

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

**Monday, August 22, 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 9:02 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Ms. Champagne

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, *Mr. Matt Tessier - observer for Representative J. Kevin Pearson – Chairman of the House Committee on Retirement

Members Absent: Mr. John Kennedy – State Treasurer, 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. Jason St. Romain – Auditor 2, Mr. Jerry Rhodus – Investment Officer 2, and Ms. Jennifer Champagne - Administrative Assistant 6 (Recording Secretary)

Others Present: Mr. Brett Hazen – Segal Advisors, Inc.

*Mr. Tessier arrived at 9:48 a.m.
Ms. Landry left the meeting at 12:00 p.m.

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- Mr. Jason St. Romain was introduced as LSERS new Internal Auditor. A copy of the charter, which will be presented by Mr. St. Romain on Tuesday, August 23, 2011, was provided.
- The reporting period for educational certification ends on August 31, 2011. Board members were asked to review their reports and meet with Ms. Champagne on any discrepancies.

APPROVAL OF AGENDA

The agenda was presented 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. Brosnan began the review by announcing that LSERS had a 24.0% return for the fiscal year end, which is the best return in LSERS' history, bringing LSERS up to an 18 percentile ranking. He then provided a review of overall performance ending June 30, 2011.

Mr. Hazen continued with an overview of market conditions, asset allocation and performance as of June 30, 2011, a detailed review of manager performance, and portfolio outlook.

Mr. Hazen and Mr. Brosnan then addressed questions from the Board and LSERS administrative staff.

ON MOTION BY MR. WALTHER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Manager Performance Review.

INVESTMENT MANAGER REPORTS

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

Walter Scott & Partners, Ltd.

Francis Sempill – Investment Manager
Jamie Zegleman – Member of Firm's Training Program

Mr. Tessier arrived at 9:48 a.m.

Thornburg Investment Management

Christa Maxwell – Senior Client Service Executive

Mondrian Investment Partners, Inc.

Justin A. Richards – Senior Vice President, Client Services
Daniel Philps, CFA – Senior Portfolio Manager

INVESTMENT REPORTS**Commission Recapture Reports**

Mr. Rhodus provided the following reports on Commission Recapture for the reporting period of January 1, 2011 through May 31, 2011:

Equity Managers

Overall commissions to Lynch, Jones & Ryan were over the 25% target with total commissions of 25.02%.

Fixed Income Managers

Overall commissions to Lynch, Jones & Ryan were under the 35% target with total commissions of 0.00%.

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 MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Commission Recapture Reports.

Trading Compliance Report

Mr. Rhodus provided the following investment manager reports:

Walter Scott & Partners, Ltd.

Walter Scott & Partners, Ltd. exceeded their 25% target with 29.2% of total trades directed through Lynch, Jones, & Ryan and exceeded their 10% target with 31.6% of total trades directed through Louisiana Brokers. They directed no trades (0.00%) through Louisiana Inc. and Domiciled Brokers.

Thornburg Investment Management

There was nothing to report on this account, as Thornburg Investment Management is a commingled account and not required to comply with the trading guidelines.

Mondrian Investment Partners, Inc.

Mondrian directed no trades (0.00%) through Lynch, Jones & Ryan, no trades (0.00%) through Louisiana Brokers and no trades (0.00%) through Louisiana Inc. and Domiciled Brokers.

ON MOTION BY MS. MCKEE, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Trading Compliance Report.

Investment Transactions Report

Mr. Brosnan noted that an electronic copy of the Investment Transactions Report 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 MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Securities Lending Report.

Other Business

There was no other business to discuss under Investment Reports.

Mr. Wilmer noted that the educational presentation on board governance would be postponed until 1:00 p.m.

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board approved changing the order of the agenda and placing Agenda Item VI as the next item for discussion.

APPROVAL OF MINUTES

May 16, 2011 Quarterly Board Meeting

ON MOTION BY MR. RESTER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the May 16, 2011 Quarterly Board meeting.

May 17, 2011 Personnel Committee Meeting

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the May 17, 2011 Personnel Committee meeting.

