

Louisiana School Employees' Retirement System Board Investment Committee Meeting

Monday, March 8, 2010
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. Roll was called by Mrs. Stark.

Members Present: Mr. Jeffrey Faulk, Sr., Mr. Larry Wilmer, Mr. Eugene Rester, Jr., Mrs. Kathy Landry, Ms. Betty Crain, Mrs. Judith McKee, and Mr. Philip B. Walther

Members Absent: Mr. Jay Dardenne – Secretary of State, Mr. John Kennedy – State Treasurer and Representative Joel Robideaux – Chairman of the House Committee on Retirement

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

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

Updates to LSERS' Board of Trustees manual have been provided.

Annual evaluations on unclassified personnel have been mailed to all Board members. Evaluations are to be mailed to Ms. Crain, Chairman of the Personnel Committee, by Monday, April 5, 2010.

APPROVAL OF AGENDA

The agenda was presented to the committee for approval.

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

PERFORMANCE REVIEW

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

APPROVAL OF DRAFT OF RFP FOR SMALL CAP GROWTH

Mr. Brosnan presented an overview of the minimum criteria required for the Small Cap Growth manager applicants for approval by the committee. He noted that \$55 to \$60 million would be invested in this portfolio.

ON MOTION OF MR. WILMER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the committee approved the minimum criteria for an RFP to be published in order to hire a Small Cap Growth manager.

DISCUSSION OF SHORT TERM SOLUTION FOR SMALL CAP GROWTH MANAGER

Mr. Brosnan presented the options available to replace RiverSource Investments, Inc. due to their merger with Columbia. He recommended that the Board hire Russell Investments to optimize the portfolio to a 2% tracking error while the RFP is being conducted. The portfolio would be managed by Russell for approximately 90 days until a Small Cap Growth Manager is hired.

ON MOTION OF MR. WILMER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the committee approved allowing staff to use Option 4, which is to hire a short term portfolio manager (Russell Investments) until a Small Cap Growth Manager is hired.

STAFF REPORTS

Commission Recapture

Mr. Rhodus reported that for the period January 1, 2009 through December 31, 2009 none of the fixed income managers met their targeted commitment to Lynch, Jones & Ryan. All of the equity managers, except NTGI, met or exceeded their 25% targets. The total funds available for disbursement as of December 31, 2009 were \$94,779.00. Disbursements totaling \$46,900.00 were made, leaving a balance of \$47,879.00. Mr. Brosnan noted that the amount of commissions has slowly diminished over the years due to brokers being more competitive. He also noted that he will be presenting a recommendation that the program cease before July 1, 2010.

ON MOTION OF MR. WILMER, SECONDED BY MRS. McKEE 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, 2009 through December 31, 2009 the gross income on securities lending was \$641,812.30. Northern Trust received a fee of \$162,354.93. The fund earned \$479,457.37 for 2009 or an average of \$39,954.78 per month. Since inception the fund earned \$8,255,495.19 or an average net monthly income of \$42,554.10.

He also reported that the balance of the payable due the Northern Trust collateral pool had been renewed, as the value of the pool assets had recovered.

ON MOTION OF MRS. LANDRY, SECONDED BY MS. CRAIN 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, 2009 through December 31, 2009 NTGI and Walter Scott were the only managers that met or exceeded their 10% target. Orleans Capital was the only fixed income manager to meet its target for the period. Equity commissions totaling \$20,658.61 were collected during the period ending December 31, 2009. Par value totaling \$7,330,016.55 was collected.

Louisiana Incorporated & Domiciled Broker Report

Mr. Rhodus reported that for the reporting period of January 1, 2009 through December 31, 2009 none of the fixed income managers met their 10% target. All of the equity managers, except J & W Seligman, met or exceeded their 10% minimum target. Equity commissions totaling \$22,361.10 were directed during the period ending December 31, 2009. No par value was collected.

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

CUSTODIAN EVALUATION

Mr. Brosnan reported the results of the custodian evaluation that was submitted by both managers and staff.

Legal Update

Investment Staff Report of Receipts

Mr. Brosnan reported that as of January 2010 LSERS received a total of \$4,539,758.57 in cash, \$578 in par value and 8,963 shares of stock/warrants for settlements from securities litigations. Mr. Brosnan entertained questions from the committee.

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

Current Case Review

Mr. Ponder provided an update regarding the R.J. Reynolds case. LSERS is lead plaintiff in this case.

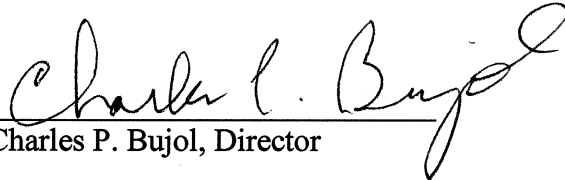
PUBLIC COMMENTS

There were no public comments.

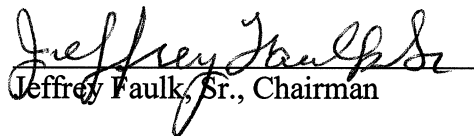
OTHER BUSINESS

There was no other business.

ON MOTION OF MRS. LANDRY, SECONDED BY MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the committee adjourned at 9:50 a.m.



Charles P. Bujol, Director



Jeffrey Faulk, Sr., Chairman