

Proposed: July 27, 2017
Approved: July 27, 2017

**Louisiana State Employees' Retirement System
Investment Committee Meeting**

June 22, 2017

The Investment Committee of the Louisiana State Employees' Retirement System met on Thursday, June 22, 2017, in the fourth floor conference room of the Retirement Systems building, 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Ms. Shannon Templet, 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. Virginia Burton; Ms. Beverly Hodges; Judge William Kleinpeter; Ms. Janice Lansing; Mr. Rick McGimsey, designee – Commissioner of Administration; Representative Kevin Pearson; Ms. Lori Pierce; Ms. Kathy Singleton; Ms. Shannon Templet; Ms. Lorry Trotter

Members absent: Mr. Ron Henson, Louisiana State Treasurer; Senator Barrow Peacock

Staff present: Ms. Cindy Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director & Chief Operating Officer; Mr. Bobby Beale, Chief Investment Officer; Ms. Tina Vicari Grant, Executive Counsel; Investment Staff: Mr. Darren Fournerat, Ms. Laney Sanders, Ms. Celeste Funderburk, Ms. Alisa Lacombe, and Mr. Reeves Pearce

Also present: Mr. David Barnes – NEPC LLC

The Chair called for public comment. Hearing none, the Chair called for the next agenda item.

REGULAR BUSINESS

The committee considered the minutes of the May 18, 2017, Investment Committee meeting. **Mr. Bickham moved, seconded by Ms. Lansing, to approve the minutes of the May 18, 2017, Investment Committee meeting. With no further discussion, and no objections, the motion carried.**

NEW BUSINESS

The Chair took the agenda out of order and called for agenda item 4 – Monthly Performance Review.

Monthly Performance Review

Mr. Beale reviewed the Plan performance for the month of May. He also stated that as of May 31, 2017, the Fiscal Year-to-Date Plan return is 14.8%. Mr. Beale stated that when he has preliminary numbers for Fiscal Year End, he will email them to the committee. Mr. Barnes reviewed the recent market activity.

The Chair then returned the agenda to order.

Stone Harbor Investment Partners (Emerging Market Debt) Portfolio Review

Mr. David Oliver, Portfolio Manager, and Mr. John Madden, Relationship Manager, reviewed the Emerging Market Debt portfolio with the committee.

Risk Parity Program Review and Recommendation

Mr. Alan Bowser, Senior Client Advisor, and Mr. Jeff Gardner, Senior Portfolio Strategist, with Bridgewater Associates, presented the proposed revised structure of their Risk Parity portfolio.

Mr. Michael Mendelson, Principal, Portfolio Management and Research, and Mr. Aaron Kelley, Vice President, Client Strategies, with AQR Capital Management, presented their proposed Risk Parity portfolio.

Mr. Fournerat and Mr. Barnes then reviewed both Risk Parity portfolio proposals with the committee. Discussion was held concerning fees and risk. **After further discussion, Mr. Bickham moved, seconded by Judge Kleinpeter, to restructure LASERS Risk Parity Program regarding allocation weights, portfolio structure and fee structure to allocate approximately 50% to Bridgewater and 50% to AQR Capital, as presented by staff and consultant. With no further discussion, and no objections, the motion carried.**

Private Markets Recommendation (2017 Strategic Plan)

Ms. Sanders reviewed the 2017 Private Markets Strategic Plan and updated the committee on the progress and commitments made. She stated that three more commitments will be made before the end of the year. Ms. Sanders stated the GTCR XII fund, in the Growth Equity buyout strategy, was open for commitments, and that staff and NEPC recommend LASERS commits up to \$75 million to this fund. **After discussion, Judge Kleinpeter moved, seconded by Mr. Bickham, to commit up to \$75 million to GTCR XII as part of the 2017 Private Markets Strategic Plan. With no further discussion, and no objections, the motion carried.**

Ms. Sanders then reviewed the remainder of the Strategic Plan commitment schedule. She stated that staff and NEPC will come back in July with another recommendation for a Growth Equity buyout manager. Ms. Sanders also stated that staff and NEPC will put together a search book of managers for the Opportunistic strategy. NEPC will mail the book to the Board in July , and finalists will be selected at the July Investment Committee meeting, with interviews scheduled for August.

OTHER BUSINESS

With no other business brought before the committee the meeting adjourned at 3:02 p.m.