

Louisiana School Employees' Retirement System Investment Committee Meeting

Monday, June 13, 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 9:00 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Mrs. Stark.

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Members Present: Mr. Jeffrey Faulk, Sr., Mr. Eugene Rester, Jr., Mr. Larry Wilmer, Mrs. Judith Ann McKee, Mrs. Kathy B. Landry, Ms. Betty Crain, Mr. Philip B. Walther, *Mr. Tom Schedler, and Mr. Tim Palmatier, designee for Mr. Tom Schedler – Secretary of State.

Members Absent: Mr. John Kennedy – State Treasurer, Representative J. Kevin Pearson – Chairman of the House Committee on Retirement and Senator D.A. “Butch” Gautreaux – Chairman of the Senate Committee on Retirement.

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

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

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*Mr. Schedler arrived at 10:40 a.m. and departed at 10:45 a.m.

ANNOUNCEMENTS

Mr. Bujol made the following announcement:

- LSERS budget, along with the tax compliance bill, will be up for consideration before the legislature on Wednesday, June 15, 2011.

APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

ON MOTION OF MS. CRAIN, SECONDED BY MRS. McKEE, Ms. Crain, Mrs. Landry, Mr. Faulk, Mr. Palmatier, Mr. Rester, Mr. Wilmer, Mrs. 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.

PORTFOLIO PERFORMANCE REVIEW

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

ON MOTION OF MRS. LANDRY, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Portfolio Performance Review.

STAFF REPORTS

Commission Recapture Reports

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

Equity Managers

Overall commissions to Lynch, Jones & Ryan were under the 25% target with total commissions of -6.28% below the target YTD.

Fixed Income Managers

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

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

ON MOTION OF MR. WILMER, SECONDED BY MRS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Commission Recapture Reports.

Northern Trust Securities Lending

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

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

Louisiana Broker ReportEquity Managers

Overall commissions to Louisiana Brokers were under the 10% target with total commissions of 2.95% of the target YTD.

Fixed Income Managers

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

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

Louisiana Incorporated & Domiciled Broker ReportEquity Managers

Overall commissions to Louisiana Incorporated and Domiciled Brokers were over the 10% target with total commissions of 11.60%.

Fixed Income Managers

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

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

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

Legislative Review

Mr. Ponder presented an overview of the progress of the legislative bills that will or could affect LSERS. He also provided an update regarding the East Baton Rouge Parish School Board, et al vs. LSERS lawsuit.

Legal Update

Investment Staff Report of Receipts

Mr. Brosnan reported that as of March 2011 LSERS received a total of \$5,194,987.81 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 MR. RESTER, SECONDED BY MRS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Report of Receipts.

Current Case Review

Current case review was not provided as Mr. Ponder had previously presented an overview of the current status of the East Baton Rouge Parish School Board, et al vs. LSERS case as part of his legislative review.

S&P INDEX FUND MANAGER SELECTION

Mr. Brosnan reported on the progress of the S&P Index Fund Manager Search. He recommended hiring RhumbLine as successor, replacing Northern Trust S&P Index Fund Manager effective July 1, 2011.

ON MOTION OF MRS. LANDRY, SECONDED BY MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the committee agreed to Staff's recommendation to hire RhumbLine as an S&P Index Fund Manager for the System to be ratified by the full board.

EDUCATIONAL PRESENTATION: OPTION OVERLAY STRATEGIES

The Clifton Group

Mr. Jay H. Strohmaier, CFA – Senior Portfolio Manager

Mr. Benjamin Lazarus, CFA – Director, Institutional Relationships

Mr. Strohmaier and Mr. Lazarus presented an hour-long educational component regarding Option Overlay Strategies.

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OTHER BUSINESS


Mr. Brosnan announced that 17 responses were received in the International Multi Cap Manager Search.

PUBLIC COMMENTS

There were no public comments.

ON MOTION OF MR. RESTER, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned at 10:46 a.m.


Charles P. Bujol, Director


Jeffrey Faulk, Sr., Chairman