

Louisiana School Employees' Retirement System Board Investment Committee Meeting

Monday, June 8, 2009
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, *Mr. Randy Davis, designee for Mr. Jay Dardenne – Secretary of State and Ms. Lori Pierce, designee for Mr. John Kennedy – State Treasurer

Members Absent: D.A. "Butch Gautreaux – Chairman of the Senate Committee on Retirement and Representative Joel Robideaux – Chairman of the House Committee on Retirement

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

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

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*Mr. Randy Davis arrived at 9:05 a.m.

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

Mr. Ponder, Mr. Wilmer and he will be leaving at 9:30 a.m. for a Legislative Committee Meeting.

New identification badges for the board members have been distributed.

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, Ms. Pierce, and Mr. Walther **voted affirmatively** to approve the agenda.

DISCUSSION WITH CONSULTANT

Mr. Hazen gave an update on the current status of the market. He reported a continued upward movement in the markets and an improvement in the credit markets. Mr. Brosnan also reported that preliminary numbers for fiscal year-to-date, as of May 31, 2009, showed the system has seen a significant improvement from the prior two (2) months. It was also reported that the majority of LSERS’ active managers have been performing better than their indexes for the month and the fiscal year-to-date.

Mr. Randy Davis arrived at 9:05 a.m.

STAFF REPORTS

Commission Recapture

Mr. Brosnan reported that for the period January 1, 2009 through March 31, 2009 none of the fixed income managers met their targeted commitment to Lynch Jones & Ryan. It was also reported that Fisher, J & W Seligman, NTGI and Walter Scott met or exceeded their 25% targets. The total funds available for disbursement as of March 31, 2009 were \$77,411.00. Disbursements totaling \$5,850.00 were made, leaving a balance of \$71,561.00.

Northern Trust Securities Lending Report

Mr. Brosnan reported that for the period of January 1, 2009 through March 31, 2009 the gross income on securities lending was \$48,160.40. Northern Trust received a fee of \$11,543.81. The fund earned \$118,248.99 for 2009 or an average of \$39,416.33 per month. Since inception the fund earned \$7,894,286.81 or an average net monthly income of \$42,671.82.

ON MOTION OF MRS. McKEE, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Commission Recapture Report.

**Legal Update
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of April 2009 LSERS received a total of \$3,910,408.25 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 MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Securities Litigation Report of Receipts.

ON MOTION OF MRS. McKEE, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Securities Lending Report.

Current Case Review

Mr. Ponder reported that the system has two (2) securities litigation cases that are active. There has been no action taken in either case.

Legislative Update

Mr. Bujol provided an update on the current status of legislative bills that would affect LSERS.

ON MOTION OF MS. CRAIN, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Legislative Update.

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

Mr. Bujol, Mr. Wilmer, Mr. Hall and Mr. Ponder left at 9:25 a.m.

Louisiana Broker Report

Mr. Brosnan reported that for the reporting period of January 1, 2009 through March 31, 2009 only NTGI and Walter Scott met or exceeded their 10% target. None of the fixed income managers met their target for the period. Equity commissions totaling \$5,167.99 was directed during the period ending March 31, 2009. No par value was collected.

Louisiana Incorporated & Domiciled Broker Report

Mr. Brosnan reported that for the reporting period of January 1, 2009 through March 31, 2009 none of the fixed income managers met their 10% target. The equity managers that met or exceeded their 10% minimum target were Fisher and J & W Seligman. Equity commissions totaling \$10,835.00 was collected during the period ending March 31, 2009. No par value was collected.

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

Update on Distressed/Oppportunistic Debt Portfolio.

Mr. Brosnan reported that the assets have been moved into the distressed/opportunistic debt portfolio. The contract was signed with Commonwealth Advisors and they are now handling the portfolio which has approximately \$28 million in assets.

ON MOTION OF MR. RESTER, SECONDED BY MRS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the committee approved the update on Distressed/Oppportunistic Debt Portfolio.

Discussion of Parameters for Fixed Income Manager Addition and Possible Approval of “Invitation Only” Search by Segal

Mr. Hazen noted that additional diversification is needed in LSERS’ fixed income portfolios. Hiring a “true” global bond portfolio manager was recommended in order to achieve the highest level of diversification. He also reported that Tattersall will be winding down its portfolio operations by September 30, 2009. Current time constraints do not allow for a “normal” search using the Request for Proposals process. An “Invitation Only” search process using Segal’s database of top performing fixed income managers was recommended. Segal and staff would review responses from the invited firms, followed by interviews of the selected finalists at the July meeting.

ON MOTION OF MR. RESTER, SECONDED BY MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the committee approved the search for a global fixed income portfolio manager through an “invitation only” search instead of a regular public Request for Proposals process.

EDUCATIONAL PRESENTATION
Hedge Funds/Diversified Fund of Funds

Entrust Capital, Inc.

Mr. Leeor Farhadian – Managing Director, FOF Research
Mr. David Livingston – Vice President of the Business Dept.

Mr. Farhadian and Mr. Livingston presented an hour long educational component regarding hedge funds/diversified fund of funds.

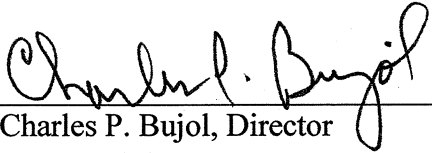
PUBLIC COMMENTS

There were no public comments.

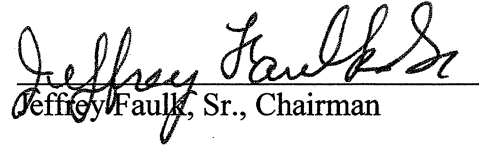
OTHER BUSINESS

There was no other business.

ON MOTION OF MR. RESTER, SECONDED BY MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT, the committee adjourned at 11:05 a.m.



Charles P. Bujol, Director



Jeffrey Faulk, Sr., Chairman