

Louisiana School Employees' Retirement System Board Investment Committee Meeting

*Monday, July 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 9:03 a.m. Mrs. Stark called the Roll.

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Members Present: Mr. Jeffrey Faulk, Sr. - Chairman, Mr. Larry Wilmer, Mrs. Kathy Landry, Ms. Betty Crain, Mrs. Judith McKee, Mr. Eugene Rester, Jr., Mr. Philip B. Walther, Mr. Randy Davis, designee for Mr. Jay Dardenne – Secretary of State, Ms. Lauren Bailey, attendee for Senator D.A. “Butch” Gautreaux – Senate Retirement Committee, Ms. Lori Pierce, designee for Mr. John Kennedy – State Treasurer and Mr. Matt Tessier, attendee for Representative Joel C. Robideaux – House Retirement Committee.

Members Absent: Mr. John Kennedy – State Treasurer, Mr. Jay Dardenne – Secretary of State, 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, Mr. Stephen Harris – Investment Officer I, and Mrs. Laurie Stark - Administrative Assistant 5.

Others Present: Mr. Brett Hazen – Segal Advisors, Inc., Mr. Charles Hall, Mr. Tim DeLange – Bernstein, Litowitz, Berger & Grossmann, LLP, and Mr. Ken Temple and Mr. John Delaney – BNY ConvergeX Group.

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

Mr. Bujol made the following announcements:

Ms. Lauren Bailey was introduced as a non-voting observer for Senator D.A. “Butch” Gautreaux who is Chairman of the Senate Retirement Committee.

Mr. Stephen Harris was also introduced as the newest member of the Investment Department.

DISCUSSION WITH CONSULTANT

Mr. Hazen provided an overview of the system's portfolio performance numbers. He reported that the fiscal numbers were not very good. Ark's performance based fee negotiations were successful. The fee will be 10 basis points. He reported that the performance part of the fee will not be going up soon. J & W Seligman sent an email regarding Ameriprise buying out J & W Seligman. Also, Evergreen has made a high level staff change, but it should not affect the portfolio's performance.

ON MOTION OF MR. WILMER, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the committee agreed to accept the Performance Based Fee Schedule with Ark Asset Management.

STAFF REPORTS

Commission Recapture

Mr. Brosnan reported that for the period January 1, 2008 through April 30, 2008 none of the fixed income managers met their targeted commitment to Lynch Jones & Ryan. It was also reported that C.S. McKee and Walter Scott met or exceeded their 25% targets. The total funds available for disbursement as of April 30, 2008 were \$77,283. Disbursements totaling \$8,050 were made leaving a balance of \$69,233.

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

Northern Trust Securities Lending Report

Mr. Brosnan reported that for April 2008 the gross income on securities lending was \$153,319.93. Northern Trust received a fee of \$45,978.46. The fund earned \$107,341.47 for April or an average of \$41,163.49 per month calendar year-to-date. Since inception the fund earned \$7,080,120.44 or an average net monthly income of \$41,163.49.

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

Louisiana Brokers

Mr. Brosnan reported that for the period January 1, 2008 through April 30, 2008 the equity managers that met or exceeded their 10% target were Ark and Walter Scott. Orleans Capital was the only fixed income manager that met its target for the period. A total of \$28,710.55 in equity commissions and \$8,168,107.43 in par value was directed during the period ending April 30, 2008.

Louisiana Incorporated & Domiciled Broker Report

Mr. Brosnan reported that for the period January 1, 2008 through April 30, 2008 none of the fixed income managers met their 10% target. All equity managers met or exceeded their 10% minimum target. A total of \$54,514.69 in equity commissions and \$527,405 in par value was directed during the period ending April 30, 2008.

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

**Securities Litigation
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of March 31, 2008 LSERS received a total of \$141,492,84 in cash, \$578 in par value and 8,963 shares of stock/warrants for settlements from securities litigations.

ON MOTION OF MS. CRAIN, SECONDED BY MR. WILMER AND CARRIED BY UNANIMOUS CONSENT, the committee agreed to address item 3D before item 2D.

Legislative Update.

Mr. Ponder updated the committee on the outcome of all bills affecting LSERS.

Current Case Review

Mr. Tim DeLange with Bernstein, Litowitz was present to provide an overview and summary of the Accredo Health, Inc. case that they are handling on behalf of LSERS. This case is scheduled for trial in October, 2008.

Ms. Lori Pierce arrived at 10:06 a.m.
Mr. Matt Tessier arrived at approximately 10:15 a.m.

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

SMALL CAP VALUE SEARCH UPDATE.

Mr. Brosnan and Mr. Hazen reported on the status of the ongoing Small Cap Value Search. He noted that Denver Investment Advisors, Fisher Investments, Morgan Stanley, WCM, and Wedge Capital were the top five (5) managers that should be considered for the Small Cap Value position.

ON MOTION OF MR. WILMER, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the committee agreed to invite Fisher Investments, Denver Investment Advisors, Morgan Stanley, Wedge, and Pzena to come in for interviews for the Small Cap Value Search in August.

EDUCATIONAL PRESENTATION: TRANSITION MANAGEMENT.

Mr. Ken Temple and Mr. John Delaney with BNY ConvergEx Group were present to give a half-hour educational presentation regarding Transition Management.

PUBLIC COMMENTS

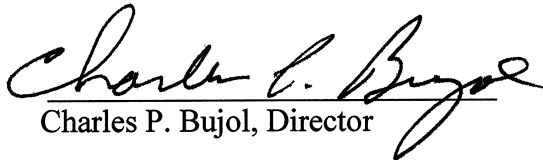
There were no public comments.

OTHER BUSINESS

There was no other business.

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

The meeting adjourned at 11:40 a.m.


Charles P. Bujol, Director


Jeffrey Faulk, Sr., Chairman