

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

**Monday, June 12, 2006
9:30 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. Ms. Jacobs called the meeting to order at 9:32 a.m. The Roll was called by Mrs. Champagne.

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Members Present: Ms. Betty Jacobs - Chairperson, Ms. Sylvia Myers, Mr. Larry Wilmer, Ms. Betty Crain, Mrs. Judith McKee, Mr. Jeffrey Faulk, Sr., Mr. Earl Richard, Jr., Ms. Lori Pierce - Treasurer's Office and Ms. Stacy Sharpe - Secretary of State's Office.

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, Mrs. Julia LeBlanc - Chief Investment Officer, Mrs. Josie Meche - Investment Manager I, Ms. Judy Wright - Public Information Director I, Mrs. Jennifer Champagne - Administrative Assistant 5 and Mrs. Laurie Stark - Administrative Assistant 5.

Others Present: Mr. Richard Ranallo - Segal Advisors, Inc.

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EDUCATIONAL PRESENTATION: "The Hiring and Firing of Investment Managers"

Mr. Ranallo provided an educational presentation on "The Hiring and Firing of Investment Managers", which included the timing in hiring and firing of investment managers, how it should be based on certain situations, and how to recognize the warning signs of when a manager is in trouble and should be terminated.

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ON MOTION OF MRS. McKEE, SECONDED BY MS. CRAIN AND CARRIED, the committee accepted the Educational Presentation on "The Hiring and Firing of Investment Managers" provided by Segal Advisors.

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DISCUSSION WITH CONSULTANT
Performance Review and Dispersion Analysis.

Mr. Ranallo presented the dispersion analysis and performance review. It was determined that all of the managers performed better for our System compared to their other clients. This indicates that the investment policy, commission recapture program, and local broker programs are not constraining the managers.

ON MOTION OF MRS. CRAIN, SECONDED BY MR. WILMER AND CARRIED, the committee accepted the Performance Review and Dispersion Analysis report presented by Mr. Ranallo.

Purchase of Walter Scott by Mellon Financial Corporation

Mr. Ranallo provided an update on the purchase of Walter Scott & Partners, Ltd. by Mellon Financial Corporation. It was noted that Dr. Walter Scott has assured that it would be business as usual and nothing would change as far as the corporation's performance for this System.

ON MOTION OF MS. CRAIN, SECONDED BY MS. MYERS AND CARRIED, the committee accepted the report given by Mr. Ranallo regarding the purchase of Walter Scott by Mellon Financial Corporation.

Funding of 3rd Quarter 2006 Expenditures.

Mr. Ranallo reported that approximately \$24.5 million would be needed to cover third quarter expenditures. Half of the money would be taken from Orleans Capital and the other half from Schroder.

ON MOTION OF MRS. McKEE, SECONDED BY MS. CRAIN AND CARRIED, the committee approved that the approximate \$24.5 million for 3rd quarter expenditures would be equally funded from Orleans Capital and Schroder.

STAFF REPORTS

Commission Recapture Report

Mrs. Meche reported for the period January 1, 2006 through March 31, 2006 that none of the fixed income managers met their targeted commitment to Lynch Jones & Ryan. The only equity manager that met or exceeded its 25% target was Walter Scott. The total funds available for disbursement as of March 31, 2006 were \$160,561.00. Payments totaling \$47,600.00 were made, leaving a balance of \$112,961.00 available for disbursement.

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

Northern Trust Securities Lending Report

Mrs. LeBlanc reported that for the calendar year-to-date ending April 2006, the gross income on securities lending was \$216,794.80. Northern Trust received a fee of \$64,985.66. The fund earned \$151,809.14 or an average of \$37,952.29 per month. For April 2006 the gross income was \$49,100.95, Northern's fee was \$14,716.37 and the fund earned \$34,384.58. To date the fund earned \$5,318,415.93 or an average net monthly income of \$35,456.11.

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

Louisiana Brokers

Mrs. Meche reported that for the period of January 1, 2006 through March 31, 2006 the only fixed income manager that met or exceeded its 10% target was Orleans Capital. The only equity manager that met or exceeded its 10% minimum target was Ark. A total of \$25,987,261.79 par value and \$15,185.50 in equity commissions was directed during the period ending March 31, 2006.

Louisiana Incorporated & Domiciled Broker Report

Mrs. Meche reported that for the period of January 1, 2006 through March 31, 2006 the only equity manager that met or exceeded its 10% target was Trinity. Orleans Capital was the only fixed income manager to meet its target for the period. A total of \$18,525.85 in equity commissions and \$7,897,770.00 in par value was directed during the period ending March 31, 2006.

ON MOTION OF MR. RICHARD, SECONDED BY MR. WILMER AND CARRIED, the committee accepted the Louisiana and Louisiana Incorporated and Domiciled Broker Reports.

**Securities Litigation
Investment Staff Report of Receipts**

Mrs. LeBlanc reported that as of April 28, 2006, LSERS received a total of \$926,290.84 in cash, \$578 in par value and 8,013 shares of stock/warrants for settlements from securities litigations.

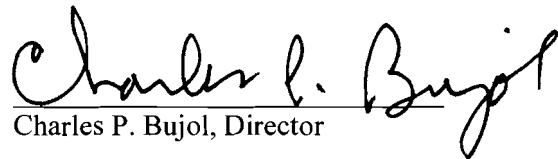
ON MOTION OF MR. WILMER, SECONDED BY MR. RICHARD AND CARRIED, the committee accepted the Securities Litigation Report on Receipts presented by Mrs. LeBlanc.

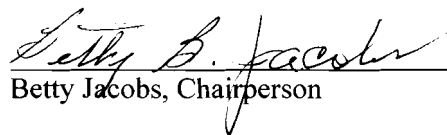
Current Case Review

Due to Mr. Ponder's required attendance at a Senate Retirement Committee meeting, the Chairman dispensed with this review, which would be presented at the Special Board Meeting following the conclusion of the Investment Committee Meeting.

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

The meeting adjourned at 11:03 a.m.


Charles P. Bujol, Director


Betty Jacobs, Chairperson