodges, Mr. Whit Kling (designee for the Treasurer), Ms. Janice Lansing, Ms. Barbara McManus, Ms. Susan Pappan, Ms. Lori Pierce, Ms. Sheryl Ranatza, and Ms. Kathy Singleton

**Members Absent:** Senator Butch Gautreaux, Representative Kevin Pearson

**Staff Present:** Ms. Cindy Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director; Mr. Trey Boudreaux, Assistant Director; Ms.

Tina Vicari Grant, Executive Counsel; Mr. Bobby Beale, Chief Investment Officer; Ms. Abby Roshto, recording secretary. Other LASERS staff: Mr. Lance Armstrong, Ms. Cindy Taylor, Ms. Katreena Moses, Ms. Nell Dixon, Mr. Ryan Babin, Mr. Mac Owens

**Also Present:** Ms. Shelley Johnson, SJ Actuarial; Mr. Brad Heinrichs, Foster and Foster

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A quorum was declared present and the meeting opened for business. Ms. Carlton called for public comment. No public comments were made.

**Regular Business**

**Ms. Carlton called for approval of the minutes of the August 26 & 27, 2011, Board Meetings. Ms. McManus moved, seconded by Ms. Ranatza, to approve the minutes. With no objection or discussion, the motion passed.**

Ms. Hodges reported that the Audit Committee met on Tuesday, September 27, 2011, and had the following item to report:

**The Audit Committee recommended and Ms. Hodges so moved, seconded by Ms. Ranatza, to approve the external audit report for fiscal year ending 2011. With no objection or discussion, the motion carried.**

Ms. Ranatza reported that the Investment Committee met on Monday, September 26, 2011 and there were no items to report.

Ms. Hodges reported that the Management Committee met on Tuesday, September 27, 2011, and had the following items to report:

**The Management Committee recommended and Ms. Hodges so moved, seconded by Ms. McManus, to approve the September 2011 Retirement Disability Report and the application of Christopher Hidalgo. With no objection or discussion, the motion carried.**

**The Management Committee recommended and Ms. Hodges so moved, seconded by Ms. Lansing, to approve travel to RSEA Conference for trustees McManus, Singleton, and Carlton at the expense of RSEA. With no objection or discussion, the motion carried.**

**The Management Committee recommended and Ms. Hodges so moved, seconded by Ms. McManus, to accept the Actuarial Valuation for fiscal year ending June 30, 2011. With no objection or discussion, the motion carried.**

The Management Committee reviewed the administrative errors report, located in the Board book.

**New Business**

No new business was discussed.

**Other Business**

Mr. Beale informed the Board that Mac Owens, Investment Officer, has accepted a job in Dallas and will be leaving LASERS. Appreciation for his service and well wishes were expressed.

No other business was discussed and the meeting adjourned at 12:37 p.m.

A handwritten signature in black ink, appearing to read 'C. Rougeou', with a horizontal line underneath it.

Cindy Rougeou, Executive Director