

Teachers' Retirement System of Louisiana
Board of Trustees
Upon Adjournment of Legislative Committee – Friday
February 5, 2016

MEMBERS PRESENT: Robert Lawyer, Dr. Sheryl Abshire, Dr. Jerry Baudin, Kimberly Flair, Kathy Hattaway, Holly Gildig, Joyce Haynes, David Hennigan, Rick McGimsey, (Commissioner's Designee), Superintendent Lonnie Luce, Dr. Tia Mills, John Parauka, and Dr. James Taylor

MEMBERS ABSENT: Representative Barry Ivey (House Retirement Chair's Designee), Jim Napper (Treasurer's Designee), Senator Barrow Peacock, and State Superintendent John White

STAFF PRESENT: Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Ed Branagan, Dana Brown, Maurice Coleman, Tammy Dardeau, Randall Harrison, Lynn Johnson, Jeff LaCour, Dionne Rabalais, Steve Marangos, Katherine Whitney, Duke Williams, Charlene Wilson, Laurie Wright, and Lisa Barousse

OTHERS PRESENT: Shelley Johnson, Foster & Foster Actuaries and Consultants; Ryan Gremillion, Louisiana Department of Education; Rodney Watson, Louisiana Retired Teachers' Association; and Kelli Rogers, Louisiana Department of the Treasury

Each member of the Board received the following:

1. February 2016 Board Book
2. Investment Committee Meeting February, 4 2016, Performance Report – December 31, 2015
3. Investment Committee Presentations: Hamilton Lane Advisors, LLC; Aon Hewitt Investment Consulting, Inc.; and Brown Advisory
4. February 2016 report by Unite Here – *Who pays the bill for Leonard Green & Partners' private jets' flights*
5. *2016 Legislation Pre-Filed by Representative Ivey*
6. *2016 Regular Legislative Session Public Notices Involving State Retirement Systems as of February 3, 2016; 2016 Regular Legislative Session Public Notices Involving Statewide and Local Retirement Systems; and Public Notices Published January 29, 2016*
7. *2016 Regular Legislative Session Legislation AFFECTING TRSL as of February 4, 2016*
8. *Public Affairs Research Council (PAR) Policy Brief – A Plan to Control State Spending 01/29/16*

Mr. Lawyer called the meeting to order at 9:55 a.m. Ms. Flair 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 January 8, 2016 (Including Minutes of Committee Meetings held January 7 and 8, 2016)

ON MOTION OF DR. TAYLOR, SECONDED BY DR. ABSHIRE, AND CARRIED, the Board voted to approve the Minutes of the meeting of the TRSL Board of Trustees held January 8, 2016 (Including Minutes of Committee Meetings held January 7 and 8, 2016)

Investment Committee Report

ON MOTION OF MS. HATTAWAY, SECONDED BY MR. HENNIGAN, 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. BAUDIN, SECONDED BY MRS. HAYNES, AND CARRIED, the Board voted to accept the report of the Legislative Committee and to approve the recommendations contained therein.

Director's Update

Ms. Westgard updated the Board on the following:

- Human Resources Department received 100% compliance in the recent Civil Service Human Resources Audit
- Sick Leave Reporting – Employers updated 883,254 records since 2008; recently sent request to Charter Schools
- Active Shooter Training scheduled for February 10, 2016
- 2016 Board Reference Guide
- *Public Affairs Research Council (PAR) Policy Brief – A Plan to Control State Spending 01/29/16*, which contains specific recommendations relative to pension reform in state retirement systems and state employee and retiree benefits

Adjournment

ON MOTION OF DR. ABSHIRE, SECONDED BY DR. MILLS, AND CARRIED, the Committee voted to adjourn at 10:10 a.m.

