

**Teachers' Retirement System of Louisiana**  
**Board of Trustees**  
**Upon Adjournment of Executive Committee – Tuesday**  
**December 4, 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, Superintendent Alonzo R. Luce, John G. Parauka, Joe A. Potts, Jr., and Dr. Steven Procopio (Commissioner's Designee)
- MEMBERS ABSENT:** Senator Elbert Guillory, Jim Napper (Treasurer's Designee), Representative J. Kevin Pearson, Carlos J. Sam, and State Superintendent John White
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Roy Mongrue, Jr., Phil Griffith, Dana Vicknair, Lisa Honore, Katherine Whitney, Genett Washington, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Shelley Johnson, SJ Actuarial Associates; Brad Heinrichs, Foster & Foster; Suzette Meiske and Liz Murrill, Louisiana Division of Administration; Stephanie Little, Louisiana House Retirement Committee; and Laura Gail Sullivan, Louisiana Senate

Each member of the Board received the following:

1. December 2012 Board Book
2. *Investment Committee Meeting December 3, 2012, Performance Report–October 31, 2012*
3. Investment Committee Presentations: Hewitt EnnisKnupp, Inc. and BNY Mellon Asset Servicing
4. Presentation by Nancy A. Williams, Hewitt EnnisKnupp – *Fiduciary Responsibility Update*
5. Presentation by Shelley Johnson, SJ Actuarial Actuarial Associates – *GASB 67/68 From an Actuarial Perspective*
6. Presentation by Dana Vicknair, TRSL – *Cash Balance Plan Overview*
7. Presentation by Shelley Johnson, SJ Actuarial Associates - *Cash Balance Plan - Actuarial Funding*
8. Letter of December 3, 2012 to Maureen Westgard from Steven T. Procopio, Ph.D. regarding the Cash Balance Plan and requests to the IRS

9. Comprehensive Annual Financial Report (CAFR) and the Popular Annual Financial Report (PAFR) for Fiscal Year Ended June 30, 2012
10. 2012 Board Self Evaluation

Mrs. Baker called the meeting to order at 11:39 a.m. The secretary called the roll and a quorum was established. Mrs. Gildig led the Pledge of Allegiance.

**Approval of the Minutes of the Meeting of the TRSL Board of Trustees Held November 2, 2012 (Including Minutes of Committee Meetings held November 1 & 2, 2012)**

ON MOTION OF MR. HENNIGAN, SECONDED BY MS. HATTAWAY, AND CARRIED, the Board voted to approve the Minutes of the Meeting of the TRSL Board of Trustees held November 2, 2012 (Including Minutes of Committee Meetings held November 1 & 2, 2012).

**Investment Committee Report**

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

*Dr. Abshire in the Chair.*

**Committee of the Whole Report**

ON MOTION OF MRS. BAKER, SECONDED BY MRS. GILDIG, AND CARRIED, the Board voted to accept the report of the Committee of the Whole.

*Mrs. Baker in the Chair.*

**Legislative Committee Report**

DR. BAKER MOVED, AND MR. PARAUKA SECONDED A MOTION to accept the report of the Legislative Committee and to approve the recommendations contained therein.

ON SUBSTITUTE MOTION OF DR. PROCOPIO, SECONDED BY DR. ABSHIRE, AND CARRIED, the Board voted to divide Dr. Baker's motion, separating the following motion under Agenda Item 4.(b) Presentation regarding Social Security Equivalency Scenarios, from the report of the Committee:

"ON MOTION OF MR. LAWYER, SECONDED BY MRS. HAYNES, AND CARRIED, the Committee voted to authorize TRSL's tax counsel to take appropriate steps to submit equivalency calculations and related information to the Internal Revenue Service in reference to its evaluation of the Louisiana Cash Balance Plan pursuant to the Division of Administration's Private Letter Ruling request."

