

Teachers' Retirement System of Louisiana
Board of Trustees
Upon Adjournment of Executive Committee – Tuesday
March 6, 2012

- MEMBERS PRESENT:** Anne H. Baker, Dr. William C. "Bill" Baker, Holly B. Gildig, Kathy Hattaway, Joyce P. Haynes, David A. Hennigan, Robert Lawyer, Jim Napper (Treasurer's Designee), John G. Parauka, and Joe A. Potts, Jr.
- MEMBERS ABSENT:** Dr. Sheryl R. Abshire, Senator Elbert Guillory, Superintendent Darryl C. Kilbert, Representative J. Kevin Pearson, Carlos J. Sam, and State Superintendent John White
- STAFF PRESENT:** Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Roth Aymond, Trudy Berthelot, Dana Brown, Maurice Coleman, Lisa Honore, Jeff LaCour, Melinda Parker, Matt Tessier, Katherine Whitney, Laurie Wright, Charlene Wilson, and Lisa Barousse
- OTHERS PRESENT:** Shelley Johnson, SJ Actuarial Associates; and Anna Dearmon, Louisiana Division of Administration

Each member of the Board received the following:

1. *March 2012 Board Book*
2. *Investment Committee Meeting March 5, 2012, Performance Report–January 31, 2012*
3. Investment Committee Presentation Booklets from Hamilton Lane; Hewitt EnnisKnupp; J.P. Morgan Investment Management, Inc.; Brandywine Asset Management; and Pacific Investment Management Company LLC;
4. *Walton Street Real Estate Fund VII: A closer look raises questions* from Unite Here
5. March 5, 2012 Legislative Committee handout - *2012 Regular Legislative Session Legislation Affecting TRSL as of February 23, 2012*
6. March 6, 2012 Legislative Committee handout - *2012 Regular Legislative Session Legislation Affecting TRSL as of February 23, 2012*
7. *About TRSL*
8. Information packets for TRSL Legislative Committee meetings of March 5 & 6, 2012, relative to actuarial costs associated with legislation affecting TRSL - Shelley Johnson, SJ Actuarial Associates

9. *Overview of Legal Concepts and Fiduciary Responsibilities Related to Proposed Legislation, March 6, 2012*
10. *2012 Retirement Legislation Affecting TRSL Members in Higher Education, How Increasing the Retirement Age to 67 Would Affect Current Members*
11. Article titled "Letter to the Editor: State employee retirement not part of Social Security" that appeared February 27, 2012 in The Daily Reveille (www.lsureveille.com, Baton Rouge, LA)
12. Article titled "LSUnited discusses problems with retirement legislation" that appeared February 27, 2012 in The Daily Reveille (www.lsureveille.com, Baton Rouge, LA)
13. Article titled "What's Smart? Spread Out Those Pension Changes" that appeared February 23, 2012 on the Hayride website (thehayride.com)
14. Article titled "Retiring the debt" that appeared February 20, 2012 in the Business Report (www.businessreport.com, Baton Rouge, LA)

Mrs. Baker called the meeting to order at 11:05 a.m. Mr. Joe A. Potts, Jr. 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 February 7, 2012 (Including Minutes of Committee Meetings held February 6 and 7, 2012)

ON MOTION OF MR. POTTS, SECONDED BY MS. HATTAWAY, AND CARRIED, the Board voted to approve the Minutes of the meeting of the TRSL Board of Trustees held February 7, 2012 (including Minutes of committee meetings held February 6 and 7, 2012).

Investment Committee Report

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

Legislative Committee Report

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

Executive Committee Report

ON MOTION OF MRS. BAKER, SECONDED BY MR. POTTS, AND CARRIED, the Board voted to accept the report of the Executive Committee.

Director's Update

Mr. Cagle updated the Board on the following items:

- ESS group – St. James and Richland Parish School Boards have reported 100% sick leave data, with 2500 and 1100 records, respectively
- PRSAC will meet Thursday, March 8, 2012 to review TRSL's valuation

Mrs. Baker noted that members were provided the "About TRSL" document in their folders.

Adjournment

ON MOTION OF MS. HATTAWAY, SECONDED BY MRS. HAYNES, AND CARRIED, the Board voted to adjourn at 11:30 a.m.

