

Louisiana School Employees' Retirement System Investment Committee Meeting

Monday, October 10, 2011
9:00 a.m.

The Louisiana School Employees' Retirement System's Investment Committee Meeting 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 Investment Committee, called the meeting to order at 9:03 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Ms. Stark.

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Members Present: Mr. Jeffrey Faulk, Sr., Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Philip B. Walther, *Ms. Laura Gail Sullivan, observer for Senator D.A. "Butch" Gautreaux, *Mr. Ron Henson, designee for Mr. John Kennedy – State Treasurer.

Members Absent: Mr. Larry Wilmer, Mr. Tom Schedler – Secretary of State, Representative J. Kevin Pearson – Chairman of the House Committee on Retirement

Staff Present: Mr. Charles 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, Ms. Jennifer L. Champagne – Administrative Assistant 6, Ms. Donna Racca – Accountant Administrator 2, Mr. Jack Allen – Information Technology Director 2 and Ms. Laurie Stark - Administrative Assistant 5.

Others Present: Mr. Brett Hazen – Segal Advisors, Inc., *Mr. Charles Hall – Hall Actuarial Associates, *Ms. Michelle Cunningham and *Mr. William Stamm – Duplantier, Hrapmann, Hogan and Maher.

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- * Ms. Sullivan arrived at 9:11 a.m.
- * Mr. Henson arrived at 9:26 a.m.
- * Ms. Cunningham arrived at 9:26 a.m.
- * Mr. Stamm arrived at 9:26 a.m.
- * Mr. Hall arrived at 9:57 a.m.

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- All members of the board attained their required education for the reporting period ending August 31, 2011.
- The new audio video system has been installed and will be used for this meeting.

APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

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

PUBLIC COMMENTS ON ANY ITEM ON THE AGENDA

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

ECONOMIC OUTLOOK – CONFERENCE CALL

Federated Equity Management Company of Pennsylvania

Ms. Linda A. Duessel - Chief Equity Strategist

Ms. Duessel, via telephone conference call, presented a half-hour educational presentation regarding “Investment Themes for the Environment We Face”.

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PORTFOLIO PERFORMANCE REVIEW

Mr. Brosnan provided a brief review of overall performance ending August 31, 2011, followed by an overview of market conditions and a review of asset changes from January through August 2011. Mr. Brosnan then addressed questions from the Committee and LSERS administrative staff.

ON MOTION OF MS. LANDRY, SECONDED BY MS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Portfolio Performance Review.

STAFF REPORTS

Commission Recapture Reports

Mr. Brosnan provided the following reports on Commission Recapture for the reporting period of January 1, 2011 through June 30, 2011:

Equity Managers

Overall commissions to Lynch, Jones & Ryan were under the 25% target with total commissions of -3.57%.

Fixed Income Managers

Overall commissions to Lynch, Jones & Ryan were under the 35% target with total commissions of 0%.

Mr. Brosnan provided a detailed summary of total commissions for the same reporting period and then addressed questions from the Board.

ON MOTION OF MS. McKEE, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Commission Recapture Reports.

Securities Lending Report

Mr. Brosnan provided the securities lending report and then addressed questions from the committee.

ON MOTION OF MR. WALTHER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Securities Lending Report.

Louisiana Broker Report

Equity Managers

Overall commissions to Louisiana Brokers were under the 10% target with total commissions of 1.92%.

Fixed Income Managers

Overall commissions to Louisiana Brokers were under the 10% target with total commissions of 0%.

Mr. Brosnan provided a detailed summary of total commissions for the same reporting period and then addressed questions from the committee.

Louisiana Incorporated & Domiciled Broker Report**Equity Managers**

Overall commissions to Louisiana Incorporated and Domiciled Brokers were over the 10% target with total commissions of 17.73%.

Fixed Income Managers

Overall commissions to Louisiana Brokers were under the 10% target with total commissions of 0%.

Mr. Brosnan provided a detailed summary of total commissions for the same reporting period and then addressed questions from the committee.

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

Legal Update**Investment Staff Report of Receipts**

Mr. Brosnan reported that as of June 2011 LSERS received a total of \$5,244,209.78 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 MS. McKEE, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Report of Receipts.

Current Case Review

Mr. Ponder provided an overview of the current status of the East Baton Rouge Parish School Board, et al vs. LSERS case and then entertained questions from the committee.

ASSET LIABILITY MODELING & DYNAMIC ASSET ALLOCATION

Mr. Hazen presented an overview of the Asset Liability Modeling and Dynamic Asset Allocation and then entertained questions from the committee.

ON MOTION OF MS. McKEE, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Asset Liability Modeling and Dynamic Asset Allocation presentation by Segal and agreed to explore this information further and asked that this item be put on the December 2011 Quarterly Board Meeting agenda.

OTHER BUSINESS

Mr. Brosnan announced that Mr. Jerry Rhodus tendered his resignation in September and that he was in the process of interviewing candidates for his position.


PUBLIC COMMENTS

There were no public comments.

ON MOTION OF MS. LANDRY, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned at 10:52 a.m.



Charles P. Bujol, Director



Jeffrey Faulk, Sr., Chairman