

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

Monday, April 12, 2010

The Louisiana School Employees' Retirement System Board of Trustee's Investment Committee 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. Jeffrey Faulk, Sr., Chairman of the Investment Committee, called the meeting to order at 9:00 a.m. Roll was called by Ms. Jennifer Champagne.

Members Present: Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Randy Davis – designee for Mr. Jay Dardenne – Secretary of State, *Mr. Ron Henson – designee for Mr. John Kennedy – State Treasurer

Members Absent: Senator D.A. "Butch" Gautreaux – Chairman of the Senate Committee on Retirement, Representative J. Kevin Pearson – Chairman of the House 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, Ms. Laurie Stark – Administrative Assistant 5, Ms. Jennifer Champagne - Administrative Assistant 6 (Recording Secretary)

Also Present: Mr. Brett Hazen – Segal Advisors

*Mr. Ron Henson arrived at 9:06 a.m.

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

A Senate Committee on Retirement meeting, which was called on Friday, April 9, 2010, will be held 1:00 p.m. today. The agenda would need to be adjusted to allow Mr. Wilmer, Ms. Landry, Mr. Ponder, and Mr. Bujol to attend this meeting. A brief review of bills scheduled for this retirement committee meeting was provided.

Representative J. Kevin Pearson, the new Chairman of the House Committee on Retirement, is scheduled to attend today's meeting and address the Board at 11:00 a.m.

Mr. Ponder reminded all board members that financial disclosure forms are due by May 15, 2010.

APPROVAL OF AGENDA

The agenda was presented to the committee for approval.

ON MOTION BY MS. MCKEE, SECONDED BY MR. WILMER, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Randy Davis, and Mr. Larry Wilmer **voted affirmatively** to approve the agenda.

DISCUSSION WITH CONSULTANT AND STAFF

Mr. Brosnan provided the Portfolio Performance report as of February 28, 2010. This was followed by a brief review of portfolio performance by Mr. Hazen.

ON MOTION BY MS. MCKEE, SECONDED BY MS. LANDRY, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Randy Davis, and Mr. Larry Wilmer approved the Discussion with Consultant and Staff.

STAFF REPORTS

Commission Recapture

Mr. Rhodus provided the following reports on Commission Recapture:

Equity Managers

Overall commissions to Lynch, Jones & Ryan for the month of January 2010 were under the 25% target by 13.27% with total commissions of 11.73%.

Fixed Income Managers

Fixed income managers directed 0.00% of the 35% target for par value trades to Lynch, Jones & Ryan for the month of January 2010.

Total Commission Recapture

Total commission recapture for the month of January 2010 was \$1,985.00. With a beginning balance of \$47,878.00 and equity trades credited by Lynch, Jones & Ryan of \$900 for domestic and \$1,085 for international, the total funds available were \$49,863.00. With expenditures totaling \$5,850.00 the total balance available was \$44,013.00.

ON MOTION BY MR. WILMER, SECONDED BY MS. MCKEE, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Randy Davis, and Mr. Larry Wilmer approved the Commission Recapture Report.

Northern Trust Securities Lending Report

Mr. Brosnan reported a net income of \$39,514.29 for the month of January 2010, which is comparable to the average monthly net income of \$39,954.78 for the year 2009.

A detailed review of the *Final Recap of Securities Lending Problem* followed, in which Mr. Brosnan noted that on March 15, 2010 Northern Trust completely reversed the remaining payable assessed LSERS account due to the securities lending collateral deficiency.

ON MOTION BY MS. MCKEE, SECONDED BY MR. WALTHER, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Randy Davis, and Mr. Larry Wilmer approved the Northern Trust Securities Lending Report.

Louisiana Brokers Reports

Mr. Rhodus provided the following reports for the one-month reporting period of January 1, 2010 through January 31, 2010:

Louisiana

Equity managers did not meet their 10% commissions target with 1.16% commissions directed to Louisiana Brokers. Fixed Income managers did not meet their 10% par value target with 0.00% directed to Louisiana Brokers.

Louisiana Inc. and Domiciled

Equity managers did not meet their 10% commission target with 0.00% commissions directed to Louisiana Incorporated and Domiciled Brokers. Fixed Income managers did not meet their 10% par value target with 0.00% directed to Louisiana Incorporated and Domiciled Brokers.

