

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

**Monday, December 7, 2009
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 9:00 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, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Ms. Lori Pierce - designee for Mr. John Kennedy – State Treasurer, Ms. Lauren Bailey - observer for Senator D. A. “Butch” Gautreaux – Chairman of the Senate Committee on Retirement

Members Absent: Mr. Jay Dardenne – Secretary of State, Representative Joel C. Robideaux – 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

Also Present: *Mr. Charles Hall – Hall Actuarial Associates, Mr. Brett Hazen – Segal Advisors

* Mr. Hall arrived at 9:10 a.m.

ANNOUNCEMENTS

Mr. Wilmer congratulated Ms. Carolyn Forbes and welcomed her as the new Assistant Director for Louisiana School Employees' Retirement System.

Mr. Bujol noted that the Fall/Winter 2009 Crossroads newsletter, which will be mailed to LSERS' members during the week, and updates to LSERS' Board of Trustees manual have been placed in each Board member's folder.

APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

ON MOTION BY MS. MCKEE, SECONDED BY MR. RESTER, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Ms. Lori Pierce, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to approve the agenda.

APPROVAL OF BOARD MINUTES

August 24, 2009 Regular Board Meeting

ON MOTION BY MS. MCKEE, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the August 24, 2009 Regular Board meeting.

August 25, 2009 Regular Board Meeting

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the August 25, 2009 Regular Board meeting.

September 14, 2009 Special Board Meeting

ON MOTION BY MR. WALTHER, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the September 14, 2009 Special Board meeting.

October 12, 2009 Special Board Meeting

ON MOTION BY MS. CRAIN, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the October 12, 2009 Special Board meeting.

November 9, 2009 Special Board Meeting

ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the November 9, 2009 Special Board meeting.

RETIREMENT REPORTS

Approval of July 1, 2009 – September 30, 2009 Reports (Book I)

Ms. Forbes presented the Retirement Reports and then addressed questions from the Board.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board approved the Retirement Reports (Book I).

ADMINISTRATION

Staff Reports (July 1, 2009 – September 30, 2009)

Human Resource Actions

Ms. Forbes presented the report on human resource actions and then addressed questions from the Board.

ON MOTION BY MS. MCKEE, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Human Resource Actions report.

Travel Expenses

Staff

Ms. Forbes presented the report on travel expenses incurred by staff members and then addressed questions from the Board.

Year to Date

Ms. Forbes presented the year to date report, which included the amount budgeted for travel, the amount expended, and the remaining balance for the year. Ms. Forbes then addressed questions from the Board.

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board approved the Staff and Year to Date Travel Expenses reports.

Overtime

Ms. Forbes presented the reports on employees who earned overtime. The first report reflects compensatory time earned and the second report reflects overtime paid. Ms. Forbes then addressed questions from the Board.

Mr. Hall arrived at 9:10 a.m.

ON MOTION BY MR. FAULK, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the overtime report.

Other Business

In an update on maintenance of the building Mr. Bujol noted that the company had decided to repair the chiller at no cost to the system.

Mr. Wilmer welcomed Mr. Brosnan back from his medical leave.

There was no other business to discuss under Administration.

PRESENTATION AND DISCUSSION OF ALTERNATIVE REAL ESTATE INVESTMENTS

Mr. Hazen provided a forty-five minute educational presentation on alternative real estate investments. This included a detailed comparison of value-added versus opportunistic real estate. A review of several managers was distributed, which included information on each firm, its employees and investment strategy. Mr. Hazen then addressed questions from the Board, which led to a discussion on availability and liquidity of funds, allocation of funds, and sectors of real estate.

Further review of real estate managers will be conducted and presented to the Investment Committee at its January 4, 2010 meeting.

LEGISLATION

Discussion of Legislative Agenda

Mr. Ponder provided a review of legislation affecting the system and its members that may be introduced during the 2010 Legislative Session. Discussion was held on each item as it was presented. The Board was asked to consider the information presented and provide their position on each piece of legislation that could be introduced. It was noted that further review and discussion would be held during the January 4, 2010 meeting.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Discussion of Legislative Agenda.

Other Business

There was no other business to discuss under Legislation.

