

# Louisiana School Employees' Retirement System Board Investment Committee Meeting

*Monday, July 9, 2007  
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 called the meeting to order at 9:04 a.m. Mrs. Stark called the Roll.

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**Members Present:** Mr. Jeffrey Faulk, Sr. - Chairman, Mrs. Kathy Landry, Ms. Betty Crain, Mrs. Judith McKee, Mr. Eugene Rester, Jr., Mr. Earl Richard, Jr., Mr. Randy Davis, designee for Mr. Jay Dardenne - Secretary of State and Ms. Amy Mathews, designee for Mr. John Kennedy - State Treasurer.

**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, Mr. Brendan Brosnan - Chief Investment Officer, Mrs. Josie Meche - Investment Manager I, and Mrs. Laurie Stark - Administrative Assistant 5.

**Others Present:** Mr. Brett Hazen – Segal Advisors, Inc., Mr. Randy Roche and Miss Carrie Roche.

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## **DISCUSSION WITH CONSULTANT** **Update on the 130/30 Manager Search**

Mr. Hazen presented an overview of LSERS' portfolio managers' preliminary performance numbers through June 30, 2007. The full quarterly report will be presented at the next full board meeting.

Mr. Hazen reported that they are ahead of schedule in the 130/30 manager search and are in the process of interviewing the finalists. A booklet with the top candidates is being prepared and would be presented to the Board at the August meeting.

It was further reported that a performance based fee is being discussed with Ark Asset Management. They have been unwilling to lower fees significantly due to “most favored nations” clause. Discussions are continuing.

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**STAFF REPORTS**

**Draft of Changes to Investment Policy**

Mr. Brosnan presented a draft of the proposed changes to the investment policy which would allow for the two (2) new asset classes to be added for review and comments. It will need to be ratified at the next full board meeting.

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**Commission Recapture**

Mrs. Meche reported that for the period January 1, 2007 through April 30, 2007 none of the fixed income managers met their targeted commitment to Lynch Jones & Ryan. The equity manager that met or exceeded its 25% target was Walter Scott. The total funds available for disbursement as of April 30, 2007 were \$29,274. Payments totaling \$16,100 were made, leaving a balance of \$13,174 available for disbursement.

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**ON MOTION OF MS. CRAIN, SECONDED BY MR. RESTER AND CARRIED,** the committee accepted the Commission Recapture Report.

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**Northern Trust Securities Lending Report**

Mr. Brosnan reported that for April 2007, the gross income on securities lending was \$73,562.95. Northern Trust received a fee of \$22,053.31. The fund earned \$51,509.64 for April or an average of \$46,970.75 per month calendar year-to-date. Since inception the fund earned \$5,831,381.29 or an average net monthly income of \$35,996.18.

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**ON MOTION OF MRS. LANDRY, SECONDED BY MS. CRAIN AND CARRIED,** the committee accepted the Northern Trust Securities Lending Report.

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**Louisiana Brokers**

Mrs. Meche reported that for the period January 1, 2007 through April 30, 2007 none of the fixed income managers met their 10% target. The equity managers that met or exceeded their 10% minimum target were Ark, J & W Seligman and Walter Scott. A total of \$12,181,170.45 par value and \$24,229.21 in equity commissions was directed during the period ending April 30, 2007.

**Louisiana Incorporated & Domiciled Broker Report**

Mrs. Meche reported that for the period January 1, 2007 through April 30, 2007 the equity managers that met or exceeded their 10% target were Ark, C.S McKee, and J & W Seligman. None of the fixed income managers met their targets for the period. A total of \$21,923.74 in equity commissions and \$1,034,542.50 par value was directed during the period ending April 30, 2007.

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**ON MOTION OF MR. RESTER, SECONDED BY MS. CRAIN AND CARRIED,** the committee accepted the Louisiana Broker Report and the Louisiana Incorporated and Domiciled Broker Report.

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**Securities Litigation  
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of April 30, 2007 LSERS received a total of \$1,741,262.73 in cash, \$578 in par value and 8,963 shares of stock/warrants for settlements from securities litigations.

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**ON MOTION OF MR. RICHARD, SECONDED BY MS. CRAIN AND CARRIED,** the committee accepted the Securities Litigation Report on Receipts.

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**Current Case Review**

Mr. Ponder provided an update on the Bioenvision, Inc. case.

Mr. Ponder presented an overview of the recently completed 2007 Legislative Session, specifically on bills that will affect LSERS.

Mr. Ponder also presented for the board’s consideration a proposed schedule for next year’s board elections.

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**PUBLIC COMMENT**

There were no public comments.

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**OTHER BUSINESS.**

There was no other business.

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**ON MOTION OF MR. RICHARD, SECONDED BY MRS. McKEE AND CARRIED, the committee agreed to adjourn.**

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The meeting adjourned at 10:03 a.m.

  
Charles P. Bujol, Director

  
Jeffrey Faulk, Sr., Chairman