

Louisiana School Employees' Retirement System Board Investment Committee Meeting

*Monday, April 16, 2007
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 9:00 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. Larry Wilmer, Mr. Earl Richard, Jr., Mr. Randy Davis, designee for Mr. Jay Dardenne - Secretary of State and Ms. Amy Mathews, designee for Mr. John Kennedy - State Treasurer.

Members Absent: Senator D.A. "Butch" Gautreaux, Chairman - Senate Retirement Committee and Representative Pete Schneider, 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, Mrs. Jennifer Champagne – Administrative Assistant 5 and Mrs. Laurie Stark - Administrative Assistant 5.

Others Present: Mr. Richard Ranallo - Segal Advisors, Inc. and Mr. Brett Hazen – Segal Advisors, Inc.

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Mr. Bujol made the following announcements:

Individual reports of Trustee Educational Requirements have been provided to all board members to review for accuracy and notify Mrs. Champagne of any discrepancies.

Board members were provided a copy of the newly redesigned quarterly newsletter.

Board members were provided a copy of the salary comparison for the vacated Public Information Director position. The comparison reflected how distributing portions of duties amongst various employees and contracting the remaining duties though an outside vendor would save agency funds.

EDUCATIONAL PRESENTATION ON HEDGE FUNDS.

Mr. Brett Hazen and Mr. Richard Ranallo of Segal Advisors, Inc., provided a one-hour and fifteen minute presentation on hedge funds. This included a review of Alpha/Beta returns and Long/Short selling.

ON MOTION OF MR. RICHARD, SECONDED BY MS. CRAIN AND CARRIED, the committee recommended tabling any further discussion of a possible investment in a Long/Short strategy search until the next board meeting.

STAFF REPORTS

Commission Recapture

Mrs. Meche reported that for the period January 1, 2007 through February 28, 2007 none of the fixed income managers met their targeted commitment to Lynch Jones & Ryan. The equity manager that met or exceeded its 25% target was Walter Scott. The total funds available for disbursement as of February 28, 2007 were \$20,109. Payments totaling \$5,550 were made, leaving a balance of \$14,559 available for disbursement.

ON MOTION OF MR. WILMER, SECONDED BY MR. RICHARD AND CARRIED, the committee accepted the Commission Recapture Report.

Northern Trust Securities Lending Report

Mr. Brosnan reported that for February 2007, the gross income on securities lending was \$57,530.00. Northern Trust received a fee of \$17,244.50. The fund earned \$40,285.50 for February or an average of \$41,609.18 per month calendar year-to-date. Since inception the fund earned \$5,726,716.67 or an average net monthly income of \$35,791.98.

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

Louisiana Brokers

Mrs. Meche reported that for the period January 1, 2007 through February 28, 2007 Orleans Capital was the only fixed income manager to meet or exceed its 10% target. The equity managers that met or exceeded their 10% minimum target were Ark, J & W Seligman and Walter Scott. A total of \$9,100,021.96 par value and \$16,641.75 in equity commissions was directed during the period ending February 28, 2007.

Louisiana Incorporated & Domiciled Broker Report

Mrs. Meche reported that for the period January 1, 2007 through February 28, 2007 the equity managers that met or exceeded their 10% target were Ark and J & W Seligman. None of the fixed income managers met their targets for the period. A total of \$14,671.46 in equity commissions and \$0.00 par value was directed during the period ending February 28, 2007.

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

**Securities Litigation
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of February 28, 2007, LSERS received a total of \$1,697,706.98 in cash, \$578 in par value and 8,963 shares of stock/warrants for settlements from securities litigations.

ON MOTION OF MR. RICHARD, SECONDED BY MS. CRAIN AND CARRIED, the committee accepted the Securities Litigation Report on Receipts.

Current Case Review

Mr. Ponder had no current litigation information to report. He then provided a brief overview of three legislative bills that could affect LSERS.

ON MOTION OF MRS. LANDRY, SECONDED BY MR. RICHARD AND CARRIED, the committee accepted the Current Case Review report.

Mid-Cap Search Update.

Mr. Brosnan and Mr. Ranallo provided an update on the search for a Mid-Cap Manager. Mr. Ranallo suggested that interviewing candidates would not be productive, as this was a search for an index manager. Consensus of the committee was to delay a decision pending receipt of proposals.

ON MOTION OF MR. WILMER, SECONDED BY MR. RICHARD AND CARRIED, the committee accepted the Mid-Cap Search Update.

PUBLIC COMMENTS.

There were no public comments.

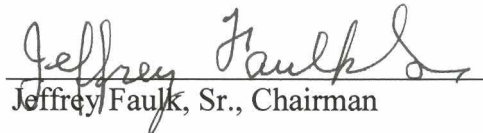
OTHER BUSINESS.

Mr. Brosnan announced that a free performance measuring and reporting seminar was being offered at Louisiana State University in April.

ON MOTION OF MS. CRAIN, SECONDED BY MRS. LANDRY AND CARRIED, the committee agreed to adjourn.

The meeting adjourned at 11:21 a.m.


Charles P. Bujol, Director


Jeffrey Faulk, Sr., Chairman