

**Teachers' Retirement System of Louisiana**  
**Board of Trustees**  
**Upon Adjournment of Executive Committee – Friday**  
**June 3, 2016**

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

**MEMBERS ABSENT:** Kathy Hattaway, Jim Napper (Treasurer's Designee), Senator Barrow Peacock, Representative J. Kevin Pearson, and State Superintendent John White

**STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Phil Griffith, Dana Vicknair, Roy Mongrue, Jr., Ed Branagan, Dana Brown, Maurice Coleman, Randall Harrison, Lisa Honore, Lynn Johnson, Jeff LaCour, Dionne Rabalais, Katherine Whitney, Charlene Wilson, Laurie Wright, and Lisa Barousse

**OTHERS PRESENT:** Shelley Johnson, Foster & Foster Actuaries and Consultants and Dawson Gildig

Each member of the Board received the following:

1. June 2016 Board Book
2. Investment Committee Meeting June 2, 2016, Performance Report – April 30, 2016
3. Investment Committee Presentations: Hamilton Lane Advisors, LLC; Aon Hewitt Investment Consulting, Inc.; Baillie Gifford Overseas Limited; Harding Loevner LP; and Schroder Investment Management
4. Letters dated June 2, 2016 from Leah Bailey, Mike McDonald, and Kendra Royster of UNITE HERE Local 2262 to TRSL Board Members regarding investments in Apollo
5. Presentation relative to Update on Merit Increases
6. Letter of May 26, 2016 to Paul Richmond, Legislative Auditor's Office, from Shelley Johnson, Foster & Foster, regarding Concurrence of TRSL Permanent Benefit Increase Authorized by Act 93 of 2016
7. Legislative Tracking Charts
  - o *2016 Bills Affecting TRSL - Legislative Action Since May 6*
  - o *2016 Regular Legislative Session Legislation MONITORED by TRSL Board as of June 2, 2016*
  - o *2016 Regular Legislative Session Legislation AFFECTING TRSL as of June 2, 2016*

8. *Review of the Development of the Discount Rate Discussion* – Cavanaugh MacDonald Consulting, LLC
9. Calendar reflecting alternative 2017 meeting dates proposed by Mr. Hennigan
10. *TRSL: Impact of Lowering Discount Rate* – Shelley Johnson, Foster & Foster

Mr. Lawyer called the meeting to order at 10:45 a.m. Mr. Parauka 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 May 6, 2016 (Including Minutes of Committee Meetings held May 5 and 6, 2016)**

ON MOTION OF MR. PARAUKA, SECONDED BY DR. MILLS, AND CARRIED, the Board voted to approve the Minutes of the Meeting of the TRSL Board of Trustees held May 6, 2016 (Including Minutes of Committee Meetings held May 5 and 6, 2016).

**Investment Committee Report**

ON MOTION OF DR. ABSHIRE, SECONDED BY DR. BAUDIN, AND CARRIED, the Board voted to accept the report of the Investment Committee and to approve the recommendations contained therein.

**Elections Committee Report**

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

**Personnel Committee Report**

ON MOTION OF MRS. HAYNES, SECONDED BY MS. FLAIR, AND CARRIED, the Board voted to accept the report of the Personnel Committee and to approve the recommendations contained therein.

**Legislative Committee Report**

ON MOTION OF DR. BAUDIN, SECONDED BY MRS. GILDIG, AND CARRIED, the Board voted to accept the report of the Legislative Committee.

### **Executive Committee Report**

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

### **Directors' Update**

Ms. Westgard updated the Board on the following items:

- Representative Ivey filed HSR 6 on June 2, 2016, which requests a study of practices used in adopting actuarial assumptions and reporting standards for the state and statewide retirement systems, and an investigation of potential legislative improvements for the increased sustainability of the systems.
- Trustee Education

### **Adjournment**

ON MOTION OF MRS. HAYNES, SECONDED BY DR. ABSHIRE, AND CARRIED, the Board voted to adjourn at 11:00 a.m.

Teachers' Retirement System of Louisiana  
Investment Committee  
8:30 a.m. – Thursday  
June 2, 2016

