

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

**Monday, August 23, 2010
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. Larry Wilmer, 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. Larry Wilmer, Mr. Philip B. Walther, Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., *Mr. Randy Davis – designee for Mr. Jay Dardenne – Secretary of State, *Ms. Lauren Bailey – observer for Senator D. A. “Butch” Gautreaux – Chairman of the Senate Committee on Retirement

Members Absent: Mr. Eugene Rester, Jr., 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. Jerry Rhodus - Investment Officer 2, Ms. Jennifer Champagne - Administrative Assistant 6 (Recording Secretary)

Also Present: *Mr. Richard Ranallo and Mr. Brett Hazen – Segal Advisors

* Mr. Davis arrived at 9:04 a.m.
Ms. Bailey left the meeting at 11:16 a.m.
Mr. Ranallo left the meeting at 12:30 p.m.

DIRECTOR'S ANNOUNCEMENTS

Mr. Bujol made the following announcements:

Mr. Henson and Mr. Rester will not be attending the meeting.

LAPERS packets will be distributed to Board members attending the seminar.

Mr. Davis arrived at 9:04 a.m.

Mr. Bujol continued with these announcements:

A managed print services plan was implemented within the agency at an initial cost savings of \$8,832 with an increased savings of approximately \$20,000 a year over a five year period.

A vacant IT staff position will not be filled, resulting in a savings of approximately \$50,000 per year.

The August 2010 newsletter will be published by September 1, 2010.

Annual member statements will be released in September. It was noted that social security numbers have been removed from member statements.

Mr. Wilmer thanked everyone for their calls and concern while he was recovering from his surgery.

APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

ON MOTION BY MS. CRAIN, SECONDED BY MR. FAULK, Mr. Larry Wilmer, Mr. Philip B. Walther, Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., and Mr. Randy Davis **voted affirmatively** to approve the agenda.

PUBLIC COMMENT ON ANY ITEM ON AGENDA

Mr. Wilmer called for public comment on any item on the agenda. There was no one from the public in attendance.

MANAGER PERFORMANCE REVIEW

Mr. Ranallo and Mr. Hazen provided a review of the overall performance of the portfolio, the investment environment, and a projected outlook based on current asset allocations and market conditions. An analysis of investment performance through June 30, 2010 followed, which included a detailed review of financial market conditions, asset allocations, and investment manager performance.

Mr. Ranallo and Mr. Hazen then addressed questions from the Board and LSERS' administrative staff.

ON MOTION BY MR. FAULK, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Manager Performance Review.

ANALYSIS OF INTERNATIONAL MANAGERS

Mr. Brosnan provided an analysis of Walter Scott & Partners, Ltd. and Thornburg Investment Management, two of the international managers who will be presenting at today's meeting. An analysis of their country exposures, standard deviation, portfolio statistics, performance, and compliance indicated how well these two managers complement each other and perform as a team. It was noted that Mondrian, the third international manager, is in compliance with both diversity of country and sector, but an analysis could not be provided because it has been less than one year since Mondrian was hired.

ON MOTION BY MS. MCKEE, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Analysis of International Managers.

INVESTMENT MANAGER REPORTS

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

Walter Scott & Partners, Ltd.

Charles E. Macquaker – Director

Thornburg Investment Management

Christa Maxwell, CIPM – Senior Client Service Executive

Gabriel McNerney – Senior Portfolio Specialist

Mondrian Investment Partners, Inc.

Daniel G. Philps – CFA, Senior Portfolio Manager

Justin A. Richards – Senior Vice President, Client Services

WASATCH REQUEST FOR WAIVER

Mr. Brosnan provided a review of Wasatch Advisors' request for a waiver of two provisions of LSERS' Investment Policy, Sections VI.3 and V1.5. Mr. Brosnan and Mr. Ranallo supported their reasons for recommending approval of the waiver as reflected on pages 8 and 9 of the board booklet.

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board approved the waiver as recommended.

Ms. Bailey left the meeting at 11:16 a.m.

RESOURCE CONSERVATION FUND PROPOSAL

While waiting for the presentation Mr. Brosnan and Mr. Ranallo provided a brief review of the firm and its Wetlands Mitigation Bank Investment thesis, then addressed questions from the Board and LSERS' Administrative staff.

Mr. Ranallo left the meeting at 12:30 p.m.

The following firm provided the Resource Conservation Fund Proposal presentation and then addressed questions from the Board and LSERS' administrative staff:

Resource Environmental Solutions

Will Donaldson – Vice President and Executive Officer

Kevin Couhig – Chief Operating Officer

A discussion on investing in Resource Environmental Solutions followed, specifically on the risks involved and a lack of comparison with other firms.

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board declined investing in the Resource Conservation Fund (RCF) until further notice.

This led to a discussion on the possibility of scheduling other firms for a comparison. The board was open to this concept, but requested that presentations be postponed for at least three months.

INVESTMENT REPORTS

Commission Recapture Reports

Mr. Rhodus provided the following reports on Commission Recapture for the reporting period of January 1, 2010 through May 31, 2010:

Equity Managers

Overall commissions to Lynch, Jones & Ryan were under the 25% target with total commissions of 8.85%. A detailed review was provided.

Fixed Income Managers

Overall commissions to Lynch, Jones & Ryan were under the 35% target with total commissions of 1.34%. A detailed review was provided.

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

ON MOTION BY MR. FAULK, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Commission Recapture Reports as read.

Trading Compliance Reports

Mr. Rhodus provided the following investment manager reports:

Walter Scott & Partners, Ltd.

Walter Scott & Partners, Ltd. exceeded their 25% target with 47.2% of total trades directed through Lynch, Jones, & Ryan. They directed no trades (0.00%) through Louisiana Brokers and no trades (0.00%) through Louisiana Inc. and Domiciled Brokers.

Thornburg Investment Management

There was nothing to report on this account, as Thornburg Investment Management is a comingled account and not required to comply with the trading guidelines.

Mondrian Investment Partners, Inc.

Mondrian 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 Reports as presented.

Investment Report

Mr. Brosnan noted that the Investment Report (Book II) on day-to-day investment transactions for the reporting period of April 1, 2010 through June 30, 2010 was available for review.

ON MOTION BY MR. FAULK, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board approved the Investment Report.

Securities Lending Report

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

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

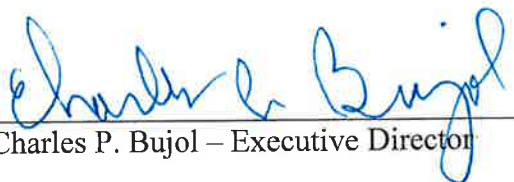
Other Business

There was no other business to discuss under Investment Reports.

OTHER BUSINESS

There was no other business to discuss.

ON MOTION BY MS. LANDRY, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned at 1:35 p.m.



Charles P. Bujol – Executive Director



Larry Wilmer – Chairman