

# Louisiana School Employees' Retirement System Board Investment Committee Meeting

*Monday, April 14, 2008  
9:00 a.m.*

The Louisiana School Employees' Retirement System's Board Investment Committee convened in the boardroom (Room 100) of the Louisiana School Employees' Retirement System Building, located at 8660 United Plaza Blvd., Baton Rouge, Louisiana. Mr. Faulk called the meeting to order at 9:10 a.m. Mrs. Stark called the Roll.

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**Members Present:** Mr. Jeffrey Faulk, Sr. - Chairman, Mrs. Kathy Landry, Ms. Betty Crain, Mrs. Judith McKee, Mr. Eugene Rester, Jr., Mr. Philip B. Walther, Ms. Lori Pierce, designee for Mr. John Kennedy – State Treasurer and Mr. Randy Davis, designee for Mr. Jay Dardenne - Secretary of State.

**Members Absent:** Mr. Larry Wilmer, Senator D.A. "Butch" Gautreaux, Chairman - Senate Retirement Committee and Representative Joel Robideaux, Chairman - House Retirement Committee.

**Staff Present:** Mr. Charles Bujol – Executive Director, Mrs. Debra Dudley - Assistant Director, Mr. Warren Ponder - Executive Counsel, Mr. Brendan Brosnan - Chief Investment Officer, Mrs. Josie Meche - Investment Manager I, and Mrs. Laurie Stark - Administrative Assistant 5.

**Others Present:** Mr. Brett Hazen – Segal Advisors, Inc., Ms. Celia Anderson and Mr. Tom Burton – Evergreen Investments, Mr. Willie Williams, Mr. Riley Williams and Mrs. Nancy Williams.

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The agenda was unanimously approved by the committee. Members present: Ms. Crain, Mr. Rester, Mrs. Landry, Mr. Faulk, Mr. Walther, Ms. Pierce and Mr. Davis.

Mr. Bujol made the following announcements:

Updates to the LSERS' Board of Trustees manual have been placed in each member's folder.

A preview of the spring 2008 issue of the Crossroads Newsletter has been provided.

Newspaper articles from the Houma Courier regarding a study on privatization of the Terrebonne Parish school bus fleet were distributed.

A Personnel Committee Meeting will be held upon adjournment of the Investment Committee meeting.

Mrs. Judith McKee arrived at 9:18 a.m.

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**DISCUSSION WITH CONSULTANT**

Mr. Hazen provided the following report on the performances of Ark and Evergreen:

Ark's underperformance, which occurred mostly in 2006, has affected their long-term performance. A performance based fee has been discussed as an incentive for better performance. A report on Ark's performance could be prepared by Segal within 60 days.

Evergreen has taken a hit on their corporate mortgage backed securities, which caused their portfolio to under perform. Representatives from Evergreen are scheduled to report on the performance of the portfolio at today's meeting.

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**ON MOTION OF MRS. McKEE, SECONDED BY MRS. LANDRY AND CARRIED BY UNANIMOUS CONSENT,** the committee agreed to have Segal prepare a report regarding Ark's performance to be presented in the next 60 days.

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**REVIEW OF EVERGREEN/TATTERSALL PORTFOLIO AND PERFORMANCE.**

Mr. Tom Burton and Ms. Celia Anderson presented a review on Evergreen's underperformance. Mr. Burton provided an explanation on why the portfolio was overweight in Mortgage-Backed, Asset-Backed and Commercial Mortgage-Backed securities and how these weightings differed from the Lehman Aggregate Index. He stressed that while the price of these issues is under stress as hedge funds reduce their leverage positions, the quality of the issues was not in question. When market conditions improve the prices would once again reflect the fundamental value of these bonds. Timing is a key factor in achieving performance goals for 2008.

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**STAFF REPORTS**

**Commission Recapture**

Mrs. Meche reported that for the period January 1, 2007 through January 31, 2008 none of the fixed income managers met their targeted commitment to Lynch Jones & Ryan. It was also reported that none of the equity managers met or exceeded their 25% targets. The total funds available for disbursement as of January 31, 2008 were \$66,447.

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**ON MOTION OF MS. CRAIN, SECONDED BY MRS. LANDRY AND CARRIED BY UNANIMOUS CONSENT**, the committee accepted the Commission Recapture Report.

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**Northern Trust Securities Lending Report**

Mr. Brosnan reported that for January 2008 the gross income on securities lending was \$195,773.90. Northern Trust received a fee of \$58,713.85. The fund earned \$137,060.05 for January or an average of \$39,094.29 per month calendar year-to-date. Since inception the fund earned \$6,685,123.15 or an average net monthly income of \$39,094.29.

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**ON MOTION OF MR. RESTER, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT**, the committee accepted the Northern Trust Securities Lending Report.

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**Louisiana Brokers**

Mrs. Meche reported that for the period January 1, 2007 through January 31, 2008 the equity managers that met or exceeded their 10% target were Ark Asst Management and Walter Scott. Orleans Capital was the only fixed income manager that met its target for the period. A total of \$9,672.62 in equity commissions and \$3,158,820.00 in par value was directed during the period ending January 31, 2008.

**Louisiana Incorporated & Domiciled Broker Report**

Mrs. Meche reported that for the period January 1, 2007 through January 31, 2008 none of the fixed income managers met their 10% target. The equity managers that met or exceeded their 10% minimum target were Ark, Brandywine and Walter Scott. A total of \$16,391.92 in equity commissions was directed during the period ending January 31, 2008.

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**ON MOTION OF MRS. McKEE, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT**, the committee accepted the Louisiana Incorporated and Domiciled Broker Report and the Louisiana Broker Report.

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**Securities Litigation  
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of January 31, 2008 LSERS received a total of \$2,119,895.40 in cash, \$578 in par value and 8,963 shares of stock/warrants for settlements from securities litigations.

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**ON MOTION OF MRS. LANDRY, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT**, the committee accepted the Securities Litigation Report on Receipts.

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**Current Case Review**

Mr. Ponder noted that Mr. Tim DeLange, of Bernstein Litowitz, would be presenting an overview of the Accredo Health case at the June Investment Committee Meeting. He also reported that the Louisiana Legislature was in session and gave a review of the bills that could affect LSERS .

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**ON MOTION OF MR. RESTER, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT**, the committee accepted the Current Case Review.

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**PUBLIC COMMENTS**

There were no public comments.

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**OTHER BUSINESS**

There was no other business.


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**ON MOTION OF MR. RESTER, SECONDED BY MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT**, the committee agreed to adjourn.

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The meeting adjourned at 11:15 a.m.

  
Charles P. Bujol, Director

  
Jeffrey Faulk, Sr., Chairman