- MEMBERS PRESENT:** Dr. Sheryl Abshire, David Hennigan, Dr. Jerry Baudin, Jim Napper (Treasurer's Designee), Holly Gildig, Joyce Haynes, Robert Lawyer, and Kimberly Flair
- MEMBERS ABSENT:** Kathy Hattaway, Rick McGimsey (Commissioner's Designee), Senator Barrow Peacock, and Representative J. Kevin Pearson
- OTHER MEMBERS PRESENT:** Dr. Tia Mills and Dr. James Taylor
- STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Phil Griffith, Dana Vicknair, Roy Mongrue, Jr., Dana Brown, Maurice Coleman, Katherine Whitney, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Paul Yett, Matt Silverio, and Jerry Gates, Hamilton Lane Advisors, LLC; Scott Coopriker, Rishi Delvadia, and Russ Ivinjack, Aon Hewitt Investment Consulting, Inc.; Heamiries Vila, Mark V. McDonald, Leah Bailey, and Kendra Royster, UNITE HERE/Caesars; Shelley Johnson, Foster & Foster Actuaries and Consultants; Tim Campbell and David Salter, Baillie Gifford Overseas Limited; G. Rusty Johnson and Kristin Burke, Harding Loevner LP; and Karl Dasher, Waj Hashmi, Shaun Levesque, and Anthony Williams, Schroder Investment Management

**Roll Call**

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

**Private Market Update and Review of Potential Private Market Investments**

Paul Yett, Matt Silverio, and Jerry Gates of Hamilton Lane Advisors, L.L.C., appeared before the Committee to present private market items.

Mr. Silverio presented the private market update.

#### BC European Capital Fund X

Mr. Yett reviewed a potential alternative investment in BC European Capital Fund X.

ON MOTION OF MR. LAWYER, SECONDED BY MS. FLAIR, AND CARRIED, consistent with the alternative investment guidelines, the Committee voted to receive the Hamilton Lane report, including the due-diligence process dated June 2, 2016 pertaining to investments in BC European Capital X (up to \$75 million), subject to final term negotiations completed within the timeline established by the Hamilton Lane contract.

#### Sares Regis Multifamily Value-Add Fund II, LP

Mr. Gates and Mr. Yett reviewed a potential alternative investment in Sares Regis Multifamily Value-Add Fund II.

ON MOTION OF DR. BAUDIN, SECONDED BY MS. FLAIR, AND CARRIED, consistent with the alternative investment guidelines, the Committee voted to receive the Hamilton Lane report, including the due-diligence process dated June 2, 2016 pertaining to investments in Sares Regis Multifamily Value-Add Fund II, LP (up to \$40 million), subject to final term negotiations completed within the timeline established by the Hamilton Lane contract.

#### Private Market Annual Meeting Reports

Mr. Silverio presented Private Market Annual Meeting Reports on The Abraaj Group and Oaktree Capital Management.

ON MOTION OF DR. BAUDIN, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to receive the reports as presented.

#### Asset Allocation: Target Asset Class Allocation Presentation and Discussion

Scott Coopridier and Russ Ivinjack of Aon Hewitt Investment Consulting (AHIC) presented *Asset Allocation Results*. The presentation qualified as one hour of Investment Education for Trustees.

ON MOTION OF DR. BAUDIN, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to approve the Asset Allocation Portfolio No. 6 as presented to the Committee by AHIC.

**Interview Finalists and Recommend Successful Candidate Firm for Emerging Markets Equity Manager**

Mr. Delvadia and Mr. Coopridier (AHIC), and Mr. Griffith presented an overview of the potential candidates: Baillie Gifford Overseas Limited, Harding Loevner LP, and Schroder Investment Management.

The following representatives from each firm appeared before the Committee to be interviewed for Emerging Markets Equity Manager: Tim Campbell and David Salter of Baillie Gifford Overseas Limited; G. Rusty Johnson and Kristin Burke of Harding Loevner LP; and Karl Dasher, Waj Hashmi, Shaun Levesque, and Anthony Williams of Schroder Investment Management.

The Committee ranked each firm from 1 to 3, with 1 ranking the highest.

	<b>Baillie Gifford</b>	<b>Harding Loevner</b>	<b>Schroeder</b>
Dr. Baudin	2	1	3
Ms. Flair	1	2	3
Mrs. Gildig	2	1	3
Mrs. Haynes	2	1	3
Mr. Hennigan	2	1	3
Mr. Napper	3	2	1
Mr. Lawyer	3	1	2
Dr. Abshire	3	1	2
	18	10	20

Harding Loevner LP ranked the highest, followed by Baillie Gifford, then Schroder Investment Management.

ON MOTION OF DR. BAUDIN, SECONDED BY MRS. GILDIG, AND CARRIED, the Committee voted to hire Harding Loevner LP for Emerging Markets Equity Manager, up to \$350 million, subject to fee negotiation.

## 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 through April 30, 2016. Mr. Coopriider presented AHIC's June 2, 2016 portfolio summary report.

### Portfolio Review

Mr. Delvadia and Mr. Brown reviewed Domestic Large Cap Value and Emerging Markets Equity Managers:

#### Large Cap Value

- LSV Asset Management
- Delaware Investments

#### Emerging Markets Equity

- Dimensional Fund Advisors (Value)
- Vontobel Asset Management, Inc. (Growth)

### Adjournment

ON MOTION OF DR. BAUDIN, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to adjourn at 2:39 p.m.