ON MOTION OF DR. ABSHIRE, SECONDED BY MRS. HAYNES, AND CARRIED, the Board voted to accept the report of the Legislative Committee and to approve the recommendations contained therein, with exception of the separated motion referenced above.

The Board considered the separated motion.

DR. PROCOPIO OFFERED, AND MR. POTTS SECONDED A SUBSTITUTE MOTION to delay, until January 2013, submission of equivalency calculations and related information to the Internal Revenue Service in reference to its evaluation of the Louisiana Cash Balance Plan pursuant to the Division of Administration's Private Letter Ruling request. Superintendent Luce called the question on the motion. MR. HENNIGAN OBJECTED TO THE MOTION. The Secretary called the roll and the vote failed by a vote of one yea and ten nays. Dr. Procopio voted yea. Mrs. Baker, Dr. Abshire, Dr. Baker, Mrs. Gildig, Ms. Hattaway, Mrs. Haynes, Mr. Hennigan, Mr. Lawyer, Mr. Parauka, and Mr. Potts voted nay.

DR. BAKER MOVED, AND MR. PARAUKA SECONDED, A MOTION to approve the divided motion:

"ON MOTION OF MR. LAWYER, SECONDED BY MRS. HAYNES, AND CARRIED, the Committee voted to authorize TRSL's tax counsel to take appropriate steps to submit equivalency calculations and related information to the Internal Revenue Service in reference to its evaluation of the Louisiana Cash Balance Plan pursuant to the Division of Administration's Private Letter Ruling request."

DR. PROCOPIO OBJECTED TO THE MOTION and the secretary called the roll. The motion carried by a vote of ten yeas and one nay. Mrs. Baker, Dr. Abshire, Dr. Baker, Mrs. Gildig, Ms. Hattaway, Mrs. Haynes, Mr. Hennigan, Mr. Lawyer, Mr. Parauka, and Mr. Potts voted yea. Dr. Procopio voted nay.

*Dr. Abshire in the Chair.*

## **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 and to approve the recommendations contained therein.

*Mrs. Baker in the Chair.*

## **Presentation of the TRSL Comprehensive and Popular Annual Financial Reports for Fiscal Year Ended June 30, 2012**

Mr. Cagle presented the TRSL Comprehensive and Popular Annual Financial Reports for Fiscal Year Ended June 30, 2012.

ON MOTION OF MR. PARAUKA, SECONDED BY MS. HATTAWAY, AND CARRIED, the Board voted to approve the TRSL Comprehensive and Popular Annual Financial Reports for Fiscal Year Ended June 30, 2012.

## **Presentation of 2012 TRSL Board of Trustees Self-Evaluation**

Mrs. Baker presented the 2012 TRSL Board of Trustees Self-Evaluation. Mrs. Baker thanked the Board and staff for their input into the evaluation.

ON MOTION OF MR. POTTS, SECONDED BY MR. HENNIGAN AND CARRIED, the Board voted to receive the report on the TRSL Board of Trustees Self-Evaluation.

## **Election of TRSL Board of Trustees Chair and Vice Chair**

- **Election of Board Chair**

Mrs. Baker opened the floor for nominations for Board Chair for the two-year term beginning January 2013.

Dr. Baker nominated Mr. Lawyer.

ON MOTION OF DR. BAKER, SECONDED BY DR. ABSHIRE, AND CARRIED, Mr. Lawyer was nominated and elected by acclamation to serve as Board Chair for the two-year term beginning January 2013.

- Election of Board Vice Chair

Mrs. Baker opened the floor for nominations for Board Vice Chair for the two-year term beginning January 2013.

Mrs. Gildig nominated Mr. Potts.

There being no other nomination and no objection, Mr. Potts was elected to serve as the Board Vice Chair and Investment Committee Chair for the two-year term beginning January 2013.

### Director's Update

Due to time constraints, Ms. Westgard made no comments.

