

Louisiana School Employees' Retirement System Investment Committee Meeting

Monday, July 11, 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 9:02 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., Mrs. Judith Ann McKee, Mrs. Kathy B. Landry, Ms. Betty Crain, Mr. Philip B. Walther, Ms. Lauren Bailey, observer for Senator D.A. "Butch" Gautreaux, *Mr. Ron Henson, designee for Mr. John Kennedy – State Treasurer, and Mr. Tim Palmatier, designee for Mr. Tom Schedler – Secretary of State.

Members Absent: Mr. Larry Wilmer, 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, Mrs. Jennifer L. Champagne – Administrative Assistant 6, Mr. Jack Allen – Information Technology Director, Mr. Jerry Rhodus – Investment Officer II, and Mrs. Laurie Stark - Administrative Assistant 5.

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*Mr. Henson arrived at 9:04 a.m.
*Mrs. Forbes left the meeting at 9:32 a.m.
*Mr. Hall arrived at 9:43 a.m.

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

- 2012 Proposed Board Meeting Schedule has been provided for review and discussion at the August 2011 board meeting

- LSERS investment returns as of June 30, 2011 are estimated to be over 24%, the highest returns since the system was established in 1948.
- Mrs. Forbes will need to leave the meeting early. The order of the agenda will need to be changed to allow for Mrs. Forbes' presentation.

APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

ON MOTION OF MRS. McKEE, SECONDED BY MS. CRAIN, Ms. Crain, Mrs. Landry, Mr. Faulk, Mr. Palmatier, Mr. Rester, Mr. Henson, Mr. Wilmer, Mrs. McKee, and Mr. Walther **voted affirmatively** to approve the agenda, including the change in order of agenda items. Item V will be discussed first.

PUBLIC COMMENTS ON ANY ITEM ON THE AGENDA

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

DEMONSTRATION OF NEW WEBSITE

Mrs. Forbes provided an overview of LSERS new website, which was launched July 1, 2011.

Mrs. Forbes left the meeting at 9:32 a.m.

PORTFOLIO PERFORMANCE REVIEW

Mr. Brosnan provided a brief review of the overall performance ending May 31, 2011. Mr. Brosnan continued with an overview of market conditions, a review of asset changes from January through May 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 MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Portfolio Performance Review.

UPDATE ON CUSTODIAN CONVERSION

Mr. Brosnan provided a brief overview of the progress of the conversion from Northern Trust to BNY Mellon Bank.

ON MOTION OF MR. WALTHER, SECONDED BY MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Update on Custodian Conversion.

STAFF REPORTS

Commission Recapture Reports

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

Equity Managers

Overall commissions to Lynch, Jones & Ryan were under the 25% target with total commissions of 2.39%.

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 MRS. McKEE, SECONDED BY MR. WALTHER 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 MRS. McKEE, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Securities Lending Report.

Mr. Hall arrived at 9:43 a.m.

Louisiana Broker Report

Equity Managers

Overall commissions to Louisiana Brokers were under the 10% target with total commissions of 2.39%.

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 Report

Equity Managers

Overall commissions to Louisiana Incorporated and Domiciled Brokers were over the 10% target with total commissions of 16.04%.

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

Legislative Review

Mr. Bujol and Mr. Ponder presented a review of the 2011 legislative session and then addressed questions from the committee.

ON MOTION OF MS. CRAIN, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Legislative Review.

Legal Update

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.

Investment Staff Report of Receipts

Mr. Brosnan reported that as of April 2011 LSERS received a total of \$5,225,583.10 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. WALTHER, SECONDED BY MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Report of Receipts.

EDUCATIONAL PRESENTATION: ETHICS

Mr. Michael Dupree - Louisiana Board of Ethics

Mr. Dupree presented a half hour long educational component regarding Ethics.

ON MOTION OF MRS. McKEE, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the committee approved adding discussion of the International Multi Cap Manager Search to the agenda.

INTERNATIONAL MULTI CAP MANAGER SEARCH UPDATE

Mr. Brosnan updated the committee on the progress of the International Multi Cap Manager Search and asked the committee if they would allow staff to narrow the 17 respondents down to three or four finalists to be interviewed at the Tuesday, August 23, 2011 Regular Board Meeting.

ON MOTION OF MR. RESTER, SECONDED BY MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the committee agreed to allow staff to narrow the respondents to the International Multi Cap Manager Search down to three or four finalists that are to be interviewed by the full board at the Tuesday, August 23, 2011 Regular Board Meeting.

OTHER BUSINESS

Mr. Faulk thanked staff for sending flowers for his mother's funeral. He also thanked those who were in attendance.

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 10:50 a.m.


Charles P. Bujol, Director


Jeffrey Faulk Sr., Chairman