

Proposed: September 24, 2015
Approved: September 24, 2015

Louisiana State Employees' Retirement System
Investment Committee Meeting

August 27, 2015

The Investment Committee of the Louisiana State Employees' Retirement System met on Thursday, August 27, 2015, in the fourth floor conference room of the Retirement Systems building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Ms. Connie Carlton, Chair, called the meeting to order at 12:30 p.m. Roll call was conducted by Caye Weaver, recording secretary.

ROLL CALL

Members present: Mr. Thomas Bickham; Ms. Connie Carlton; Judge William Kleinpeter; Mr. Ron Henson, designee – Louisiana State Treasurer; Ms. Janice Lansing; Ms. Barbara McManus; Mr. Ben Huxen, designee – Division of Administration; 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; Mr. Bobby Beale, Chief Investment Officer; Ms. Tina Grant, Executive Counsel; Investment Staff: Mr. Darren Fournerat, Ms. Laney Sanders, Ms. Celeste Funderburk, Mr. Jacques Brousseau, Mr. Reeves Pearce, and Mr. Blake Steger

Also present: Mr. Rhett Humphreys and Mr. Jeff Roberts - NEPC; Ms. Amy Mathews – Louisiana Treasury Division; Ms. Shelley Johnson – Foster & Foster

A quorum was declared present and the meeting opened for business. The Chair called for Public Comment. Mr. Humphreys clarified the asset allocation target mentioned in the presentation at the July Investment Committee meeting. Hearing no further comment, the Chair moved to the next agenda item.

REGULAR BUSINESS

The committee considered the minutes of the July 23, 2015, Investment Committee meeting. **Mr. Bickham moved, seconded by Ms. Templet, to approve the minutes of the July 23, 2015, Investment Committee meeting. With no further discussion, and no objections, the motion carried.**

NEW BUSINESS

1. Mondrian Partners Portfolio Reviews

Mr. Nigel Bliss, Mr. Aidan Nicholson, and Mr. Justin Richards presented a review of the International Large Cap and International Small Cap portfolios.

2. Bernhard Capital Partners Presentation and Recommendation

Mr. Jim Bernhard, and Mr. Jeff Jenkins presented a review of the BCP Energy Services Fund. After the presentation, Ms. Sanders presented the due diligence that staff and NEPC did for the fund. Ms. Mathews stated that she also attended one of the due diligence meetings and she reviewed her thoughts. Ms. LeBlanc stated she attended the due diligence meetings as well and presented her thoughts. Mr. Beale reviewed his recommendation with the committee. Ms. Sanders stated that staff recommends a \$50 million commitment to the fund. Mr. Roberts stated that NEPC is neutral about the commitment. The Chair called for Ms. Rougeou to give her recommendation. Ms. Rougeou presented her recommendation and stated that she recommends adding Mr. Bernhard and Mr. Jenkins in the key man clause of the side letter. **After further discussion, Ms. McManus moved, seconded by Ms. Templet, to commit \$50 million to Bernhard Capital partners, with the key man clause as stated. With no further discussion, and no objections, the motion carried.**

The Chair called for agenda item #6, Private Equity – Buyout Mandate Finalists Selection, to be moved up.

3. Private Equity – Buyout Mandate Finalists Selection

Ms. Sanders stated that according to the Private Equity Strategic Plan, LASERS would like to commit \$100 million to a Private Equity – Buyout manager. She stated that staff recommends interviewing 3 managers, and hire up to two. Ms. Sanders and Mr. Roberts then reviewed each manager in the search book. Staff and NEPC recommended that the Board interview AEA Investors, Brookfield Capital Partners, and Warburg Pincus. **After further discussion, Ms. Templet moved, seconded by Judge Kleinpeter, to interview three managers, hire up to two managers in the Private Equity – Buyout Strategy, and interview AEA Investors, Brookfield Capital Partners and Warburg Pincus. With no further discussion, and no objections the motion carried.**

4. Asset Allocation Implementation Plan

Mr. Rhett Humphreys and Mr. Darren Fournerat reviewed the Asset Allocation implementation plan with the committee. **After discussion, Mr. Bickham moved, seconded by Judge Kleinpeter, to approve the recommended asset allocation policy ranges. With no further discussion, and no objections, the motion carried.**

Ms. McManus moved, seconded by Judge Kleinpeter, to terminate the THB Small and Micro Cap Value Equity mandates. With no further discussion, and no objections, the motion carried.

Ms. McManus moved, seconded by Mr. Pierce, to terminate the Gresham and Pinnacle Real Asset mandates. With no further discussion, and no objections, the motion carried.

Ms. Templet moved, seconded by Mr. Bickham, to initiate the Global Multi-Sector Fixed Income search in accordance with the distributed timeline. With no further discussion, and no objections, the motion carried.

5. Contract Discussion and Recommendation

Mr. Fournerat reminded the committee of the discussion during the Asset Allocation implementation plan, and said that staff and NEPC recommend extending the Marathon Opportunistic Mortgage-Backed Securities contract for an additional year. **Mr. Bickham moved, seconded by Judge Kleinpeter, to extend the Marathon Opportunistic Mortgage-backed Securities contract for one year. With no further discussion, and no objection, the motion carried.**

Mr. Beale reviewed the Mondrian International Large Cap presentation held earlier in the meeting and stated that staff and NEPC recommended extending that contract another five years. **Judge Kleinpeter moved, seconded by Mr. Bickham, to extend the Mondrian International Large Cap contract another five years. With no further discussion, and no objections, the motion carried.**

6. 2nd Quarter 2015 Performance Review

Mr. Beale reviewed the Fiscal-Year-End Plan return, which was 1.7%. He also reviewed the Plan performance for the second quarter of 2015.

OTHER BUSINESS

No other business was brought before the committee.

With no further business to discuss, the meeting adjourned at 3:31 p.m.