**Teachers' Retirement System of Louisiana
Investment Committee
9:00 a.m. – Monday
March 5, 2012**

MEMBERS PRESENT: Robert Lawyer, Kathy Hattaway, Dr. William C. "Bill" Baker, Jim Napper (Treasurer's Designee), Anne H. Baker, Holly B. Gildig, John G. Parauka, and David A. Hennigan

MEMBERS ABSENT: Dr. Sheryl R. Abshire, Senator Elbert Guillory, Superintendent Darryl C. Kilbert, and Representative J. Kevin Pearson

OTHER MEMBERS PRESENT: Joyce P. Haynes and Joe A. Potts, Jr.

STAFF PRESENT: Maureen Westgard, Stuart Cagle, Philip Griffith, Roy A. Mongrue, Jr., Dana Vicknair, Dana Brown, Maurice Coleman, Katherine Whitney, Dana Lee Haltom, and Lisa Barousse

OTHERS PRESENT: Jim Baker, Unite Here; Paul Yett and Jonathan Floyd, Hamilton Lane; Scott Coopriider and Russ Ivinjack, Hewitt EnnisKnupp; Brett Cambern and Doug Gimple, J.P. Morgan Investment Management, Inc.; Jack McIntyre and Nedra Hadley, Brandywine Asset Management; Matthew Clark and David Fisher, Pacific Investment Management Company LLC; and Shelley Johnson, SJ Actuarial Associates

Roll Call

Mr. Lawyer called the meeting to order at 9:00 a.m. The secretary called the roll and a quorum was established. Mr. Lawyer appointed Mrs. Gildig, Mr. Parauka, and Mr. Hennigan to serve on the Committee as alternates for Dr. Abshire, Superintendent Kilbert, and Mr. Potts.

Private Market Update and Review of Potential Private Market Investments

a. Walton Street Real Estate Fund VII L.P.

Public Comment: Jim Baker, Unite Here, addressed the Committee, regarding investments in Walton Street Real Estate Fund VII.

Paul Yett, Hamilton Lane Advisors, L.L.C., presented a private market update and reviewed a potential alternative investment in Walton Street Real Estate Fund VII L.P.

ON MOTION OF DR. BAKER, 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 March 5, 2012, pertaining to investments in Walton Street Real Estate Fund VII L.P. (up to \$50 million).

Private Market Investment Annual Committee Reports

Mr. Yett presented private market annual committee reports on Blackstone Real Estate Partners, Energy Capital Partners, and Starwood Capital Group.

ON MOTION OF MR. NAPPER, SECONDED BY MS. HATTAWAY, AND CARRIED, the Committee voted to receive the reports on Blackstone Real Estate Partners, Energy Capital Partners, and Starwood Capital Group.

Mr. Yett presented information regarding a potential Blackstone Energy Partners in-state co-investment opportunity. The investment opportunity of between \$7-\$10 million is with a facility located in southwest Louisiana, with no management or performance fees.

Mr. Yett and Jonathan Floyd presented information on returns as of 12/31/11. The second quarter returns reflected an increase from the first quarter. Although the third quarter returns declined, the fourth quarter returns increased and returned to the 6/30/11 level.

Appointment of Subcommittee to Review Responses to Solicitation for Proposal for Emerging Market Debt Managers

Mr. Lawyer appointed Dr. Abshire, Mr. Lawyer, Superintendent Kilbert, Mr. Napper, and Dr. Baker, as Chair, to serve on the Subcommittee to Review Responses to the Solicitation for Proposal for Emerging Market Debt Managers.

Presentation and Approval of Solicitation for Proposal (SFP) for Hedge Fund Consultant

Mr. Griffith presented the SFP for Hedge Fund Consultant.

ON MOTION OF MRS. GILDIG, SECONDED BY MS. HATTAWAY, AND CARRIED, the Committee voted to approve the SFP for Hedge Fund Consultant.

Presentation and Review of Solicitation for Proposal (SFP) for Core Fixed Income Manager

Mr. Griffith presented the SFP for Core Fixed Income Manager.

ON MOTION OF MR. NAPPER, SECONDED BY MR. PARAUKA, AND CARRIED, the Committee voted to receive the SFP for Core Fixed Income Manager (for subsequent approval at the April 2012 Investment Committee meeting).

Investment Policy Statement (IPS)

a. Approval of Roles and Responsibilities Section

Katherine Whitney presented the IPS Roles and Responsibilities Section which was received at the February 2012 Investment Committee meeting for approval this month.

ON MOTION OF MR. NAPPER, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to approve the Roles and Responsibilities Section of the IPS.

b. Presentation and Review of Investment Objectives Section

Ms. Whitney presented the Investment Objectives Section of the IPS.

