

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

Monday, October 15, 2007

The Investment Committee of the Board of Trustees of the Louisiana School Employees' Retirement System convened in the Board Room (Room 100) of the Louisiana School Employees' Retirement System's Building located at 8660 United Plaza Blvd., Baton Rouge, Louisiana. Mr. Jeffrey Faulk, Sr., Chairman of the Investment Committee, called the meeting to order at 9:06 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Ms. Champagne.

Members Present: Mr. Jeffrey Faulk, Sr. – Chairman, Ms. Betty Crain, Mr. Eugene Rester, Jr., Ms. Kathy Landry, Mr. Earl Richard, Jr., Ms. Judith McKee, Mr. Randy Davis, designee for Mr. Jay Dardenne – Secretary of State, *Ms. Laura Gail Sullivan, non-voting designee for Senator D.A. "Butch" Gautreaux – Chairman of the Senate Retirement Committee

Members Absent: Mr. Larry Wilmer, Mr. John Kennedy – State Treasurer, Representative Pete Schneider – Chairman of the House Retirement Committee

Staff Present: Mr. Charles P. Bujol – Executive Director, Ms. Debra Dudley – Assistant Director, Mr. Brendan Brosnan – Chief Investment Officer, Mr. Warren Ponder – Executive Counsel, Ms. Jennifer Champagne – Administrative Assistant 5

Also Present: Mr. Richard Ranallo – Segal Advisors, Inc.

*Ms. Laura Gail Sullivan arrived after roll was called .

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

A letter, along with individual reports on each board member, was sent to the Speaker of the Louisiana House of Representatives, the President of the Louisiana State Senate, the Chairman of the House Retirement Committee, and the Chairman of the Senate Retirement Committee, certifying LSERS' Board of Trustees' compliance with educational requirements for the period September 1, 2006 through August 31, 2007. Confirmation of receipt of this certification was received. A copy of the letter and individual report was provided to each Board member.

A revised budget was placed in each member's folder for review and discussion during the Special Board meeting that will be held upon adjournment of the Investment Committee meeting.

Detailed information on the COLA (13th check) that will issued to retirees in December 2007 will be provided by Mr. Ponder during the Special Board meeting that will be held upon adjournment of the Investment Committee meeting.

EDUCATIONAL PRESENTATION – “The Case for Global Investing”

Citigroup Global Markets, Inc.

*Ari D. Barkan, Head of North America Public Sector Sales, Citi Alternative Investments
Phillip Neldoff, Director, Citi Private Equity*

Mr. Craig Thomas, Head of Research for Citi Property Investors, was unable to attend, but was able to participate on a conference call.

An educational presentation was provided on “The Case for Global Investing”. This included an executive summary, then a review of public equity and debt markets, private equity by Citi Private Equity, and private real estate by City Property Investors. Mr. Barkan, Mr. Neldoff, and Mr. Thomas then addressed questions from the Board.

DISCUSSION WITH CONSULTANT

Mr. Ranallo noted that today's educational presentation provided insight into additional diversification opportunities. He briefly reviewed all of the changes made to the investment portfolio over the last few years, which included high yield bonds, foreign bonds, developed market, emerging market, emerging market equities, real estate, private equity, and long/short investment strategies. He then highlighted key points brought up during the presentation that could be used to further diversify the portfolio. Discussion was held on the type and amount of commitment needed. Further research would be needed before investment strategies could be presented to the Board, possibly at the December 2007 meeting.

STAFF REPORTS

COMMISSION RECAPTURE

Mr. Brosnan provided the following report for the period January 1, 2007 – July 31, 2007:

Only two managers, J & W. Seligman and NTQA, exceeded the targeted commitment to Lynch, Jones & Ryan. None of the fixed income managers produced any commissions.

Total funds available for disbursement as of July 31, 2007 were \$55,361.00. Payments totaling \$24,150.00 were made, leaving a balance of \$31,211.00 available for disbursement.

ON MOTION BY MS. MCKEE, SECONDED BY MS. CRAIN AND CARRIED, the Committee accepted the Commission Recapture Report.