### Board Chair Comments

Mrs. Baker presented comments on TRSL's accomplishments and challenges during 2012.

### Adjournment

ON MOTION OF MR. PARAUKA, SECONDED BY MRS. HAYNES, AND CARRIED, the Board voted to adjourn at 12:41 p.m.

**Teachers' Retirement System of Louisiana  
Subcommittee to Review Responses to Solicitation for Proposal for  
Small Cap Growth Manager  
8:30 a.m. – Monday  
December 3, 2012**

- MEMBERS PRESENT:** Joe A. Potts, Jr., Robert Lawyer, and Kathy Hattaway
- MEMBERS ABSENT:** Dr. Sheryl R. Abshire and Jim Napper (Treasurer's Designee)
- OTHER MEMBERS PRESENT:** Anne H. Baker, Dr. William C. "Bill" Baker, Holly B. Gildig, Joyce P. Haynes, David A. Hennigan, Robert Lawyer, Superintendent Alonzo R. Luce, and Suzette Meiske (Commissioner's Designee)
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Roy Mongrue, Jr., Phil Griffith, Dana Vicknair, Dana Brown, Maurice Coleman, Pamela Young, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Scott Coopridier, Rishi Dalvadia, and Russ Ivinjack, Hewitt EnnisKnupp

**Roll Call**

Mr. Potts called the meeting to order at 8:30 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 Coopridier, Russ Ivinjack, and Rishi Dalvadia of Hewitt EnnisKnupp presented an overview of the responses to the Solicitation for Proposal for Small Cap Growth Manager.

- ON MOTION OF MR. LAWYER, SECONDED BY MS. HATTAWAY, AND CARRIED, the Subcommittee voted to recommend to the Investment Committee that Alliance Bernstein L.P.; Fred Alger Management, Inc.; and Janus Capital Management LLC be interviewed as finalists for Small Cap Growth Manager.

**Adjournment**

ON MOTION OF MR. LAWYER, SECONDED BY MS. HATTAWAY, AND CARRIED, the Committee voted to adjourn at 9:12 a.m.

**Teachers' Retirement System of Louisiana  
Investment Committee  
Upon Adjournment of Subcommittee to Review Response to  
Solicitation for Proposal for Small Cap Growth Manager – Monday  
December 3, 2012**

- MEMBERS PRESENT:** Robert Lawyer, Kathy Hattaway, Holly B. Gildig, Dr. William C. "Bill" Baker, Joe A. Potts, Jr., Jim Napper (Treasurer's Designee), Suzette Meiske (Commissioner's Designee), Anne H. Baker, and Joyce P. Haynes
- MEMBERS ABSENT:** Dr. Sheryl R. Abshire, Senator Elbert Guillory, and Representative J. Kevin Pearson
- OTHER MEMBERS PRESENT:** David A. Hennigan, Superintendent Alonzo R. Luce, and John G. Parauka
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Roy Mongrue, Jr., Phil Griffith, Dana Vicknair, Dana Brown, Maurice Coleman, Katherine Whitney, Pamela Young, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Scott Coopridier, Rishi Dalvadia, and Russ Ivinjack, Hewitt EnnisKnupp; Ray Kronz and Mike McDermott, BNY Mellon Asset Servicing

**Roll Call**

Mr. Lawyer called the meeting to order at 9:15 a.m. The secretary called the roll and a quorum was established. Mr. Lawyer appointed Mrs. Haynes to serve as an alternate for Dr. Abshire.

**Oath of Office – Superintendent Alonzo Luce**

Mr. Mongrue administered the Oath of Office to Superintendent Alonzo Luce who will represent the Parish and City Superintendents as interim appointee on the TRSL Board of Trustees until such time as an election to permanently fill the position is held.