ON MOTION OF MS. HATTAWAY, SECONDED BY MR. PARAUKA, AND CARRIED, the Committee voted to receive the Investment Objectives Section of the IPS (for subsequent approval at the April 2012 Investment Committee meeting).

Public Market Update and Review of TRSL Investments

Mr. Griffith presented an overview of TRSL's total plan and public market investments. Mr. Coopridier and Mr. Ivinjack presented Hewitt EnnisKnupp's March 5, 2012 portfolio summary report. Staff and Consultant reviewed performance of TRSL investments through January 31, 2012.

Portfolio Review

Mr. Coopridier and Mr. Brown reviewed Fixed Income (Core) and Mortgage Backed portfolio manager, J. P. Morgan Investment Management, Inc.; and Global Bonds portfolio managers, Brandywine Asset Management and Pacific Investment Management Company, LLC.

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

Fixed Income (Core) & Mortgage-Backed

J.P. Morgan Investment Management, Inc. - Brett Cambern and Doug Gimple

Global Bonds

Brandywine Asset Management - Jack McIntyre and Nedra Hadley

Pacific Investment Management Company LLC - Matthew Clark and David Fisher

Adjournment

ON MOTION OF MS. HATTAWAY, SECONDED BY MR. PARAUKA, AND CARRIED, the Committee voted to adjourn at 2:03 p.m.

Teachers' Retirement System of Louisiana
Legislative Committee
Upon Adjournment of the Investment Committee – Monday
March 5, 2012
Committee to Recess and Reconvene at 8:30 a.m. – Tuesday
March 6, 2012

MEMBERS PRESENT: Dr. William C. "Bill" Baker, Robert Lawyer, Joe A. Potts, Jr., Jim Napper (Treasurer's Designee), Anne H. Baker, David A. Hennigan, John G. Parauka, and Holly B. Gildig

MEMBERS ABSENT: Dr. Sheryl R. Abshire, Senator Elbert Guillory, Superintendent Darryl C. Kilbert, Representative J. Kevin Pearson, and Carlos J. Sam,

OTHER MEMBERS PRESENT: Kathy Hattaway and Joyce P. Haynes

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

OTHERS PRESENT: Charles Hall, Hall Actuarial Associates; Shelley Johnson, SJ Actuarial Associates; Marsha Shuler, Advocate Capitol News Bureau; Shane Riddle, Louisiana Association of Educators; Jessica Tucker, Louisiana Department of Education; Anna Dearmon, Louisiana Division of Administration; Mary Patricia Ray, Louisiana Federation of Teachers; Malerie Cacibauda, Louisiana House Retirement Committee; Graig Luscombe, Louisiana Retired Teachers' Association; and Tom Tate

Roll Call

Dr. Baker called the meeting to order at 2:10 p.m. The secretary called the roll and a quorum was established. Dr. Baker appointed Mr. Hennigan, Mr. Parauka, and Mrs. Gildig to serve on the Committee as alternates for Superintendent Kilbert, Dr. Abshire, and Mr. Sam.

Update on Interim Legislative and Executive Committee Meetings

Ms. Westgard updated the Committee on the following items:

- a. HR 149 of the 2011 Regular Legislative Session Study Report relative to irrevocable decisions regarding certain DROP elections
- b. USERRA – HEART Act
- c. PRSAC meeting scheduled for March 8, 2012 for approval of TRSL's valuation

Discussion and Review of Legislation for the 2012 Regular Legislative Session

Ms. Westgard presented an overview of legislation affecting TRSL with respect to: Actuarial Valuation Method; Board Membership, Education and Meetings; Retirement Legislation Deadlines and Notices; TRSL Benefit Structure – Miscellaneous Legislation; Permanent Benefit Increase; Return to Work; Forfeiture of Benefits; TRSL Participation; DROP – Employer Contributions; Reciprocal Recognition, and Allocation of Normal Cost Savings.

The Committee took positions on the bills as follows:

Actuarial Valuation Method

ON MOTION OF MR. POTTS, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to support SB 32 & SB 13 by Senator Guillory.

Board Membership

ON MOTION OF MR. POTTS, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to remain neutral on HB 40 by Representative Hoffmann.

ON MOTION OF MRS. GILDIG, SECONDED BY MR. POTTS, AND CARRIED, the Committee voted to remain neutral on HB 54 by Representative Pearson and SB 48 by Senator Guillory.

Board Education

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

Board Meeting Attendance/Executive Session

ON MOTION OF MR. LAWYER, SECONDED BY MR. POTTS, AND CARRIED, the Committee voted to oppose HB 5 by Representative Pearson and SB 2 by Senator Guillory.