ON MOTION BY MS. MCKEE, SECONDED BY MS. CRAIN, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Randy Davis, and Mr. Larry Wilmer approved the Louisiana Brokers Reports.

Legal Update

Investment Staff Report of Receipts

Mr. Brosnan provided the report on securities litigation settlements received. In February 2010 LSERS received a total of \$14,082.27 as recoveries from securities litigation cases.

ON MOTION BY MS. MCKEE, SECONDED BY MS. CRAIN, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Randy Davis, and Mr. Larry Wilmer approved the Investment Staff Report of Receipts.

Current Case Review

Mr. Ponder provided a brief review of current litigation.

ON MOTION BY MS. LANDRY, SECONDED BY MS. MCKEE, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Randy Davis, and Mr. Larry Wilmer approved the Current Case Review.

Report on 130/30 Asset Class Performance

Mr. Hazen provided a brief review of the performance of the 130/30 asset class managers Axa Rosenberg Investment Management Company and Analytic Investors. It was noted that these managers are scheduled for their annual investment manager reviews during the May 2010 meetings.

ON MOTION BY MR. WALTHER, SECONDED BY MR. WILMER, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Randy Davis, and Mr. Larry Wilmer approved the Report on 130/30 Asset Class Performance.

Update on Small Cap Growth Portfolio Transition

Mr. Brosnan provided an update on the Small Cap Growth portfolio transition that was approved by the Board during its March 8, 2010 meeting. Russell Investments was hired to take over the RiverSource portfolio to reduce the tracking error to 2% or less and manage the portfolio while a search was conducted for a new Small Cap Growth manager. A detailed report of all activity involving this transition was provided, along with an update on the search for a new Small Cap Growth manager.

ON MOTION BY MR. WILMER, SECONDED BY MS. CRAIN, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Randy Davis, and Mr. Larry Wilmer approved the Update on Small Cap Growth Portfolio Transition.

Mr. Hazen noted that the preliminary fiscal year to date return was 19.1% through the end of March 2010. He also provided an update on the sale of Pantheon to the senior officers of the company.

Mr. Faulk announced that the Investment Committee would need to recess to allow the Personnel Committee and Special Board meetings to convene. The Investment Committee would reconvene after these meetings are adjourned.

ON MOTION BY MS. LANDRY, SECONDED BY MS. MCKEE, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Randy Davis, and Mr. Larry Wilmer approved a recess of the Investment Committee until after adjournment of the Personnel Committee and Special Board meetings.

The Investment Committee recessed at 9:30 a.m.

The Investment Committee meeting reconvened and Mr. Faulk called the meeting to order at 12:26 p.m.

Members Present: Mr. Philip B. Walther, *Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, *Ms. Betty Crain, Mr. Jeffrey Faulk, Sr.

Staff Present: Ms. Carolyn Forbes - Assistant Director, Mr. Brendan Brosnan - Chief Investment Officer, Mr. Jerry Rhodus, Investment Officer 2, Ms. Laurie Stark – Administrative Assistant 5, Ms. Jennifer Champagne - Administrative Assistant 6 (Recording Secretary)

Also Present: Mr. Brett Hazen – Segal Advisors

The following agenda items were continued from the morning session of the Investment Committee meeting:

PRESENTATION BY RESOURCE CONSERVATION FUND

The following individuals provided a presentation on making investments in ecological restoration:

*Will Donalson – Vice President
Elliott Bouillion – President & CEO
Kevin H. Couhig – Chief Executive Officer*

*Mr. Rester and Ms. Crain left the meeting at 12:37 p.m. to attend a legislative meeting.

PRESENTATION BY OPPORTUNISTIC REAL ESTATE MANAGERS

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

Landmark Partners

*Chad S. Alfeld - Partner
Robert J. Dombi - Partner*

Perseus Realty Partners

*Paul C. Dougherty – President
Robert E. Bartlett, Jr. - Director*


OTHER BUSINESS

There was no other business to discuss.

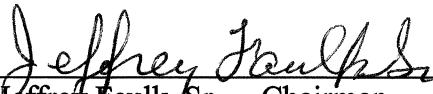
PUBLIC COMMENT

There were no public comments.

Mr. Faulk adjourned the meeting at 2:18 p.m.



Charles P. Bujol – Executive Director



Jeffrey Faulk, Sr. – Chairman