**Louisiana State Employees' Retirement System**
**Regular Board Meeting**
**June 21 & 22, 2012**

The Board of Trustees of the Louisiana State Employees' Retirement System met on Thursday, June 21, 2012, 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 1:00 p.m. Roll call was conducted by Caye Weaver, recording secretary.

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**Members Present:** Mr. Thomas Bickham, Ms. Connie Carlton, Ms. Beverly Hodges, Judge William Kleinpeter, Ms. Janice Lansing, Ms. Barbara McManus, Ms. Lori Pierce, Ms. Kathy Singleton, Ms. Shannon Templet

**Members Absent:** Senator Elbert Guillory, Whit Kling (designee for Treasurer), Representative Kevin Pearson,

**Staff Present:** Ms. Cindy 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 Grant, Executive Counsel; Investment Staff: Mr. Darren Fournerat, Ms. Celeste Funderburk, Ms. Alisa Lacombe, Ms. Laney Sanders, Mr. Duc Vu

**Also present:** Mr. Rhett Humphreys and Mr. Jeff Roberts with NEPC, LLC; Dr. Steven Procopio, Ms. Suzette Meiske, and Ms. Monique Appeaning with the Division of Administration; Ms. Margaret Corely with Senate Retirement Committee

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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.

**<u>New Business</u>**

**Private Equity – Secondary Market Search Review**

Mr. Beale, Ms. Sanders and Mr. Roberts reviewed the search process and due diligence for the Private Equity – Secondary Market mandate.

**Private Equity – Secondary Market Mandate Finalists Interviews**

**Coller Investment Management**

Mr. Sebastian Burdel and Mr. Timothy Jones appeared on behalf of Coller Investment Management.

**Paul Capital Advisors**

Mr. David de Weese, Mr. Brian Sullivan, and Mr. Joshua Glaser appeared on behalf of Paul Capital Advisors.

**W Capital Partners**
Mr. David Wachter, Ms. Katie Stitch, and Mr. Bob Migliorino appeared on behalf of W Capital Partners.

**Discussion and Mandate Selection of Private Equity – Secondary Market Manager**
Ms. Sanders and Mr. Roberts reviewed their thoughts about the due diligence trips and the interviews. Ms. Sanders stated her choice is Coller Investment Management. Mr. Roberts stated his choice is also Coller Investment Management. The Chair then called for the Chief Investment Officer's comments and choice. Mr. Beale stated he agreed with staff and NEPC, and would choose Coller Investment Management. The Chair called for the Executive Director's comments and choice. Ms. Rougeou stated that she is comfortable with the choice of staff and NEPC. The Chair then called for ballots and the recording secretary distributed and retrieved the ballots. Mr. Beale and Ms. Rougeou tallied the votes, then Mr. Beale read them aloud as follows:

| Trustee | Coller Investment Management | Paul Capital Advisors | W Capital Partners |
|---|---|---|---|
| Mr. Bickham | X | | |
| Ms. Carlton (tie only) | | | |
| Ms. Hodges | X | | |
| Judge Kleinpeter | X | | |
| Ms. Lansing | X | | |
| Ms. McManus | X | | |
| Ms. Pierce | X | | |
| Ms. Singleton | X | | |
| Ms. Templet | X | | |

With the vote unanimous, Coller Investment Management was awarded the mandate. **Ms. McManus then moved, seconded by Ms. Hodges, to commit $100 million to Coller Investment Management in the Class A fee arrangement. With no further discussion, and no objections, the motion carried.**

**Monthly Performance Review**
Mr. Beale reviewed the Plan performance for May, and updated the June performance as of June 19, 2012. He reminded the Board that LASERS invests for long-term results and LASERS rankings reflect excellent performance over time. Mr. Humphreys also reviewed the Flash Report, and stated that LASERS has a strong portfolio and he cautioned against looking at the portfolio on a month-to-month basis.

**Investment Guidelines Update**
Ms. Funderburk and Mr. Beale reviewed the updates to Section A of the investment guidelines. Ms. Funderburk stated the changes are part of Legislative updates and housekeeping. **After discussion, Ms. Hodges moved, seconded by Ms. McManus to accept the changes to Section A of the Investment Guidelines, with the exception of the tracking error changes for the internally managed passive equity portfolios. With no further discussion, and no objections, the motion carried.**

Ms. Funderburk then reviewed the changes to Section B. She stated that J.P. Morgan requested a change in their High Yield portfolio, and that staff and NEPC agree with the request. She also

stated that housekeeping changes were also made to Section B. **Ms. Hodges moved, seconded by Judge Kleinpeter, to accept the changes to Section B. With no further discussion, and no objections, the motion carried.**

**Emerging Market Debt Discussion**
Mr. Beale discussed the timeline of events since the Board approved the new asset allocation with Emerging Market Debt as a new asset class. Mr. Beale reviewed his discussions with Mondrian regarding the potential management of the new portfolio and that he believed conducting a controlled search was the best option for LASERS. He stated that although NEPC issued a book with managers in April, he requested they update the search book with additional managers and send it to Trustees in early July to allow them time to review the book before choosing finalists at the July meeting. He stated finalists interviews would then be held at the August meeting. **Ms. Hodges moved, seconded by Ms. Templet, to accept the proposed time table for the Emerging Market Debt mandate. With no further discussion, and no objections, the motion carried.**

**Other Business**
Mr. Beale, Ms. Sanders and Mr. Humphreys reviewed a memo from Newstone concerning the Wells Notice they received from the SEC. Ms. Sanders stated that she spoke with the principals at Newstone and they assured her this is not affecting the service provided to LASERS.