LEGAL

Collections

Mr. Ponder reported that LSERS collected \$6,336.44 for the third quarter, July 1, 2009 through September 30, 2009.

ON MOTION BY MS. MCKEE, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Collections Report.

Litigation

Mr. Ponder provided a brief review of current litigation.

Other Business

There was no other business to discuss under Legal.

INVESTMENTS

Approval of Investment Committee Meeting Minutes

September 14, 2009

ON MOTION BY MR. FAULK, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the September 14, 2009 Investment Committee meeting.

October 12, 2009

ON MOTION BY MR. WALTHER, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the October 12, 2009 Investment Committee meeting.

Commission Recapture Reports

Mr. Rhodus provided the following reports on Commission Recapture for the reporting period of January 1, 2009 through September 30, 2009:

Equity Managers

Overall commissions to Lynch Jones & Ryan exceeded the 25% target by 5.87% with total commissions of 30.87%. A detailed review was provided.

Fixed Income Managers

Overall commissions to Lynch Jones & Ryan were under the 35% target by -34.91% with total commissions of .09%. A detailed review was provided.

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

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

Trading Compliance Reports

Mr. Rhodus provided the following reports on investment managers scheduled for presentations on Tuesday, December 8, 2009:

COMMONWEALTH ADVISORS, INC.

Commonwealth Advisors, Inc. directed no trades (0.00%) through Lynch, Jones, & Ryan, Louisiana Brokers, and Louisiana Inc. and Domiciled Brokers.

SCHRODER INVESTMENT MANAGEMENT N.A., INC

Schroder Investment Management N.A., Inc. directed no trades (0.00%) through Lynch, Jones, & Ryan, Louisiana Brokers, and Louisiana Inc. and Domiciled Brokers.

ORLEANS CAPITAL MANAGEMENT

Orleans Capital Management did not meet their 35% target with 4.89% of total trades directed through Lynch, Jones & Ryan. They exceeded their 10% minimum target with 24.99% of total trades through Louisiana Brokers. Their 10% minimum target was not met with 3.66% of total trades through Louisiana Inc. and Domiciled Brokers.

ON MOTION BY MS. MCKEE, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Trading Compliance Reports.

Investment Report

Mr. Brosnan noted that the Investment Report (Book II) on day-to-day investment transactions for the reporting period of July 1, 2009 through September 30, 2009 was available for review.

Securities Lending Report

Mr. Rhodus provided the securities lending report. A handout on the “Update on Securities Lending Collateral Deficiency” was also provided and reviewed in detail. Mr. Rhodus then addressed questions from the Board.

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

Quarterly Evaluation of Investment Consultant

In presenting the quarterly evaluation of the Investment Consultant Mr. Brosnan noted that the computers were down and a typed report could not be provided prior to the meeting. He reported that communication with Segal Advisors has greatly improved and made a recommendation to the Board to discontinue the quarterly reports. Mr. Brosnan then addressed questions from the Board.

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board approved discontinuing the Quarterly Evaluation of Investment Consultant report.

Other Business

Mr. Bujol reiterated that the computer system was down for three days, but noted that the IT Department worked diligently on the system. He noted that the problem was resolved and measures were being taken to prevent future occurrences.

There was no other business to discuss under Investments.

PUBLIC COMMENT

There were no public comments.

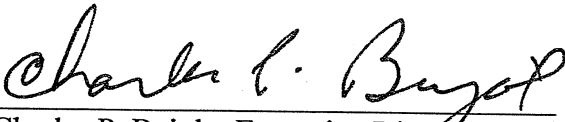
OTHER BUSINESS

Mr. Bujol and Mr. Ponder provided a review of a case regarding salary increases that were flagged by the system. This involved two janitors that are employed in one of the school districts of the First Retirement District. It was noted that discussions were held with members of the school district and after attempts to resolve this issue were ignored the case was turned over to the Inspector General's Office for review.

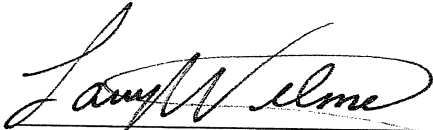
Mr. Hazen addressed questions pertaining to investments.

There was no other business to discuss.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned at 11:53 a.m.



Charles P. Bujol – Executive Director



Larry Wilmer – Chairman