

Louisiana School Employees' Retirement System Board Investment Committee Meeting

*Monday, June 9, 2008
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 9:02 a.m. Mrs. Stark called the roll.

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Members Present: Mr. Jeffrey Faulk, Sr. - Chairman, Mr. Larry Wilmer, Mrs. Kathy Landry, Ms. Betty Crain, Mrs. Judith McKee, Mr. Eugene Rester, Jr., Mr. Philip B. Walther, and Ms. Lori Pierce, designee for Mr. John Kennedy – State Treasurer.

Members Absent: Mr. Jay Dardenne – Secretary of State, Senator D.A. “Butch” Gautreaux, Chairman - Senate Retirement Committee and Representative Joel Robideaux, 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., Ms. Joanna Mulford and Mr. Jim Walker – Prudential Investment Management Services.

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The agenda was unanimously approved by the committee. Members present: Ms. Crain, Mr. Rester, Mrs. Landry, Mr. Wilmer, Mr. Faulk, Mr. Walther and Ms. Pierce.

Mr. Bujol made the following announcements:

He and Mr. Ponder will be leaving early from today's meeting for a Senate Retirement Committee Meeting.

A detailed description of Commission Recapture is enclosed in everyone's folder.

Mrs. Josie Meche will be retiring soon and today is her last board meeting.

Mr. Larry Wilmer will be retiring from the Sheriff's Office at the end of June.

DISCUSSION WITH CONSULTANT

Mr. Hazen provided a grim outlook on portfolio performance for the coming year. He also discussed the ongoing negotiation of the performance based fee with Ark. It was suggested that LSERS should retain Ark as a portfolio manager to see if their performance will improve in the future.

STAFF REPORTS

Commission Recapture

Mrs. Meche reported that for the period January 1, 2008 through March 31, 2008 none of the fixed income managers met their targeted commitment to Lynch Jones & Ryan. It was also reported that C.S. McKee, J & W Seligman and Walter Scott met or exceeded their 25% targets. The total funds available for disbursement as of March 31, 2008 were \$75,513. Disbursements totaling \$2,500 were made leaving a balance of \$73,013.

ON MOTION OF MS. CRAIN, 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 February 2008 the gross income on securities lending was \$201,823.08. Northern Trust received a fee of \$60,530.34. The fund earned \$141,292.74 for February or an average of \$39,688.46 per month calendar year-to-date. Since inception the fund earned \$6,826,415.89 or an average net monthly income of \$39,688.46.

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

Louisiana Brokers

Mrs. Meche reported that for the period January 1, 2008 through March 31, 2008 the equity managers that met or exceeded their 10% target were Ark and Walter Scott. Orleans Capital was the only fixed income manager that met its target for the period. A total of \$19,374.14 in equity commissions and \$3,894,320.00 in par value was directed during the period ending March 31, 2008.

Louisiana Incorporated & Domiciled Broker Report

Mrs. Meche reported that for the period January 1, 2008 through March 31, 2008 none of the fixed income managers met their 10% target. The equity managers that met or exceeded their 10% minimum target were Brandywine and J & W Seligman. A total of \$34,645.02 in equity commissions and \$527,405 in par value was directed during the period ending March 31, 2008.

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

**Securities Litigation
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of March 31, 2008 LSERS received a total of \$141,492,84 in cash, \$578 in par value and 8,963 shares of stock/warrants for settlements from securities litigations.

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

Current Case Review

Mr. Ponder noted that Mr. Tim DeLange was scheduled to attend today’s meeting to update the committee members regarding the Accredo Health case, but was unable to attend. He will attend the July 14, 2008 Investment Committee Meeting. The Accredo Health case is scheduled for trial in October, 2008.

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

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Legislative Update.

Mr. Ponder updated the committee on the status of the bills that would affect LSERS.

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

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EDUCATIONAL PRESENTATION: MEZZANINE FINANCE.

Ms. Joanna Mulford and Mr. Jim Walker with Prudential Investment Management Services presented a one-hour educational component regarding Mezzanine Funds.

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SMALL CAP VALUE SEARCH UPDATE.

Mr. Brosnan reported on the status of the ongoing Small Cap Value Search. He noted that only 10 of the original 27 respondents remain for consideration. Staff and consultant will narrow the field down to approximately five candidates. The committee asked that Brandywine be added back to the list of remaining firms to be considered.

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ON MOTION OF MR. WILMER, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Small Cap Value Search Update.

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PUBLIC COMMENTS

There were no public comments.

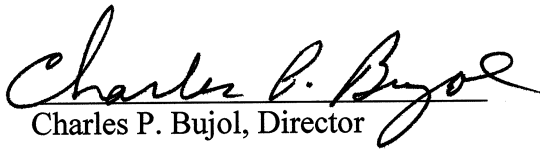
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OTHER BUSINESS

There was no other business.

ON MOTION OF MR. RESTER, SECONDED BY MR. WILMER AND CARRIED BY UNANIMOUS CONSENT, the committee agreed to adjourn.

The meeting adjourned at 11:40 a.m.


Charles P. Bujol, Director


Jeffrey Faulk, Sr., Chairman