

**Louisiana School Employees' Retirement System
Investment Committee Meeting**

**Monday, July 10, 2006
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. Ms. Jacobs called the meeting to order at 9:05 a.m. The Roll was called by Mrs. Stark.

Members Present: Ms. Betty Jacobs - Chairperson, Ms. Kathy Landry, Ms. Betty Crain, Mrs. Judith McKee, Mr. Jeffrey Faulk, Sr., Mr. Earl Richard, Jr., Ms. Lori Pierce - Treasurer's Office and Ms. Stacy Sharpe - Secretary of State's Office.

Members Absent: Mr. Larry Wilmer, Senator D.A. "Butch" Gautreaux - Chairman - Senate Retirement Committee and Representative Pete Schneider, Chairman - House Retirement Committee.

Staff Present: Mr. Charles Bujol – Executive Director, Mrs. Debra Dudley - Assistant Director, Mr. Warren Ponder - Executive Counsel, Mrs. Julia LeBlanc - Chief Investment Officer, Mrs. Josie Meche - Investment Manager I, Ms. Judy Wright - Public Information Director I, Mrs. Jennifer Champagne - Administrative Assistant 5 and Mrs. Laurie Stark - Administrative Assistant 5.

Others Present: Mr. Richard Ranallo and Mr. Greg Moore - Segal Advisors, Inc, Ms. Ruby Jolissaint, Mr. Erik Hirsch – Hamilton Lane, Mr. Michael Taylor and Mr. Brett Gordon – HarbourVest Partners, Ms. Susan Long McAndrews and Mr. Jay Pierrepont – Pantheon Ventures, Mr. Mark Ricci and Mr. Thomas Lynch – Wilshire Private Markets Group and Mr. Heath Savant – House Retirement Committee.

AN INTRODUCTION TO PRIVATE EQUITY

Mr. Ranallo and Mr. Greg Moore presented an overview of Private Equity.

Ms. Stacy Sharpe arrived at 9:20 a.m.

PRIVATE EQUITY MANAGER SEARCH INTERVIEWS

Interviews:

Four companies were interviewed for the Private Equity Manager Search. The interviews were held in 40-minute increments, which allowed for a 30-minute presentation and 10 minutes for questions and answers.

Hamilton Lane

Erik Hirsch - Chief Investment Officer

HarbourVest Partners

Michael W. Taylor - Managing Director

Brett A. Gordon - Principal

Pantheon Ventures

Susan Long McAndrews - Partner

Jay Pierepont - Managing Partner

Wilshire Private Markets Group

Mark T. Ricci - Vice President

Thomas K. Lynch - Senior Managing Director

Review by Segal

Mr. Ranallo and Mr. Moore gave a brief review of the four private equity management firms that were interviewed. It was recommended that Board members consider dividing the \$60 million and hiring two firms instead of one to manage it.

ON MOTION OF MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED, the committee recommended hiring two managers instead of one and the original \$60 million investment split and managed by each manager.

Scoring and Recommendations

Mr. Ponder collected the ballots and Mrs. LeBlanc tabulated the votes for the Private Equity Manager candidates.

ON MOTION OF MS. PIERCE, SECONDED BY MR. FAULK AND CARRIED, the committee recommended simplification of voting procedures for future investment manager searches after finalists are interviewed. A simple “1” vote for their favorite candidate, “2” for their second choice, etc. The candidate with the lowest total would be the winner.

Manager Search Vote Tally

Firm:	Votes	Total
Hamilton Lane	1, 1, 2, 2, 2, 2, 2	12
HarbourVest Partners	3, 2, 3, 3, 3, 3, 3	20
Pantheon Venture	2, 3, 1, 1, 1, 1, 1	10
Wilshire Private Markets	4, 4, 4, 4, 4, 4, 4	28

ON MOTION OF MR. RICHARD, SECONDED BY MR. FAULK AND CARRIED, the committee recommended selection of Pantheon Venture and Hamilton Lane as the new Private Equity Managers for LSERS.

STAFF REPORTS

Commission Recapture Report

Mrs. Meche reported for the period January 1, 2006 through April 30, 2006 that none of the fixed income managers met their targeted commitment to Lynch Jones & Ryan. The equity managers that met or exceeded their 25% target were C.S. McKee and Walter Scott. The total funds available for disbursement as of April 30, 2006 were \$167,530.00. Payments totaling \$47,600.00 were made, leaving a balance of \$119,930.00 available for disbursement.

ON MOTION OF MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the committee accepted the Commission Recapture Report.

Northern Trust Securities Lending Report

Mrs. LeBlanc reported that for calendar year-to-date ending May 2006, the gross income on securities lending was \$278,972.16. Northern Trust received a fee of \$83,624.67. The fund earned \$195,347.49 or an average of \$39,069.50 per month. To date the fund earned \$5,361,954.28 or an average net monthly income of \$35,509.63.

ON MOTION OF MR. RICHARD, SECONDED BY MR. FAULK AND CARRIED, the committee accepted the Northern Trust Securities Lending Report.

Louisiana Brokers

Mrs. Meche reported that for the period of January 1, 2006 through April 30, 2006 the only fixed income manager that met or exceeded its 10% target was Orleans Capital. The only equity manager that met or exceeded its 10% minimum target was Ark. A total of \$43,003,625.76 par value and \$17,636.86 in equity commissions was directed during the period ending April 30, 2006.

Louisiana Incorporated & Domiciled Broker Report

Mrs. Meche reported that for the period of January 1, 2006 through April 30, 2006 the only equity manager that met or exceeded its 10% target was Trinity. Orleans Capital was the only fixed income manager to meet its target for the period. A total of \$19,960.67 in equity commissions and \$7,897,770.00 in par value was directed during the period ending April 30, 2006.

ON MOTION OF MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the committee accepted the Louisiana and Louisiana Incorporated and Domiciled Broker Reports.

**Securities Litigation
Investment Staff Report of Receipts**

Mrs. LeBlanc reported that as of May 25, 2006, LSERS received a total of \$982,759.13 in cash, \$578 in par value and 8,013 shares of stock/warrants for settlements from securities litigations.

ON MOTION OF MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED, the committee accepted the Securities Litigation Report on Receipts presented by Mrs. LeBlanc.

Current Case Review

Mr. Ponder presented the current case review.

ON MOTION OF MS. CRAIN, SECONDED BY MS. LANDRY AND CARRIED, the committee agreed to adjourn.

The meeting adjourned at 2:03 p.m.


Charles P. Bujol, Director


Betty Jacobs, Chairperson