Prefiling Deadlines for Retirement Legislation

ON MOTION OF MR. NAPPER, SECONDED BY MR. PARAUKA, AND CARRIED, the Committee voted to support SB 21 by Senator Guillory.

Retirement Legislation Notice in Official Journal

ON MOTION OF MR. POTTS, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to support HB 46 by Representative Pearson.

TRSL Benefit Structure – Miscellaneous Legislation

ON MOTION OF MR. NAPPER, SECONDED BY MRS. BAKER, AND CARRIED, the Committee voted to defer action on SB 30 by Senator Cortez.

Permanent Benefit Increase

MRS. BAKER MADE A MOTION to remain neutral on SB 1 by Senator Long. MR. POTTS SECONDED THE MOTION.

MR. POTTS MADE A SUBSTITUTE MOTION to defer action on SB 1 by Senator Long. MR. PARAUKA SECONDED THE MOTION. MR. NAPPER OBJECTED TO THE MOTION and the secretary called the roll. THE MOTION CARRIED by a vote of 4 yeas, 3 nays, and 1 abstention.

MR. LAWYER MOVED AND MR. POTTS SECONDED A MOTION to defer action on SB 25 by Senator Guillory. MR. NAPPER OBJECTED TO THE MOTION. The secretary called the roll. THE MOTION CARRIED by a vote of 6 yeas and 1 abstention.

Return to Work

ON MOTION OF MR. LAWYER, SECONDED BY MR. PARAUKA, AND CARRIED, the Committee voted to oppose HB 14 by Representative Talbot.

ON MOTION OF MR. LAWYER, SECONDED BY MR. POTTS, AND CARRIED, the Committee voted to remain neutral on **HB 19** by Representative Hoffmann.

ON MOTION OF MR. LAWYER, SECONDED BY MR. POTTS, AND CARRIED, the Committee voted to remain neutral on **SB 19** by Senator Cortez.

MR. LAWYER MOVED to support **HB 20** by Representative Hoffmann and **SB 20** by Senator Cortez. There was no second to the motion.

ON MOTION OF MR. POTTS, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to remain neutral on **HB 20** by Representative Hoffmann and **SB 20** by Senator Cortez.

Forfeiture of Benefits

ON MOTION OF MR. POTTS, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to remain neutral on **HB 9** and **HB 10** by Representative Ligi.

ON MOTION OF MR. LAWYER, SECONDED BY MR. PARAUKA, AND CARRIED, the Committee voted to remain neutral on **HB 42 & HB 43** by Representative Champagne.

Part-Time Public Official Membership

ON MOTION OF MR. LAWYER, SECONDED BY MR. POTTS, AND CARRIED, the Committee voted to remain neutral on **HB 21** and **HB 13** by Representative Talbot.

Charter School Employee Participation

ON MOTION OF MR. LAWYER, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to remain neutral on **SB 31** by Senator Heitmeier.

DROP – Employer Contributions

ON MOTION OF MR. PARAUKA, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to defer action on **SB 33** by Senator Guillory in order to obtain consensus between the actuaries.

Reciprocal Recognition Retirees – Notice of Reemployment

ON MOTION OF MR. NAPPER, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to remain neutral on **HB 38** by Representative Jones.

Allocation of Normal Cost Savings

ON MOTION OF MR. POTTS, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to defer action on **HB 860** by Representative Greene.

The Committee recessed at 3:40 p.m. Dr. Baker reconvened the meeting at 8:30 a.m., Tuesday, March 6, 2012 and a quorum was established.

Overview of Legal Concepts and Fiduciary Responsibilities Related to Proposed Legislation

Mr. Mongrue presented an overview of legal concepts and fiduciary responsibilities related to proposed legislation. The presentation qualified as one hour of Legal Education for Trustees.

Discussion and Review of Legislation for the 2012 Regular Legislative Session

Ms. Westgard presented an overview of legislation affecting TRSL with respect to: Benefit Structure Changes, TRSL-LSERS Merger, and TRSL Membership.

Mr. Napper stated that Treasurer Kennedy was still reviewing the legislation, and therefore, as his designee, Mr. Napper would abstain from taking a position on legislation.

The Committee took positions on the bills as follows:

New Benefit Structure – Defined Contribution Plan

MR. POTTS MOVED AND MR. LAWYER SECONDED A MOTION to oppose **SB 17** and **SB 26** by Senator Peacock. MR. NAPPER OBJECTED TO THE MOTION and the secretary called the roll. THE MOTION PASSED by a vote of 7 yeas and 1 abstention.