**Teachers' Retirement System of Louisiana
Investment Committee
12:00 p.m. – Thursday
February 4, 2016**

- MEMBERS PRESENT:** Kathy Hattaway, David Hennigan, Dr. Jerry Baudin, Jim Napper (Treasurer's Designee), Holly Gildig, Joyce Haynes, Rick McGimsey (Commissioner's Designee), Robert Lawyer, and John Parauka
- MEMBERS ABSENT:** Dr. Sheryl Abshire, Senator Barrow Peacock, and Representative Barry Ivey (House Retirement Chair's Designee)
- OTHER MEMBERS PRESENT:** Kimberly Flair, Superintendent Lonnie Luce, Dr. Tia Mills, and Dr. James Taylor
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Philip Griffith, Roy Mongrue, Jr., Dana Vicknair, Dana Brown, Maurice Coleman, Katherine Whitney, Duke Williams, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Paul Yett, Brian Reilly, Jerry Gates, and Robert Flannigan, Hamilton Lane Advisors, LLC; Scott Coopriider, Russ Ivinjack, and Rishi Delvadia, Aon Hewitt Investment Consulting, Inc.; and Kendra Royster, Unite Here

Roll Call

Ms. Hattaway called the meeting to order at 12:00 p.m. The secretary called the roll and a quorum was established. Ms. Hattaway appointed Mr. Parauka to serve on the Committee as an alternate for Dr. Abshire.

Private Market Update and Review of Potential Private Market Investments

Paul Yett, Brian Reilly, Jerry Gates, and Robert Flannigan of Hamilton Lane Advisors, L.L.C., appeared before the Committee to present private market items.

Mr. Yett and Mr. Reilly presented the private market update.

Blackstone Real Estate Partners Europe V L.P.

Mr. Gates and Mr. Flannigan reviewed a potential alternative investment in Blackstone Real Estate Partners Europe V L.P.

ON MOTION OF DR. BAUDIN, SECONDED BY MR. HENNIGAN, AND CARRIED, consistent with the alternative investment guidelines, the Committee voted to receive the Hamilton Lane report, including the due-diligence process dated February 4, 2016, pertaining to investments in Blackstone Real Estate Partners Europe V L.P. (up to \$50 million) subject to final term negotiations completed within the timeline established by the Hamilton Lane contract.

Green Equity Investors VII, L.P.

Kendra Royster, Unite Here, made comments relative to Leonard Green & Partners, L.P. (Green) travel expenses. Mr. Yett noted that the General Partner is permitted to expense business travel, but does not. The referenced planes are owned and maintained by the General Partner, not the funds. Ms. Westgard asked that Mr. Yett provide a written summary of his response.

Mr. Yett and Mr. Reilly reviewed a potential alternative investment in Green Equity Investors VII, L.P.

ON MOTION OF DR. BAUDIN, SECONDED BY MR. PARAUKA, AND CARRIED, consistent with the alternative investment guidelines, the Committee voted to receive the Hamilton Lane report, including the due-diligence process dated February 4, 2016, pertaining to investments in Green Equity Investors VII, L.P. (up to \$100 million) subject to final term negotiations completed within the timeline established by the Hamilton Lane contract.

Private Market Annual Committee Reports

There were no annual committee reports.

Board Education: Ground Lease Investment Opportunity – Hamilton Lane

Mr. Gates and Mr. Flannigan presented *Ground Lease Strategy Overview*. The presentation qualified for one hour of Investment Education.

Board Education: Harvesting the Equity Insurance Risk Premium – Aon Hewitt

Russ Ivinjack presented *Harvesting the Equity Insurance Risk Premium: Know Your Options*. The presentation qualified for .75 hour of Investment Education.

Presentation and Approval of Solicitation for Proposals (SFP) for Domestic Large Cap Growth Manager

Mr. Griffith presented the SFP for Domestic Large Cap Growth Manager.

ON MOTION OF DR. BAUDIN, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to approve the SFP for Domestic Large Cap Growth Manager.

Capital Market Update and Review of TRSL Investments

Monthly Investment Review

Mr. Griffith presented an overview of TRSL's total plan and public and private market investments. Mr. Coopriker presented Aon Hewitt's February 4, 2016 portfolio summary report. Staff and Consultant reviewed performance of TRSL investments through December 31, 2015.