Mr. Beale also updated the Board on fee negotiations with the Hedge Fund managers chosen at the May Board meeting.

With no further business to discuss, the Board then recessed at 4:40 p.m.

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The Board of Trustees of the Louisiana State Employees' Retirement System reconvened on Friday, June 22, 2012, 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 12:25 p.m. Roll call was conducted by Ms. Kai Ranallo, recording secretary.

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**Members Present:** Mr. Thomas Bickham, Ms. Connie Carlton, Judge William Kleinpeter, Mr. Whit Kling (designee for the Treasurer), Ms. Janice Lansing, Ms. Barbara McManus, Ms. Lori Pierce, Ms. Kathy Singleton, Ms. Shannon Templet

**Members Absent:** Senator Elbert Guillory, Ms. Beverly Hodges, Representative Kevin Pearson

**Staff Present:** Ms. Cindy Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director; Mr. Trey Boudreaux, Assistant Director; Ms. Tina Grant, Executive Counsel; Mr. Bobby Beale, Chief Investment Officer; Ms. Kai Ranallo, recording secretary and LASERS staff: Lance Armstrong, William Harrison, Charles Wood, Jacob Trosclair, Patricia Pavlovich.

**Also Present:** Dr. Steven Procopio and Ms. Monique Appeaning with the Division of Administration

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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 May 24 & 25, 2012, Board Meeting. Ms. Templet moved, seconded by Ms. McManus, to approve the minutes. With no objection or discussion, the motion passed.**

Ms. Lansing reported that the Audit Committee met on Friday, June 22, 2012, and had the following items to report:

**The Audit Committee recommended and Ms. Lansing so moved, seconded by Ms. Templet, to approve the Louisiana Compliance Questionnaire, as presented. With no objection or discussion, the motion carried.**

**The Audit Committee recommended and Ms. Lansing so moved, seconded by Ms. McManus, to approve the 2013 Audit Plan, as presented. With no objection or discussion, the motion carried.**

Ms. McManus reported that the Legislative Committee met on Friday, June 22, 2012, and had the following items to report:

**The Legislative Committee recommended and Ms. McManus so moved, seconded by Ms. Pierce, to urge the Division of Administration to seek a determination from the IRS of the Social Security equivalency of the Cash Balance Plan created by Act 483 of 2012. With no objection or discussion, the motion carried.**

**The Legislative Committee recommended and Ms. McManus so moved, seconded by Ms. Templet, to seek a determination from the IRS as to whether the Cash Balance Plan jeopardizes the tax qualified status of the existing defined benefit plan. With no objection or discussion, the motion carried.**

Ms. Pierce reported that the Management Committee met on Friday, June 22, 2012, and had the following items to report:

**The Management Committee recommended and Ms. Pierce so moved, seconded by Ms. McManus, to approve the June 2012 Retirement Disability Report. With no objection or discussion, the motion carried.**

**The Management Committee recommended and Ms. Pierce so moved, seconded by Ms. Singleton, that if performance adjustments are granted it will be applicable to all LASERS employees with at least six months of service by October 1, 2012.**

The secretary called the roll, which resulted in the following vote:

| | Yes | No | Absent |
|---|---|---|---|
| Mr. Bickham | ✓ | | |
| Ms. Carlton | ✓ | | |
| Sen. Guillory | | | ✓ |
| Ms. Hodges | | | ✓ |
| Judge Kleinpeter | ✓ | | |
| Mr. Kling | | ✓ | |
| Ms. Lansing | ✓ | | |
| Ms. McManus | ✓ | | |
| Rep. Pearson | | | ✓ |
| Ms. Pierce | ✓ | | |
| Ms. Singleton | ✓ | | |
| Ms. Templet | ✓ | | |

**The motion carried.**

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

**New Business**

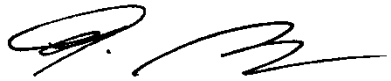
Ms. Rougeou introduced the following employees to the Board:

- William Harrison, IT Tech Support Consultant
- Charles Wood, RBA
- Jacob Trosclair, RBA
- Patricia Pavlovich, Administrative Coordinator in Member Services

Ms. Rougeou announced that the EOQ would be announced at the next Board Meeting.

**Adjournment**

With no other business to discuss the meeting adjourned at 12:31 p.m.



Cindy Rougeou, Executive Director