New Benefit Structure – Cash Balance Plan

ON MOTION OF MRS. BAKER, SECONDED BY MR. POTTS, AND CARRIED, the Committee voted to defer action on **HB 61** by Representative Pearson and **SB 53** by Senator Guillory.

New Benefit Structure – Retirement Eligibility

MR. LAWYER MOVED AND MRS. GILDIG SECONDED A MOTION to oppose **HB 53** by Representative Pearson and **SB 51** by Senator Guillory. MR. NAPPER OBJECTED TO THE MOTION and the secretary called the roll. THE MOTION PASSED by a vote of 7 yeas and 1 abstention.

Changes for Current Employees – FAC

MR. LAWYER MOVED AND MR. POTTS SECONDED A MOTION to oppose **HB 55** by Representative Pearson, **SB 47** by Senator Guillory and **SB 42** by Senator Cortez. MR. NAPPER OBJECTED TO THE MOTION and the secretary called the roll. THE MOTION PASSED by a vote of 7 yeas and 1 abstention.

Changes for Current Employees – Contribution Rates

MR. LAWYER MOVED AND MRS. GILDIG SECONDED A MOTION to oppose **HB 56** by Representative Pearson and **SB 52** by Senator Guillory. MR. NAPPER OBJECTED TO THE MOTION and the secretary called the roll. THE MOTION PASSED by a vote of 7 yeas and 1 abstention.

TRSL – LSERS Merger

ON MOTION OF MR. LAWYER, SECONDED BY MRS. BAKER, AND CARRIED, the Committee voted to remain neutral on **HB 60** by Representative Pearson, **SB 56** by Senator Guillory, and **SB 46** by Senator Cortez.

TRSL Membership

ON MOTION OF MR. NAPPER, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to remain neutral on **SB 45** by Senator Guillory.

Return to Work

ON MOTION OF MRS. BAKER, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to reconsider the vote on **HB 14** by Representative Talbot.

ON MOTION OF MR. LAWYER, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to remain neutral on **HB 14** by Representative Talbot.

DROP – Employer Contributions

MR. LAWYER MOVED AND MRS. BAKER SECONDED A MOTION to **support** SB 33 by Senator Guillory.

MR. HENNIGAN MADE A SUBSTITUTE MOTION to **remain neutral** on SB 33 by Senator Guillory. MR. PARAUKA SECONDED THE MOTION. There was no objection and the motion carried.

Adjournment

ON MOTION OF MR. LAWYER, SECONDED BY MRS. BAKER, AND CARRIED, the Committee voted to adjourn at 10:40 a.m.

**Teachers' Retirement System of Louisiana
Executive Committee
Upon Adjournment of Legislative Committee – Tuesday
March 6, 2012**

MEMBERS PRESENT: Anne H. Baker, Dr. William C. "Bill" Baker, Joyce P. Haynes, Kathy Hattaway, and Robert Lawyer

MEMBERS ABSENT: Dr. Sheryl R. Abshire and Superintendent Darryl C. Kilbert

OTHER MEMBERS PRESENT: Holly B. Gildig, David A. Hennigan, Jim Napper (Treasurer's Designee), John G. Parauka, and Joe A. Potts, Jr.

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

OTHERS PRESENT: Charles Hall, Hall Actuarial Associates; Shelley Johnson, SJ Actuarial Associates; Shane Riddle, Louisiana Association of Educators; and Anna Dearmon, Louisiana Division of Administration

Roll Call

Mrs. Baker called the meeting to order at 10:47 a.m. The secretary called the roll and a quorum was established.

Overview of Ethics Reporting

Mr. Mongrue presented an overview of Ethics reporting requirements relative to financial disclosure.

Update on Charter School Participation in TRSL

Mr. Mongrue presented an update on charter school participation in TRSL. TRSL staff is working with the Attorney General's office on the opinion request.

Update on Potential Litigation Regarding:

- a. Priestley School of Architecture and Construction, Inc.
- b. Firstline Schools, Inc. – John Dibert Community School
- c. Algiers Charter School Association

Mr. Mongrue presented an update on potential litigation regarding Priestley School of Architecture and Construction, Inc.; Firstline Schools, Inc. – John Dibert Community School (Firstline); and Algiers Charter School Association. TRSL Legal Division staff is continuing to work with Firstline and Algiers Charter School Association on contracts.

Adjournment

ON MOTION OF DR. BAKER, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to adjourn at 10:57 a.m.