**Teachers' Retirement System of Louisiana  
Elections Committee  
Upon Adjournment of Investment Committee - Thursday  
June 2, 2016**

**MEMBERS PRESENT:** Jim Napper (Treasurer's Designee), Dr. James Taylor, Dr. Sheryl Abshire, Kimberly Flair, Robert Lawyer, David Hennigan, and Dr. Jerry Baudin

**MEMBERS ABSENT:** John Parauka, Kathy Hattaway, and Rick McGimsey (Commissioner's Designee)

**OTHER MEMBERS PRESENT:** Holly Gildig, Joyce Haynes, and Dr. Tia Mills

**STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Phil Griffith, Dana Vicknair, Roy Mongrue, Jr., Dana Brown, Maurice Coleman, Lisa Honore`, Dionne Rabalais, Dana Lee Haltom, and Lisa Barousse

**Roll Call**

Mr. Napper called the meeting to order at 2:48 p.m. The secretary called the roll and a quorum was established. Mr. Napper appointed Mr. Hennigan and Dr. Baudin to serve on the Committee as alternates for Mr. Parauka and Ms. Hattaway.

Ms. Westgard advised the board that VR Election Services terminated its contract with TRSL effective August 2016. TRSL is now in the process of finding a vendor to complete elections to be held this year. A request for information (RFI) has been issued to potential vendors who can provide election services to TRSL.

**Discussion and Approval of Interim Appointment Process for the TRSL Board of Trustees Parish and City Superintendents Position.**

Ms. Westgard presented the proposed schedule for appointment of the TRSL Board of Trustees Parish and City Superintendents position which became vacant May 31, 2016.

ON MOTION OF DR. ABSHIRE, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to approve the schedule for appointment of the TRSL Board of Trustees Parish and City Superintendents position as presented.



**Adjournment**

ON MOTION OF DR. BAUDIN, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to adjourn at 2:53 p.m.

**Teachers' Retirement System of Louisiana  
Personnel Committee  
Upon Adjournment of Elections Committee - Thursday  
June 2, 2016**

**MEMBERS PRESENT:** Joyce Haynes, Kimberly Flair, Dr. Jerry Baudin, Dr. Sheryl Abshire, Holly Gildig, Robert Lawyer, Dr. James Taylor, and Dr. Tia Mills

**MEMBERS ABSENT:** John Parauka and Kathy Hattaway

**OTHER MEMBERS PRESENT:** David Hennigan and Jim Napper (Treasurer's Designee)

**STAFF PRESENT:** Maureen Westgard, Stuart Cagle, Phil Griffith, Dana Vicknair, Roy Mongrue, Jr., Dana Brown, Maurice Coleman, Dionne Rabalais, Dana Lee Haltom, and Lisa Barousse

### **Roll Call**

Mrs. Haynes called the meeting to order at 2:54 p.m. The secretary called the roll and a quorum was established. Mrs. Haynes appointed Dr. Taylor and Dr. Mills to serve on the Committee as alternates for Mr. Parauka and Ms. Hattaway.

### **Update Related to Merit Increases**

Ms. Westgard updated the Committee on recommendations relative to merit increases.

Mr. Napper objected, but it was noted that he was not on the Committee.

ON MOTION OF MR. LAWYER, SECONDED BY MS. FLAIR, AND CARRIED, the Committee voted to approve a 4% merit increase retroactive to October 1, 2015, for eligible TRSL classified and unclassified staff (with the exception of the Director), in accordance with Civil Service rules.

### **Adjournment**

ON MOTION OF DR. BAUDIN, SECONDED BY DR. TAYLOR, AND CARRIED, the Committee voted to adjourn at 3:12 p.m.

**Teachers' Retirement System of Louisiana**  
**Legislative Committee**  
**8:30 a.m. – Friday**  
**June 3, 2016**

- MEMBERS PRESENT:** Dr. Jerry Baudin, Jim Napper (Treasurer's Designee), Dr. James Taylor, Dr. Sheryl Abshire, Joyce Haynes, and Robert Lawyer
- MEMBERS ABSENT:** Rick McGimsey (Commissioner's Designee), Senator Barrow Peacock, and Representative J. Kevin Pearson
- OTHER MEMBERS PRESENT:** Kimberly Flair, Holly Gildig, 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, Dionne Rabalais, Matt Tessier, Katherine Whitney, Charlene Wilson, Laurie Wright, Dana Lee Haltom, and Lisa Barousse
- OTHERS PRESENT:** Shelley Johnson, Foster & Foster Actuaries and Consultants; Charles Hall, Hall Actuarial Associates; John Garret, Cavanaugh MacDonald; Shane Riddle, Louisiana Association of Educators; Rodney Watson, Louisiana Retired Teachers' Association; and Ryan Gremillion, Louisiana Department of Education

**Roll Call**

Dr. Baudin called the meeting to order at 8:30 a.m. The secretary called the roll and a quorum was established.

