

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

**Monday, December 5, 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. Jeffrey Faulk, Sr., Vice 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., Ms. Linda Mathiew, Mr. Tim Palmatier - designee for Mr. Tom Schedler – Secretary of State, *Ms. Lauren Bailey - observer for Senator D.A. "Butch" Gautreaux – Chairman of the Senate Committee on Retirement

Members Absent: Mr. John Kennedy – State Treasurer, Representative J. Kevin Pearson – Chairman of the House 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. George Meyer – Investment Officer 2, and Ms. Jennifer Champagne - Administrative Assistant 6 (Recording Secretary)

Others Present: Mr. Brett Hazen – Segal Advisors, Inc., Mr. Paul Richmond, Legislative Actuary, *Mr. Charles Hall – Hall Actuarial Associates

* Mr. Palmatier left the meeting at 10:40 a.m.
Ms. Bailey left the meeting at 1:49 p.m.
Mr. Hall arrived at 1:15 p.m. and left the meeting at 1:49 p.m.

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- A letter was received from Ms. Juliana Ducote, Executive Secretary-Treasurer of the Louisiana School Bus Operators Association (LSBOA), dated November 22, 2011, informing him that Mr. Larry Wilmer was stepping down as President of LSBOA and that Ms. Linda Mathiew, Vice-President of LSBOA, would be taking over as president until a new president is elected. A copy of the letter was provided to all board members.
- Ms. Linda Mathiew was introduced as the new Ex-Officio board member representing LSBOA.
- Ms. Lauren Bailey was welcomed back.
- Mr. Brosnan was recognized to introduce Mr. George Meyer as LSERS' new Investment Officer. Mr. Brosnan provided background information on Mr. Meyer's education and work experience.
- Mr. Paul Richmond, Legislative Actuary, was recognized.

APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

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

PUBLIC COMMENT ON ANY ITEM ON THE AGENDA

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

MANAGER PERFORMANCE REVIEW

Mr. Hazen provided a review of third quarter performance, which included an overview of financial market conditions, economic standpoint, and investment performance by asset class. This was followed by a review of manager performance and portfolio outlook.

Mr. Brosnan continued with a review of a handout on performance through October 31, 2011. Mr. Brosnan and Mr. Hazen then addressed questions from the Board and LSERS administrative staff.

ON MOTION BY MR. WALTHER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board approved the Manager Performance Review.

INVESTMENT MANAGER REPORTS

Mr. Brosnan provided a review of investment policy compliance for Fixed Income Managers as of September 30, 2011. He recommended that the board continue to hold and monitor these securities.

ON MOTION BY MR. RESTER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board approved Mr. Brosnan's recommendation.

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

Schroder Investment Management, N.A., Inc. - Distressed Debt

Anthony Williams – Institutional Business Development Director

Dina M. Welch – Senior Client Portfolio Manager

David Harris – US Fixed Income Portfolio Manager

Mr. Palmatier left the meeting at 10:40 a.m.

Schroder Investment Management, N.A., Inc. – Core Plus

Anthony Williams – Institutional Business Development Director

Dina M. Welch – Senior Client Portfolio Manager

David Harris – US Fixed Income Portfolio Manager

Orleans Capital Management

Emily C. Becker – Portfolio Manager

INVESTMENT REPORTS

Commission Recapture Reports

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

Equity Managers

Overall commissions to Lynch, Jones & Ryan were under the 25% target with total commissions of 13.00%.

Fixed Income Managers

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

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

ON MOTION BY MR. RESTER, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board approved the Commission Recapture Reports.

Trading Compliance Report

Mr. Brosnan reported that all three Fixed Income Managers

Schroder Investment Management, N.A., Inc. - Distressed Debt
Schroder Investment Management, N.A., Inc. – Core Plus
Orleans Capital Management

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. LANDRY, SECONDED BY MR. WALTHER 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. MCKEE, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board approved the Securities Lending Report.

Other Business

There was no other business to discuss under Investment Reports.

EDUCATIONAL PRESENTATION ON ASSET LIABILITY MODELING

Mr. Faulk noted that the educational presentation on Asset Liability Modeling would be postponed until the afternoon session of the meeting.

OTHER BUSINESS

Mr. Walther presented two items for discussion under other business:

Acting Chairman
Scheduling Election for Chairman of the Board

ON MOTION BY MR. WALTHER, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board approved adding discussion of Acting Chairman and Scheduling Election for Chairman of the Board to the agenda.

ON MOTION BY MS. LANDRY, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board recognized Mr. Jeffrey Faulk, Sr. as Acting Chairman in his capacity as elected Vice Chairman until an election can be held, with authority to sign all necessary documents as Chairman.

In light of the fact that Mr. Larry Wilmer has resigned as Chairman due to his retirement Mr. Walther moved for a special board officer election to be held February 13, 2012, which is the next regularly scheduled board meeting, to elect a new board chairman to serve out the remainder of the term. He further moved for the use of Rule IV. B. of the Elections policy governing the election of board officers in this election and for the board chairman to serve until the next regularly scheduled board officer election, which will be held during the December 2012 board meeting.

ON MOTION BY MR. WALTHER, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board approved a special election to be held during the next regularly scheduled board meeting on February 13, 2012, to elect a new board chairman to serve the remainder of the term ending December 31, 2012.

There was no other business to discuss.

Mr. Hall arrived at 1:15 p.m.

EDUCATIONAL PRESENTATION ON ASSET LIABILITY MODELING

Daniel F. Westerheide – Vice President, Asset Liability Modeling Practice, Segal Advisors

Mr. Westerheide presented a 45 minute educational presentation on asset liability modeling, which included a handout entitled *Asset Liability Modeling & Dynamic Asset Allocation*. Mr. Westerheide then addressed questions from the Board, its Investment Consultants, and LSERS administrative staff.

Ms. Bailey and Mr. Hall left the meeting at 1:49 p.m.

OTHER BUSINESS

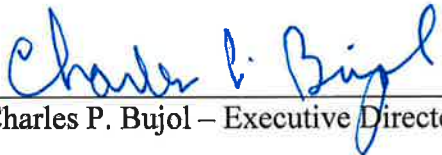
There was no other business to discuss.

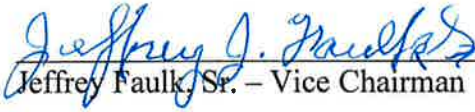
PUBLIC COMMENT

There were no public comments.

ADJOURNMENT

ON MOTION BY MS. LANDRY, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned at 2:04 p.m.


Charles P. Bujol – Executive Director


Jeffrey Faulk, Sr. – Vice Chairman