NORTHERN TRUST SECURITIES LENDING REPORT

Mr. Brosnan reported that for July 2007 the gross income on securities lending was \$80,245.93. Northern Trust received a fee of \$24,057.43. The fund earned \$56,188.50 for July.

ON MOTION BY MS. LANDRY, SECONDED BY MR. RICHARD AND CARRIED, the Committee accepted the Northern Trust Securities Lending Report.

LOUISIANA BROKER REPORTS

Mr. Brosnan provided the following report for the period January 1, 2007 – July 31, 2007:

LOUISIANA BROKERS

Ark Asset Management, J. & W. Seligman, NTQA, Rumblin, and Walter Scott met their 10% target of commissions allocated to Louisiana Brokers.

None of the fixed income managers met their 10% target.

LOUISIANA INCORPORATED AND DOMICILED BROKERS

Brandywine and C.S. McKee exceeded their 10% target to Louisiana Incorporated and Domiciled Brokers.

Orleans Capital was the only fixed income manager to have any trades with Louisiana Incorporated and Domiciled Brokers, but did not meet its 10% target.

ON MOTION BY MS. CRAIN, SECONDED BY MR. RICHARD AND CARRIED, the Committee accepted the Louisiana Broker Report and Louisiana Incorporated and Domiciled Report.

LEGAL UPDATE

INVESTMENT STAFF REPORT OF RECEIPTS

Mr. Brosnan reported that during the month of August 2007 LSERS received \$175,658.50. Total to date was \$511,993.28.

CURRENT CASE REVIEW

Mr. Ponder provided a brief synopsis on three cases.

ON MOTION BY MS. MCKEE, SECONDED BY MS. CRAIN AND CARRIED, the Committee accepted the Investment Staff Report of Receipts and Current Case Review.

PUBLIC COMMENT

There was no public comment.

OTHER BUSINESS

Mr. Bujol provided an update on legislation passed in the 2007 legislative session requiring that public retirement systems invest in a terror free index and noted that a meeting was scheduled for October 30, 2007 to discuss this legislation. Mr. Bujol also noted that LSERS was required to participate in the terror free index and requested that the Committee provide parameters on how much funding would be put in this index.

Mr. Brosnan provided a review of the legislative requirements and what has transpired to date in the collective meetings with other public retirement systems. He noted that LASERS, on behalf of the collective group, advertised a Request for Proposal (RFP) and had completed a review of proposals. This review would be available at the October 30, 2007 meeting. A decision on how much to invest would need to be made by February 2008. When asked what countries were on the "Terror Free Index" list, Mr. Brosnan noted that this included the Europe Africa Far East (EAFE) Index without any investments in Sudan, North Korea, Iran, and Iraq. It was noted that the new legislation provides that any countries dropped off the United States terror list are dropped off this list. Discussion was held on this legislation, specifically the difficulties in finding a manager that could handle this fund without the cooperative effort of other public retirement systems.

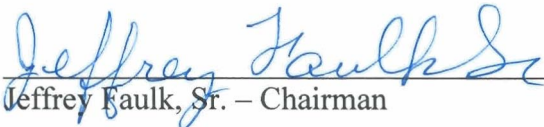
Mr. Bujol informed the Committee that he would need to provide an estimated amount for participation in this fund and recommended an amount of no more than \$10 million dollars. He noted that specific information could be provided to the Board at its December 2007 meeting. Discussion was held and consensus of the Committee was to limit the funding to no more than \$10 million dollars and for Mr. Bujol to report back to the Board at its December 2007 meeting. Mr. Ponder provided a brief synopsis of the NAPPA (National Association of Public Pension Attorneys) conference he attended, specifically on topics related to Terror Free Indexes.

Mr. Brosnan provided a brief synopsis of the NASIO (National Association of State Investment Officers) conference he attended. He noted that investments and laws and regulations involving Terror Free Indexes came up during every topic of discussion.

No further discussion was held on this topic.

ON MOTION BY MS. CRAIN, SECONDED BY MS. MCKEE AND CARRIED, the Committee adjourned at 11:22 a.m.


Charles P. Bujol – Director


Jeffrey Faulk, Sr. – Chairman