### **Report of Subcommittee to Review Responses to Solicitation for Proposal (SFP) for Small Cap Growth Manager**

Mr. Potts presented the report of the Subcommittee to Review Responses to the SFP for Small Cap Growth Manager. The Subcommittee recommended the following action:

“ON MOTION OF MR. LAWYER, SECONDED BY MS. HATTAWAY, AND CARRIED, the Subcommittee voted to recommend to the Investment Committee that Alliance Bernstein L.P.; Fred Alger Management, Inc.; and Janus Capital Management LLC be interviewed as finalists for Small Cap Growth Manager.”

ON MOTION OF MR. POTTS, SECONDED BY MS. HATTAWAY, AND CARRIED, the Committee voted to approve the report of the Subcommittee to Review Responses to Small Cap Growth Manager SFP as presented.

### **Presentation and Approval of the Schedule of Investment Searches for 2013**

Mr. Griffith presented the proposed Schedule of Investment Searches for 2013.

ON MOTION OF MRS. GILDIG, SECONDED BY DR. BAKER, AND CARRIED, the Committee voted to approve the timelines for the Domestic Small Cap Value, International ACWI ex U.S., Large Cap Growth, High Yield, Large Cap Value and Private Equity manager searches for 2013.

### **Presentation and Approval of the Schedule of Manager Portfolio Reviews for 2013**

Mr. Griffith presented the proposed Schedule of Manager Portfolio Reviews for 2013.

ON MOTION OF MR. POTTS, SECONDED BY MS. HATTAWAY, AND CARRIED, the Committee voted to approve the Schedule of Manager Portfolio Reviews for 2013.

### **Investment Policy Statement**

#### **a. Presentation and Approval of Alternative Asset Guidelines**

Mr. Griffith presented the Investment Policy Statement Guidelines for Alternative Asset Investments received at the November 2012 Investment Committee meeting.

ON MOTION OF MS. MEISKE, SECONDED BY DR. BAKER, AND CARRIED, the Committee voted to approve the Investment Policy Statement Guidelines for Alternatives Asset Investments.

b. Presentation and Approval of Emerging Market Equity Guidelines

Mr. Griffith presented the Investment Policy Statement Guidelines for Emerging Market Equity Investments received at the November 2012 Investment Committee meeting.

ON MOTION OF MRS. GILDIG, SECONDED BY DR. BAKER, AND CARRIED, the Committee voted to approve the Investment Policy Statement Investment Guidelines for Emerging Market Equity Investments

c. Presentation and Review of Real Estate Investment Guidelines

Mr. Griffith presented the Investment Policy Statement Guidelines for Real Estate Investments.

ON MOTION OF MR. POTTS, SECONDED BY MRS. BAKER, AND CARRIED, the Committee voted to receive the Investment Policy Real Statement Guidelines for Real Estate Investments for subsequent approval at January 2013 Investment Committee meeting.

**Presentation of Annual Investment Manager Proxy Voting Report**

Dana Brown presented the annual investment manager proxy voting report.

ON MOTION OF MS. HATTAWAY, SECONDED BY MRS. HAYNES, AND CARRIED, the Committee voted to receive the annual investment manager proxy voting report.

**Review of TRSL Investments**

Mr. Griffith presented an overview of TRSL's total plan and public market investments. Scott Coopridner and Russ Ivinjack of Hewitt EnnisKnupp presented their December 3, 2012 meeting packet. Staff and consultant reviewed performance of TRSL investments through October 31, 2012.

**Annual Review and Update on Securities Lending – BNY Mellon**

Ray Kronz and Mike McDermott of BNY Mellon Asset Servicing presented a review and update on securities lending. The presentation qualified for one-half hour of Investment Education for Trustees.

ON MOTION DR. BAKER, SECONDED BY MS. HATTAWAY, AND CARRIED, the Committee voted to receive the annual review and update on securities lending.

**"Go Big or Go Home: The Case for an Evolution in Risk Taking" - Hewitt EnnisKnupp**

Mr. Ivinjack and Mr. Coopriider made a presentation to the Committee entitled "*Go Big or Go Home: The Case for an Evolution in Risk Taking*". The presentation qualified as one hour of Investment Education for Trustees.

