

**Louisiana School Employees' Retirement System  
Quarterly Board Meeting**

**Monday, May 16, 2011  
9:00 a.m.**

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 Building located at 8660 United Plaza Blvd., Baton Rouge, Louisiana. Mr. Larry Wilmer, Chairman of the Board, called the meeting to order at 9:00 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Mrs. Stark.

\*\*\*\*\*

**Members Present:** Mr. Philip B. Walther, \*Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, \*Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Larry Wilmer, Mr. Tim Palmatier - designee for Mr. Tom Schedler – Secretary of State.

**Members Absent:** Mr. John Kennedy – State Treasurer, Representative J. Kevin Pearson – Chairman of the House Committee on Retirement, Senator D.A. “Butch” Gautreaux – Chairman of the Senate Committee on Retirement.

**Staff Present:** Mr. Charles P. Bujol – Executive Director, Ms. Carolyn Forbes - Assistant Director, Mr. Warren D. Ponder - Executive Counsel, Mr. Brendan Brosnan - Chief Investment Officer, Mr. Jerry Rhodus – Investment Officer 2, and Ms. Laurie Stark - Administrative Assistant 5 (Recording Secretary)

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

\*Ms. Crain and Mr. Rester left the meeting at 9:45 a.m. and returned at 11:28 a.m.

\*\*\*\*\*

## ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- Mr. Wilmer, Mr. Faulk, Mr. Ponder, and Mr. Bujol will be attending a meeting with the Attorney General at 2:00 p.m. today regarding the opinion request from the Legislative Auditor on employee contributions.
- Mr. Brosnan will be representing LSERS at the Senate Committee on Retirement meeting, which is also scheduled for 2:00 p.m. today. Staff and board members will join Mr. Brosnan after their meeting with the Attorney General. Members of the board were encouraged to attend the Senate Committee on Retirement meeting.
- A handout was distributed on a *Written Reasons for Judgment* issued by Judge Kay Bates in Suit No. 539,015 Sec. 26, 19<sup>th</sup> Judicial District Court, East Baton Rouge Parish, State of Louisiana, East Baton Rouge Parish School Board et al versus LA School Employees Retirement System.

Mr. Ponder provided a detailed review of the following:

- Suit No. 539,015 Sec. 26, 19<sup>th</sup> Judicial District Court, East Baton Rouge Parish, State of Louisiana, East Baton Rouge Parish School Board et al versus LA School Employees Retirement System.
- SB12 by Senator Gautreaux and Representative Pearson. SB12 will be heard at the Senate Committee on Retirement meeting today.

## APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

**ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE**, Ms. Crain, Ms. Landry, Mr. Faulk, Mr. Palmatier, Mr. Rester, Mr. Wilmer, Ms. McKee, and Mr. Walther **voted affirmatively** to approve the agenda.

## PUBLIC COMMENTS ON ANY ITEM ON THE AGENDA

Mr. Wilmer called for public comment on any item on the agenda. There were no comments.

## MANAGER PERFORMANCE REVIEW

Mr. Ranallo and Mr. Hazen provided a brief review of the managers' overall performance ending March 31, 2011. Mr. Hazen continued with an overview of market conditions, asset changes from January through March 2011, and overall performance of the portfolio. Mr. Hazen and Mr. Ranallo then addressed questions from the Board and LSERS administrative staff.

**ON MOTION BY MR. RESTER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT**, the Board accepted the Manager Performance Review.

**UPDATE ON BNY MELLON CONVERSION**

Mr. Brosnan provided a brief update on the conversion of custodian accounts to BNY Mellon.

Ms. Crain and Mr. Rester left the meeting at 9:45 a.m.

**INVESTMENT MANAGER REPORTS**

The following Investment Managers provided their presentations and then addressed questions from the Board, its Investment Consultants, and LSERS administrative staff:

Principal Global Investors

*Jaime S. Morgan – Director, Portfolio Management*

*Darren Kleis – CIMA, Relationship Manager*

Prudential Real Estate Investors

*Catherine Marcus – Managing Director*

*James T. Murphy – Principal*

**ON MOTION BY MR. WALTHER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved consideration of Item IV on the agenda while awaiting the next presentation.

**INVESTMENT REPORTS****Commission Recapture Reports**

Mr. Rhodus provided the following reports on Commission Recapture for the reporting period of January 1, 2011 through February 28, 2011:

Equity Managers

Overall commissions to Lynch, Jones & Ryan were under the 25% target with total commissions of 22.14%.

Fixed Income Managers

Overall commissions to Lynch, Jones & Ryan were under the 35% target with total commissions of 0%.

Mr. Rhodus provided a detailed summary of total commissions for the same reporting period and then addressed questions from the Board.

**ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT**, the Board accepted the Commission Recapture Reports.

**Trading Compliance Report**

There was nothing to report on the four managers presenting at today's meeting. All four managers are comingled accounts that are exempt from compliance with trading guidelines because of the nature of their funds.

**Investment Transactions Report**

An electronic copy of the Investment Report of purchases and sales for the reporting period of January 1, 2011 through March 31, 2011 was available for review.

**Securities Lending Report**

Mr. Brosnan provided the securities lending report and then addressed questions from the Board.

**ON MOTION BY MS. LANDRY, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT**, the Board accepted the Investment Transactions and Securities Lending Reports.

**Other Business**

There was no other business to discuss under Investment Reports.

**ANALYSIS OF S&P 500 INDEX FUND OPTIONS AND PROPOSED CHANGES**

Mr. Brosnan provided a review of a handout on options available for the remaining funds in the S&P 500 fund, which is approximately \$200 million. He recommended moving the funds into two separate S&P 500 funds with approximately 50% distributed in each fund. Mr. Brosnan then addressed questions from the Board, which led to a discussion on managers who could handle these funds.

**ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT**, the Board approved Mr. Brosnan's recommendation.

**ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT**, the Board approved returning to agenda Item III, Investment Manager Reports.

**INVESTMENT MANAGER REPORTS**

The following Investment Managers provided their presentations and then addressed questions from the Board, its Investment Consultants, and LSERS administrative staff:

Pantheon Ventures

*David Braman – Senior Partner  
Carol Foster – Principal*

Hamilton Lane

*Melissa Nigro – Vice President  
Napoleon Stephenson, Jr. – Principal  
Kevin Lucey – Managing Director*

Ms. Crain and Mr. Rester returned to the meeting at 11:28 a.m.

**DRAFT OF RFP FOR SMALL/MID CAP INTERNATIONAL EQUITY MANAGER SEARCH**

Mr. Brosnan provided a review of a draft on a Request for Proposal (RFP) for a Small/Mid Cap International Equity Manager.

**ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the recommended search for an International Mid/Small Cap Equity Manager.

**OTHER BUSINESS**

Mr. Ponder provided a review of pending legislation for the 2011 Regular Legislative Session.

There was no other business to discuss.

**PUBLIC COMMENTS**

There were no public comments.

**ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT**, the Board adjourned at 11:54 a.m.

  
Charles P. Bujol – Director

  
Larry Wilmer - Chairman