

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

**Tuesday, August 23, 2011
8:30 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 8:31 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, Mr. Jack Allen – IT Director 2, Ms. Jennifer Champagne - Administrative Assistant 6 (Recording Secretary)

Also Present: *Mr. Charles Hall - Hall Actuarial Associates

* Mr. Hall arrived at 9:59 a.m. and left at 11:45 a.m.

DIRECTOR'S ANNOUNCEMENTS

There were no announcements.

PUBLIC COMMENT ON ANY ITEM ON AGENDA

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

INTERNATIONAL SMID RFP FINALIST INTERVIEWS

Three International SMID Managers provided their presentations and then addressed questions from the Board, its Investment Consultants, and LSERS administrative staff:

Earnest Partners

*Trey Greer, CFA, CPA - Partner
Jessie Magee, CFA - Director*

Wells Capital Management

*Francis X. Claró, CFA, Senior Portfolio Manager
Christopher L. Corish, CFA, Sales Director*

Mr. Hall arrived at 9:59 a.m.

Wellington Management Company, LLP

*Benjamin R. Kennedy, CFA – Assistant Vice President, Equity Product Management
David E. Settles – Vice President, Business Development Manager*

ACTUARIAL PRESENTATION ON ASSET SMOOTHING

Mr. Hall provided a one-hour educational presentation on asset smoothing, which included a handout entitled *Market Value*.

INTERNATIONAL SMID RFP FINALIST INTERVIEWS - SELECTION

A review of the International SMID finalists was provided by Mr. Brosnan and Mr. Hazen, which led to a discussion on all three firms.

Selection of the International Mid Cap manager was conducted using a simple “1” vote for first choice, “2” for second choice, etc. All votes were counted during the open meeting and the investment manager with the lowest total was selected. Records are available for inspection.

The following is a tally of votes cast:

	Earnest Partners	Wells Capital Management	Wellington Management Co.
Betty Crain	1	3	2
Jeffrey Faulk, Sr.	1	2	3
Kathy B. Landry	1	2	3
Judith Ann McKee	1	2	3
Timothy Palmatier	1	2	3
Eugene Rester, Jr.	1	3	2
Philip B. Walther	1	2	3
Larry Wilmer	1	2	3
TOTALS	8	18	22

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the votes and hired Earnest Partners as the International Mid Cap Manager.

RECOMMENDATION FOR SELECTION OF CONTRACTOR TO CREATE ARCHITECTURAL DOCUMENT FOR iSERIES REDESIGN

Ms. Forbes provided a review of a search for a contractor to create an architectural document for LSERS IBM iSeries Software Application Conversion, which included a handout entitled *IBM iSeries Software Application Conversion Request for Proposal (RFP)*. Mr. Bujol, Ms. Forbes, Mr. Allen, and Mr. Ponder then addressed questions from the Board. It was recommended that the contract be awarded to Strategic Business Solutions, Inc. (SBS), based on analysis of four companies that submitted proposals.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board approved awarding Strategic Business Solutions, Inc. the contract to develop LSERS Architectural Document.

INTERNATIONAL SMID

Mr. Brosnan noted that clarification was needed on the allocation of funds to the International SMID.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board allocated funds to the International SMID in the amount of \$40 million, \$20 million to be funded from Walter Scott and \$20 million to be funded from the S&P 500 Index fund.

LEGISLATION

2011 Legislative Session – HCR 135 and HR 149

After providing a brief review of HCR 135 and HR 149 Mr. Bujol noted that meetings would be held today to discuss these two resolutions. The four state retirement systems will be meeting to discuss HCR 135 and the statewide retirement systems will be meeting to discuss HR 149. Mr. Bujol and Mr. Ponder then addressed questions from the Board.

Mr. Hall left the meeting at 11:45 a.m.

Other Business

There was no other business to discuss under Legislation.

LEGAL

Approval of 2012 Election Schedule

ON MOTION BY MS. LANDRY, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the 2012 Election Schedule for the Active Member District 3 seat.

Litigation

Mr. Ponder provided an update on litigation and then addressed questions from the Board.

Collections

Mr. Ponder reported that LSERS collected \$2,418.15 during the last quarter and then addressed questions from the Board.

Other Business

There was no other business to discuss under Legal.

OTHER BUSINESS

A request to add discussion of LSERS Internal Audit Charter to the agenda was submitted.

ON MOTION BY MR. WALTHER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board approved adding LSERS Internal Audit Charter to the agenda.

Mr. Bujol noted that LSERS Internal Audit Charter was distributed during the August 22, 2011 for review and discussion. It was recommended that the Board adopt the charter, pending any further discussion or questions.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted and adopted LSERS Internal Audit Charter.

There was no other business to discuss.

PUBLIC COMMENT

There were no public comments.

ADJOURNMENT

ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned at 11:55 a.m.



Charles P. Bujol – Executive Director



Larry Wilmer – Chairman
VICE