

Louisiana School Employees' Retirement System Board Investment Committee Meeting

Monday, January 10, 2011
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, Chairman of the committee, 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. Jeffrey Faulk, Sr., Mr. Larry Wilmer, Mr. Eugene Rester, Jr., Mrs. Kathy B. Landry, Ms. Betty Crain, Mrs. Judith Ann McKee, Mr. Philip B. Walther, Ms. Lauren Bailey, observer for Sen. D.A. "Butch" Gautreaux – Chairman of the Senate Committee on Retirement, Mr. Ron Henson, designee for Mr. John Kennedy – State Treasurer and Mr. Tim Palmatier, designee for Mr. Tom Schedler – Secretary of State.

Members Absent: Rep. J. Kevin Pearson – Chairman of the House Committee on Retirement and Sen. D.A. "Butch" Gautreaux – Chairman of the Senate Committee on Retirement.

Staff Present: Mr. Charles Bujol – Executive Director, Mrs. Carolyn Forbes - Assistant Director, Mr. Warren D. Ponder - Executive Counsel, Mr. Brendan Brosnan - Chief Investment Officer, Mr. Jerry Rhodus – Investment Officer II, and Mrs. Laurie Stark - Administrative Assistant 5

Others Present: Brett Hazen – Segal Advisors, Inc.

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

The President of the United States will hold a moment of silence for the victims of a weekend shooting in Arizona at 10:00 a.m. (central time).

APPROVAL OF AGENDA

The agenda was presented to the committee for approval.

ON MOTION OF MR. WILMER, SECONDED BY MS. CRAIN, Ms. Crain, Mrs. Landry, Mr. Faulk, Mrs. McKee. Mr. Wilmer, Mr. Palmatier, Mr. Rester, Mr. Henson and Mr. Walther **voted affirmatively** to approve the agenda.

PUBLIC COMMENTS ON ANY ITEM ON THE AGENDA

The chairman made the request for any members of the public who would like to comment on any agenda item. There were no members of the public present at the meeting.

PORTFOLIO PERFORMANCE REVIEW

Mr. Brosnan provided an update on the current status of the market and performance numbers for the portfolios. Mr. Brosnan then entertained questions from the committee.

ON MOTION OF MRS. McKEE, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Portfolio Performance Review.

CUSTODIAN RFP

Mr. Brosnan presented an overview of results from staff interviews with each of the three (3) custodian bank candidates. Staff has narrowed the candidates down to two (2) finalists. The committee members asked that custodial bank finalists attend the February meeting for a presentation before the board.

ON MOTION OF MR. WALTHER, SECONDED BY MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Custodian RFP review.

STAFF REPORTS

Commission Recapture

Mr. Rhodus reported that for the period January 1, 2010 through October 31, 2010 none of the fixed income managers met their targeted commitment to Lynch Jones & Ryan. All of the equity managers, except C.S. McKee, Russell and Wasatch, met or exceeded their 25% targets. The total funds available for disbursement as of October 31, 2010 were \$54,440.15. Disbursements totaling \$43,716.67 were made, leaving a balance of \$10,723.48. Mr. Rhodus then entertained questions from the committee.

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

Northern Trust Securities Lending Report

Mr. Brosnan reported that for the period of January 1, 2010 through October 31, 2010 the gross income on securities lending was \$506,913.98. Northern Trust received a fee of \$151,943.31. Since inception the fund earned \$8,610,465.86 or an average net monthly income of \$42,208.17. Mr. Brosnan then entertained questions from the committee.

ON MOTION OF MRS. LANDRY, SECONDED BY MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Securities Lending Report.

Louisiana Broker Report

Mr. Rhodus reported that for the reporting period of January 1, 2010 through October 31, 2010 NTGI and Walter Scott were the only managers that met or exceeded their 10% target. None of the fixed income managers met their target for the period. Equity commissions totaling \$9,162.51 were collected during the period ending October 31, 2010. \$4,894,250.00 in par value was collected. Mr. Rhodus then entertained questions from the committee.

Louisiana Incorporated & Domiciled Broker Report

Mr. Rhodus reported that for the reporting period of January 1, 2010 through October 31, 2010 none of the fixed income managers met their 10% target. All of the equity managers except Russell and Wasatch met or exceeded their 10% minimum target. Equity commissions totaling \$27,401.12 were directed during the period ending October 31, 2010. No par value was collected. Mr. Rhodus then entertained questions from the committee.

ON MOTION OF MRS. McKEE, SECONDED BY MRS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Louisiana Broker and the Louisiana Incorporated and Domiciled Broker Reports.

**Legal Update
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of September 2010 LSERS received a total of \$4,811,592.08 in cash, \$578 in par value and 8,965 shares of stock/warrants for settlements from securities litigations. Mr. Brosnan then entertained questions from the committee.

ON MOTION OF MR. WALTHER, SECONDED BY MR. WILMER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Report of Receipts.

Current Case Review

Mr. Ponder provided an update regarding the ongoing case of East Baton Rouge Parish School Board vs. LSERS that was scheduled for Motion for Summary Judgment in December 2010. The judgment has been rescheduled for February 2011.

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

PRESENTATION

Altius Associates Limited

W. Chason Beggerow – Partner

Jay A. Yoder – Partner & Head of Real Assets

Mr. Yoder and Mr. Beggerow presented a 45 minute long educational component regarding real assets, also known as hard assets, which includes energy, timber and infrastructure, etc.

Louisiana Asset Management Pool (LAMP)
Theodore C. Sanders, III – Chief Executive Officer

Mr. Sanders presented an overview of Louisiana Asset Management Pool, Inc. which is a cooperation to enhance performance in the investment of public funds. He then proposed this fund as an alternative to the Federated Money Market fund currently used as a depository for LA DROP account balances.

ON MOTION OF MR. WILMER, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT (Mr. Ron Henson, designee of John Kennedy, State Treasurer ABSTAINED), the committee agreed to give the investment staff the authority to make a comparison of Louisiana Asset Management Pool, Inc. (LAMP) with the firm that is currently handling our DROP funds and report back to the Board with a recommendation.

OTHER BUSINESS

Mr. Walther commended the staff on their successful handling of a constituent's problem.

PUBLIC COMMENTS

There were no public comments.

ON MOTION OF MR. RESTER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the committee adjourned at 10:44 a.m.



Charles P. Bujol, Director



Jeffrey Faulk, Sr., Chairman