Portfolio Review - Large Cap Growth

Mr. Delvadia and Mr. Brown reviewed Large Cap Growth managers: Brown Investment Advisory Incorporated and The Boston Company Asset Management, LLC.

Ken Stuzin and Mary Gregory of Brown Investment Advisory Inc. presented Brown's portfolio review.

Adjournment

ON MOTION OF MR. NAPPER, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to adjourn at 3:53 p.m.

Teachers' Retirement System of Louisiana
Legislative Committee
8:30 a.m. – Friday
February 5, 2016

- MEMBERS PRESENT:** Dr. Jerry Baudin, Jim Napper (Treasurer's Designee), Dr. James Taylor, Superintendent Lonnie Luce, Dr. Sheryl Abshire, Rick McGimsey (Commissioner's Designee), Representative Barry Ivey (House Retirement Chair's Designee), Robert Lawyer, and Kimberly Flair
- MEMBERS ABSENT:** Senator Barrow Peacock
- OTHER MEMBERS PRESENT:** Holly Gildig, Kathy Hattaway, Joyce Haynes, David Hennigan, Dr. Tia Mills, and John Parauka
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Phil Griffith, Dana Vicknair, Roy Mongrue, Jr., Ed Branagan, Dana Brown, Maurice Coleman, Lisa Honore, Robyn Jenkins-King, Jeff LaCour, Steve Marangos, Matt Tessier, Katherine Whitney, Laurie Wright, Duke Williams, Charlene Wilson, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Shelley Johnson, Foster & Foster Actuaries and Consultants; Charles Hall, Hall Actuarial Associates; Shane Riddle, Louisiana Association of Educators; Ryan Gremillion, Louisiana Department of Education; Keshia Bishop and Les Landon, Louisiana Federation of Teachers; Nicole Edmonson, Louisiana Legislative Auditor's Office; Rodney Watson, Louisiana Retired Teachers' Association; Mary Patricia Wray, Louisiana Public Pension Coalition; Stephanie Little, Louisiana House Retirement Committee; Laura Gail Sullivan and Margaret Corley, Louisiana Senate; Lauren Bailey, Louisiana School Employees' Retirement System; Trey Roche, Louisiana State Employees' Retirement System (LASERS); Kelli Rogers, Louisiana Department of the Treasury; and Justin DiCharia, Manship School News Service

Roll Call

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

Update on Meetings

Ms. Westgard updated the Committee on the Public Retirement Systems Actuarial Committee (PRSAC) meeting of January 21, 2016. TRSL's valuation was approved. TRSL and LASERS agreed to continue to study the reduction of the discount rate.

Update and Discussion of 2016 Legislative Sessions

Ms. Westgard updated the Committee on the following:

- The Special Session Call has not yet been issued, but is expected today.
- Public Notices Affecting State Systems that have been filed since TRSL's January meeting.
- Legislation Affecting TRSL

Ms. Westgard noted that Representative Ivey requested to present information on his prefiled bills to the Committee.

Representative Ivey stated that his package of bills address pension reform. He also noted that the bills as filed are a starting point and that he is willing to work with any interested party on suggested changes. Representative Ivey reviewed the bills. He noted that HB65, which would establish a new hybrid retirement benefit structure for members of state retirement systems first hired on or after July 1, 2018, is his primary focus. Ms. Westgard requested if Representative Ivey would share his actuarial modeling information with TRSL when the information is complete, it would be very helpful.

Dr. Baudin noted that the Committee would not take positions on legislation until the March meeting in order to have complete actuarial, legal, and administrative analysis of the bills affecting TRSL.

Ms. Westgard and Ms. Whitney reviewed prefiled legislation affecting TRSL as of February 5, 2016.

Adjournment

ON MOTION OF MR. NAPPER, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to adjourn at 9:44 a.m.