**Adjournment**

ON MOTION OF DR. BAKER, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to adjourn at 12:06 pm

Teachers' Retirement System of Louisiana  
Committee of the Whole  
12:45 p.m. – Monday  
December 3, 2012

- MEMBERS PRESENT:** Anne H. Baker, Dr. William C. "Bill" Baker, Holly B. Gildig, Kathy Hattaway, Joyce P. Haynes, David A. Hennigan, Robert Lawyer, Superintendent Alonzo R. Luce, Suzette Meiske (Commissioner's Designee), Jim Napper (Treasurer's Designee), John G. Parauka, and Joe A. Potts, Jr.
- MEMBERS ABSENT:** Dr. Sheryl R. Abshire, Senator Elbert Guillory, Representative J. Kevin Pearson, Carlos J. Sam, and State Superintendent John White
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Roy Mongrue, Jr., Phil Griffith, Dana Vicknair, Katherine Whitney, Charlene Wilson, Desiree Marshall, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Scott Coopriider, Rishi Dalvadia, Russ Ivinjack, and Nancy Williams, Hewitt EnnisKnupp; Shelley Johnson, SJ Actuarial Associates; and Brad Heinrichs, Foster and Foster

**Roll Call**

Mrs. Baker called the meeting to order at 1:00 p.m. The secretary called the roll and a quorum was established.

**Trustee Education Presentations**

a. **"Fiduciary Responsibility Update"**

Nancy Williams of Hewitt EnnisKnupp gave a presentation on Fiduciary Responsibility. The presentation counted as 1.5 hours of Ethics/Fiduciary Education for Trustees.

b. "GASB Update"

Shelley Johnson, SJ Actuarial Associates and Brad Heinrichs, Foster & Foster gave a presentation entitled "GASB Update". The presentation counted as one hour of Actuarial Education for Trustees.

Mrs. Baker thanked the presenters for their excellent presentations.

**Adjournment**

ON MOTION OF DR. BAKER, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to adjourn at 3:51 p.m.

**Teachers' Retirement System of Louisiana  
Legislative Committee  
8:30 a.m. – Tuesday  
December 4, 2012**

- MEMBERS PRESENT:** Dr. William C. "Bill" Baker, Joe A. Potts, Jr., Robert Lawyer, Dr. Sheryl R. Abshire, Holly B. Gildig, Jim Napper (Treasurer's Designee), Anne H. Baker, and Joyce P. Haynes
- MEMBERS ABSENT:** Senator Elbert Guillory, Representative J. Kevin Pearson, and Carlos J. Sam
- OTHER MEMBERS PRESENT:** Kathy Hattaway, Joyce P. Haynes, David A Hennigan, John G. Parauka, and Dr. Steven Procopio (Commissioner's Designee)
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Roy Mongrue, Jr., Phil Griffith, Dana Vicknair, Lisa Honore, Katherine Whitney, Genett Washington, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Shelley Johnson, SJ Actuarial Associates; Brad Heinrichs, Foster & Foster; Charles Hall, Hall Actuarial Associates; Terry Mumford and Eric Dawes, Ice Miller (by conference call); Shane Riddle, Louisiana Association of Educators; Suzette Meiske and Liz Murrill, Louisiana Division of Administration; Stephanie Little, Louisiana House Retirement Committee; and Laura Gail Sullivan, Louisiana Senate

**Roll Call**

Dr. Baker called the meeting to order at 8:30 a.m. The secretary called the roll and a quorum was established. Dr. Baker appointed Mrs. Haynes to serve on the Committee as an alternate for Mr. Sam.