**Discussion and Review of 2016 Legislative Session**

**Update on Meetings**

Ms. Westgard advised that a PRSAC meeting is scheduled for Tuesday, June 7<sup>th</sup> and the Joint Legislative Committee on the Budget (JLCB) meeting of May 20, 2016 was cancelled and has not yet been rescheduled.

Legislation Affecting TRSL

Ms. Westgard presented a status update on bills affecting TRSL, including committee and floor actions on the bills as of June 2, 2016.

Legislation Monitored by TRSL

Ms. Whitney presented a status update on legislation monitored by TRSL.

**Adjournment**

ON MOTION OF DR. ABSHIRE, SECONDED BY MR. LAWYER, AND CARRIED, the Committee voted to adjourn at 8:50 a.m.

Teachers' Retirement System of Louisiana  
Executive Committee  
Upon Adjournment of Legislative Committee – Friday  
June 3, 2016

**MEMBERS PRESENT:** Robert Lawyer, Dr. Sheryl Abshire, Dr. Jerry Baudin, Joyce Haynes, David Hennigan, and Jim Napper (Treasurer's Designee)

**MEMBERS ABSENT:** Kathy Hattaway

**OTHER MEMBERS PRESENT:** Kimberly Flair, Holly Gildig, Rick McGimsey (Commissioner's Designee), Dr. Tia Mills, John Parauka, and Dr. James Taylor

**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, Dionne Rabalais, Matt Tessier, Katherine Whitney, Charlene Wilson, Laurie Wright, Dana Lee Haltom, and Lisa Barousse

**OTHERS PRESENT:** Shelley Johnson, Foster & Foster Actuaries and Consultants; Charles Hall, Hall Actuarial Associates; John Garret, Cavanaugh MacDonald; Shane Riddle, Louisiana Association of Educators; Rodney Watson, Louisiana Retired Teachers' Association; Ryan Gremillion, Louisiana Department of Education; Cindy Rougeou, Louisiana State Employees' Retirement System (LASERS)

**Roll Call**

Mr. Lawyer called the meeting to order at 8:52 a.m. The secretary called the roll and a quorum was established.

**Review of Cavanaugh MacDonald Report**

Ms. Westgard introduced John Garrett, of Cavanaugh MacDonald Consulting, LLC. TRSL and LASERS jointly requested Cavanaugh MacDonald to provide an evaluation concerning the discount rates used in the systems' most recent actuarial valuations.

Mr. Garrett presented *Review of the Development of the Discount Rate Discussion*. The presentation qualified as 1.25 hours of Actuarial Education.

Ms. Westgard and Shelley Johnson presented information on the impact of lowering the discount rate.

Mr. Napper noted that he would recuse himself from action on this matter as he may serve as a member of the Public Retirement Systems Actuarial Committee (PRSAC) at its next meeting.

ON MOTION OF DR. BAUDIN, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to give preliminary approval of a plan to reduce the discount rate from 7.75% to 7.5%, in .05% increments over five years for funding and GASB purposes, beginning with the June 30, 2016 valuation and the FY 16-17 actuarially required contribution.

ON MOTION OF DR. BAUDIN, SECONDED BY MR. HENNIGAN, AND CARRIED, the Committee voted to give preliminary approval to reduce the discount rate from 7.75% to 7.5%, for purposes of internal calculations, beginning January 1, 2017.

#### **Discussion and Approval of Changes to August and September 2016 Meeting Dates**

Ms. Westgard presented alternative meeting date options for the August and September 2016 Board and Committee meetings. No action was taken and the previously adopted dates remained the same.

#### **Presentation and Approval of Proposed Meeting Dates for 2017**

Mr. Hennigan asked the Board to consider meeting on the second Thursday and Friday of each month due to conflicting dates of his employer's board meetings. Several Board members had conflicts with those dates.

Ms. Westgard presented proposed TRSL 2017 Board of Trustees meeting dates.

ON MOTION OF DR. BAUDIN, SECONDED BY DR. ABSHIRE, and CARRIED, the Committee voted to adopt the following dates for the Board of Trustees' 2017 meetings: January 5 & 6, February 2 & 3, March 2 & 3, April 6 & 7, May 4 & 5, June 1 & 2, July 6 & 7, August 3 & 4, September 7 & 8, October 5 & 6, November 2 & 3, and November 30 & December 1.

**Adjournment**

ON MOTION OF MR. HENNIGAN, SECONDED BY DR. ABSHIRE, AND CARRIED, the Committee voted to adjourn at 10:38 a.m.