May 17, 2011 Quarterly Board Meeting

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the May 17, 2011 Quarterly Board meeting.

June 13, 2011 Investment Committee Meeting

ON MOTION BY MR. WALTHER, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the June 13, 2011 Investment Committee meeting.

June 13, 2011 Special Board Meeting

ON MOTION BY MS. LANDRY, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the June 13, 2011 Special Board meeting.

July 11, 2011 Investment Committee Meeting

ON MOTION BY MS. CRAIN, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the July 11, 2011 Investment Committee meeting.

July 11, 2011 Special Board Meeting

ON MOTION BY MS. LANDRY, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the July 11, 2011 Special Board meeting.

ADMINISTRATION**Consideration of 2012 Board Meeting Schedule**

Mr. Bujol presented the proposed 2012 board meeting schedule. Discussion was held on the meeting date for January 2012.

ON MOTION BY MS. LANDRY, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board adopted the proposed 2012 board meeting schedule with a January meeting date of January 6, 2012.

Reports (April 1, 2011 – June 30, 2011)

Retirement

Ms. Forbes presented the Retirement Report and then addressed questions from the Board.

ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Retirement report.

Human Resources Actions

Ms. Forbes presented the report on personnel actions that occurred during the reporting period and then addressed questions from the Board.

ON MOTION BY MR. WALTHER, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board approved the Human Resources Actions report.

Travel Expenses

Year to Date and Staff

Ms. Forbes presented the year-to-date and staff reports, which included the amount budgeted for travel, amount expended, remaining balance for the year, and travel expenses incurred by staff members. Ms. Forbes then addressed questions from the Board.

ON MOTION BY MR. FAULK, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Travel Expenses reports.

Overtime

Ms. Forbes presented the overtime report and then addressed questions from the Board.

ON MOTION BY MR. RESTER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Overtime report.

Adoption of Louisiana Compliance Questionnaire for June 30, 2011

Ms. Forbes provided a review of the Louisiana Compliance Questionnaire for June 30, 2011, which is in conjunction with the audit being conducted for the reporting period ending June 30, 2011. Board members were asked to review the questionnaire carefully, as adoption would attest that the Board is in compliance.

Mr. Rester made a motion, seconded by Mr. Faulk, to adopt the Louisiana Compliance Questionnaire for June 30, 2011.

Roll Call Vote #1

ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK, the Board voted to adopt the Louisiana Compliance Questionnaire for June 30, 2011. Philip B. Walther – yes; Eugene Rester, Jr. – yes; Judith Ann McKee – yes; Kathy B. Landry – yes; Betty Crain - yes; Jeffrey Faulk, Sr. – yes; Larry Wilmer – yes; Tim Palmatier – yes. **YES - 8, NO - 0, ABSTAIN - 0, MOTION CARRIED.**

Other Business

There was no other business to discuss under Administration.

INTERNAL AUDIT

After a brief review of his credentials Mr. St. Romain provided an overview of internal audits, the audit charter, and the audit committee. He noted that the audit charter would be presented for discussion and approval by the Board on Tuesday, August 23, 2011.

OTHER BUSINESS

There was no other business to discuss.

Ms. Landry left the meeting at 12:00 p.m.

EDUCATIONAL PRESENTATION ON BOARD GOVERNANCE

James H. Napper, II – Executive Counsel, Department of the Treasury, State of Louisiana

Mr. Napper provided a one-hour educational presentation on board governance, which included a handout entitled *Trustee Fiduciary Duty Presentation*.

OTHER BUSINESS

Consideration of cancelling the September 12, 2011 Investment Committee meeting was brought up for discussion.

ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board approved adding this item to the agenda for discussion.

Discussion was held on the September 12, 2011 meeting.

ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board cancelled the September 12, 2011 Investment Committee meeting.

There was no other business to discuss.

PUBLIC COMMENTS


There were no public comments.

ADJOURNMENT

ON MOTION BY MR. RESTER, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned at 1:32 p.m.



Charles P. Bujol – Director



Larry Wilmer - Chairman
Vice