**Update on Legislative Committee Meetings**

Ms. Westgard updated the Committee on upcoming meetings:

- a. Funding Review Panel – December 5, 2012 – At the request of the Panel, Mr. Griffith will present information on Investment Benchmarking.
- b. Senate Retirement Committee (COLAs) – December 11, 2012

### **Update on Entry Age Normal Board Sponsored Legislation**

Ms. Westgard informed the Committee that Senator Guillory agreed to sponsor the Entry Age Normal legislation on behalf of TRSL. Shelley Johnson, SJ Actuarial Associates also presented updated information regarding the actuarial impact of changing TRSL's funding method from Projected Unit Credit to Entry Age Normal.

### **Discussion of Cash Balance Plan**

#### a. Presentation and Overview of Cash Balance Plan

Mrs. Vicknair and Mrs. Johnson, SJ Actuarial Associates presented an overview of the Cash Balance Plan. The presentation qualified as .75 hour of Rules and Regulations Education and .5 hour of Actuarial Education for Trustees.

#### b. Presentation regarding Social Security Equivalency Scenarios

Mrs. Johnson, SJ Actuarial Associates presented information on Social Security Equivalency Scenarios. Eric Dawes and Terry Mumford of Ice Miller participated by conference call. The presentation qualified as .75 hour of Actuarial Education for Trustees.

ON MOTION OF MR. LAWYER, SECONDED BY MRS. HAYNES, AND CARRIED, the Committee voted to authorize TRSL's tax counsel to take appropriate steps to submit equivalency calculations and related information to the Internal Revenue Service in reference to its evaluation of the Louisiana Cash Balance Plan pursuant to the Division of Administration's Private Letter Ruling request.

#### c. Update on Board's November Request of Division of Administration for Private Letter Ruling Filed and Related Actuarial Information

Ms. Westgard updated the Committee on the request to Dr. Procopio, on behalf of the Board, regarding the private letter ruling request and related actuarial information.

### **Adjournment**

ON MOTION OF MR. LAWYER, SECONDED BY DR. ABSHIRE, AND CARRIED, the Committee voted to adjourn at 11:16 a.m.

**Teachers' Retirement System of Louisiana  
Executive Committee  
Upon Adjournment of Legislative Committee – Tuesday  
December 4, 2012**

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

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

**STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Roy Mongrue, Jr., Phil Griffith, Dana Vicknair, Lisa Honore, Katherine Whitney, Genett Washington, Dana Lee Haltom, and Lisa Barousse

**OTHERS PRESENT:** Shelley Johnson, SJ Actuarial Associates; Brad Heinrichs, Foster & Foster; Suzette Meiske and Liz Murrill, Louisiana Division of Administration; Stephanie Little, Louisiana House Retirement Committee; and Laura Gail Sullivan, Louisiana Senate

**Roll Call**

Mrs. Baker called the meeting to order at 11:18 a.m. The secretary called the roll and a quorum was established.

**Discussion and Review of Contract with SJ Actuarial Associates Regarding Future Structure**

Ms. Westgard, Mr. Mongrue, Shelley Johnson (SJ Actuarial Associates) and Brad Heinrichs (Foster & Foster), reviewed the plans of Foster and Foster Actuarial Services to acquire SJ Actuarial Associates and a proposal for providing services to TRSL upon completion of said acquisition.

ON MOTION OF MR. POTTS, SECONDED BY DR. ABSHIRE, AND CARRIED, the Committee voted to authorize the Director to accept the letter of engagement as presented, which provides that Foster and Foster will provide actuarial services to TRSL upon completion of Foster and Foster's acquisition of SJ Actuarial Associates.

**Update on Charter School Participation in TRSL**

Mr. Mongrue updated the Committee on Charter School participation in TRSL. An answer will be filed by the end of the year in the Firstline Case in conjunction with the Attorney General.

**Adjournment**

ON MOTION OF MRS. HAYNES, SECONDED BY MS. HATTAWAY, AND CARRIED, the Committee voted to adjourn at 11:36 a.m.