

Louisiana School Employees' Retirement System Board Investment Committee Meeting

Monday, June 14, 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 9:05 a.m. Roll was called by Mrs. Stark.

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Members Present: Mr. Jeffrey Faulk, Sr., Mr. Eugene Rester, Jr., Mrs. Kathy Landry, Ms. Betty Crain, Mrs. Judith McKee, Mr. Philip B. Walther, *Mr. Randy Davis, designee for Mr. Jay Dardenne – Secretary of State.

Members Absent: Mr. Larry Wilmer, Mr. John Kennedy - State Treasurer, Representative J. Kevin Pearson – Chairman of the House Committee on Retirement, and Senator D.A. “Butch” Gautreaux – Chairman of the Senate 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

Others Present: Mr. Brett Hazen – Segal Advisors, Inc.

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APPROVAL OF AGENDA

The agenda was presented to the committee for approval.

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

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

DISCUSSION WITH CONSULTANT

Mr. Hazen provided an update on the current status of the market and performance numbers for the portfolios. A recommendation was made to terminate AXA Rosenberg due to several recent organizational changes that could affect the performance of LSERS’ portfolio. Mr. Hazen then entertained questions from the committee.

ON MOTION OF MRS. McKEE, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the committee agreed with the recommendation of the consultant and staff to terminate AXA Rosenberg.

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

Mr. Wilmer had surgery and will not be attending today’s meeting.

Progress has been made regarding the chiller for the building.

SMALL CAP GROWTH INTERVIEWS

Four firms were interviewed for the Small Cap Growth Manager Search. The interviews were held in 30-minute increments, which allowed for a 20-minute presentation and 10 minutes for questions and answers.

Cadence Capital Management – 9:15 a.m.

*Michael J. Skilman – Chief Executive Officer
David M. Silk - Principal*

Cupps Capital Management – 9:45 a.m.

*Andrew S. Cupps – President, Portfolio Manager
Chris White – Marketing Manager*

Pier Capital Management – 10:30 a.m.

*Jan E. Parsons – President/Chief Investment Officer
Ross Hawkins – National Accounts Representative*

Wasatch Advisors – 11:15 a.m.

*Jeff Cardon – Chief Executive Officer/Portfolio Manager
Eric Bergeson – Vice President, Director of Marketing*

SELECTION OF SMALL CAP GROWTH MANAGER

A review was provided by Mr. Brosnan and Mr. Hazen, which led to a discussion on all four firms. Selection of the small cap growth manager was conducted using a simple “1” vote for first choice, “2” for second choice, etc. All votes were counted during the open meeting and the investment manager with the lowest total was selected. Records are available for inspection. The following is a tally of the votes cast:

	<u>Cadence</u>	<u>Cupps</u>	<u>Pier</u>	<u>Wasatch</u>
Betty Crain	3	2	4	1
Kathy B. Landry	4	2	3	1
Jeffrey Faulk, Sr.	3	2	4	1
Judith McKee	3	1	4	2
Eugene Rester, Jr.	3	2	4	1
Philip B. Walther	3	1	4	2
Randy Davis (Secretary of State)	3	2	4	1
TOTALS:	22	12	27	9

ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the committee agreed to the recommendation of hiring Wasatch Advisors as the Small Cap Growth Manager to be ratified at the next Board Meeting.

STAFF REPORTS

Commission Recapture

Mr. Rhodus reported that for the period January 1, 2010 through March 31, 2010 Orleans Capital was the only fixed income manager to meet its targeted commitment to Lynch Jones & Ryan. All of the equity managers, except C.S. McKee and RiverSource, met or exceeded their 25% targets. The total funds available for disbursement as of March 31, 2010 were \$52,349.00. Disbursements totaling \$10,850.00 were made, leaving a balance of \$41,499.00.

ON MOTION OF MR. WALTHER, SECONDED BY MRS. McKEE 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, 2010 through March 31, 2010 the gross income on securities lending was \$161,963.07. Northern Trust received a fee of \$48,557.69. Since inception the fund earned \$8,368,900.57 or an average net monthly income of \$42,481.73.

ON MOTION OF MS. CRAIN, SECONDED BY MR. RESTER 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, 2010 through March 31, 2010 NTGI and Walter Scott were the only managers that met or exceeded their 10% target. None of the fixed income managers met their target for the period. Equity commissions totaling \$5,346.54 were collected during the period ending March 31, 2010. No par value was collected.

Louisiana Incorporated & Domiciled Broker Report

Mr. Rhodus reported that for the reporting period of January 1, 2010 through March 31, 2010 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 \$12,819.16 were directed during the period ending March 31, 2010. No par value was collected.

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

**Legal Update
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of March 2010 LSERS received a total of \$4,566,431.89 in cash, \$578 in par value and 8,965 shares of stock/warrants for settlements from securities litigations. Mr. Brosnan entertained questions from the committee.

ON MOTION OF MR. RESTER, SECONDED BY MRS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Report of Receipts.

Current Case Review

Mr. Ponder provided an update regarding the Raymond James case. MPERS has filed a lawsuit against British Petroleum.

ON MOTION OF MR. WALTHER, SECONDED BY MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Current Case Review.

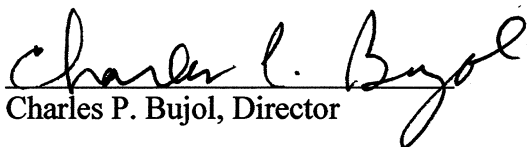
PUBLIC COMMENTS

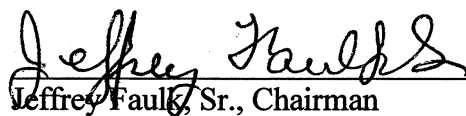
There were no public comments.

OTHER BUSINESS

There was no other business.

ON MOTION OF MR. RESTER, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the committee adjourned at 1:05 p.m.


Charles P. Bujol, Director


Jeffrey Faulk, Sr., Chairman