

Louisiana School Employees' Retirement System Board Investment Committee Meeting

Monday, January 4, 2010
9:00 a.m.

The Louisiana School Employees' Retirement System's Board Investment Committee 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 committee, called the meeting to order at 9:00 a.m. Roll was called by Mrs. Stark.

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Members Present: Mr. Jeffrey Faulk, Sr., Mr. Larry Wilmer, Mr. Eugene Rester, Jr., Mrs. Kathy Landry, Ms. Betty Crain, Mrs. Judith McKee, Mr. Philip B. Walther, Ms. Lauren Bailey, observer for Senator D.A. "Butch" Gautreaux – Chairman of the Senate Committee on Retirement, and Mr. Randy Davis, designee for Mr. Jay Dardenne – Secretary of State

Members Absent: Mr. John Kennedy – State Treasurer and Representative Joel Robideaux – Chairman of the House Committee on Retirement

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

Also Present: Mr. Brett Hazen and Mr. Justin Mallis - Segal Advisors, Inc.

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ANNOUNCEMENTS

Mr. Bujol made the following announcements:

Updates to LSERS' Board of Trustees manual have been placed in the Board members folders.

Travel packets for the 2010 NCPERS Legislative Conference will be mailed out with the February board meeting packets.

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APPROVAL OF AGENDA

The agenda was presented to the committee for approval.

ON MOTION OF MS. CRAIN, SECONDED BY MR. WILMER, Mrs. McKee, Ms. Crain, Mrs. Landry, Mr. Wilmer, Mr. Faulk, Mr. Rester, Mr. Davis, and Mr. Walther **voted affirmatively** to approve the agenda.

SWEARING IN OF NEW BOARD MEMBERS

Mrs. Kathy Landry was sworn in as the District 4 representative and Mr. Jeffrey Faulk, Sr. was sworn in as Retiree representative for LSERS.

DISCUSSION WITH CONSULTANT
Portfolio Performance

Mr. Hazen provided an update on the current status of the market and performance numbers for the portfolios. Mr. Mallis was introduced as a senior research analyst with Segal Advisors who will provide information on opportunistic real estate.

Asset Allocation Study

Mr. Hazen provided an Asset Allocation Analysis on asset classes, expected returns and assumed risks.

Review of Details of Opportunistic Real Estate

Mr. Mallis provided an update on the current status of the real estate market. This was followed by an overview of the various real estate funds that are available, which included a comparison of their various strategies and products. Mr. Hazen recommended that the Board invite TA and Penn Square to the February board meeting for an educational presentation regarding a possible opportunistic real estate investment.

ON MOTION OF MRS. McKEE, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the committee agreed that TA and Penn Square should be invited to the February board meeting for a presentation regarding a possible opportunistic real estate investment. The date and time will be determined by staff.

STAFF REPORTS

Commission Recapture

Mr. Rhodus reported that for the period January 1, 2009 through October 31, 2009 none of the fixed income managers met their targeted commitment to Lynch Jones & Ryan. C.S. McKee, Fisher, J & W Seligman, and Walter Scott met or exceeded their 25% targets. The total funds available for disbursement as of October 31, 2009 were \$92,711.00. Disbursements totaling \$45,900.00 were made, leaving a balance of \$46,811.00.

ON MOTION OF MR. WILMER, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Commission Recapture Report.

Northern Trust Securities Lending Report

Mr. Brosnan reported that for the period of January 1, 2009 through October 31, 2009 the gross income on securities lending was \$543,688.02. Northern Trust received a fee of \$132,938.77. The fund earned \$410,749.25 for 2009 or an average of \$41,074.93 per month. Since inception the fund earned \$8,186,787.07 or an average net monthly income of \$42,639.52.

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

Louisiana Broker Report

Mr. Rhodus reported that for the reporting period of January 1, 2009 through October 31, 2009 NTGI and Walter Scott were the only managers that met or exceeded their 10% target. Orleans Capital was the only fixed income manager to meet its target for the period. Equity commissions totaling \$15,099.38 were collected during the period ending October 31, 2009. Par value totaling \$7,330,016.55 was collected.

Louisiana Incorporated & Domiciled Broker Report

Mr. Rhodus reported that for the reporting period of January 1, 2009 through October 31, 2009 none of the fixed income managers met their 10% target. All of the equity managers met or exceeded their 10% minimum target. Equity commissions totaling \$20,757.60 were directed during the period ending October 31, 2009. No par value was collected.

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

Legislative Update

Mr. Ponder provided a list of members of the 2010 House and Senate Committees on Retirement. He also gave an overview of possible legislation that could affect LSERS.

ON MOTION OF MR. WILMER, SECONDED BY MRS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Legislative Update.

**Legal Update
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of November 2009 LSERS received a total of \$4,156,529.02 in cash, \$578 in par value and 8,963 shares of stock/warrants for settlements from securities litigations.

ON MOTION OF MRS. McKEE, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Securities Litigation Report of Receipts.

Current Case Review

Mr. Ponder provided an update on the Chesapeake Energy case.

ON MOTION OF MR. WILMER, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Current Case Review.


PUBLIC COMMENTS

There were no public comments.

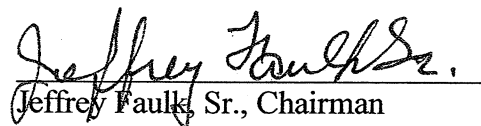
OTHER BUSINESS

There was no other business.

ON MOTION OF MR. RESTER, SECONDED BY MRS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the committee adjourned at 11:18 a.m.



Charles P. Bujol, Director



Jeffrey Faulk, Sr., Chairman