

# Louisiana School Employees' Retirement System Board Investment Committee Meeting

*Monday, March 10, 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 9:05 a.m. Mrs. Stark called the Roll.

\* \* \* \* \*

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

**Members Absent:** 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.

\* \* \* \* \*

Mr. Bujol made the following announcements:

The Active Member District 3 Election is complete. Mrs. Judith McKee was reelected without opposition.

An educational presentation on "Portfolio Analysis Using Style Advisor" will be provided today by Mr. Brendan Brosnan. "Evidence of Compliance of Trustee Educational Certification" forms are to be completed and turned in to Ms. Champagne after the presentation.

The NCPERS 2008 Annual Conference and Exhibition will be held in New Orleans, Louisiana from May 16 – 22, 2008. Board members attending this conference are asked to meet with Ms. Champagne so that "Request for Official Travel" forms can be signed and submitted to the Chairman of the Board for approval.

The PAR Guide to the 2008 Louisiana Legislature has been provided to each Board member.

Updates to LSERS' Board of Trustees manual have been provided.

Minor changes have been made to LSERS' "Request for Official Travel" and "Travel Voucher" forms. A new fillable version of the travel voucher has been created, which makes accounting of expenditures for LSERS' Board members and staff more accurate and less time consuming. The only change is that the total mileage for the round trip is being used instead of a breakdown of miles for each day of travel.

A Special Board meeting will be held upon adjournment of the Investment Committee meeting.

Annual evaluations on all unclassified personnel have been mailed to all board members. Completed and signed evaluations are to be mailed back to the Chairman of the Personnel Committee by Monday, April 7, 2008. The Personnel Committee will meet on Monday, April 14, 2008, to review evaluations and make recommendations for presentation to the full board.

Mr. Randy Davis arrived at 9:13 a.m.

\*\*\*\*\*

### **DISCUSSION WITH CONSULTANT**

Mr. Hazen reported that Schroder had asked for a policy modification that would allow them to facilitate their investment process and recommended that the policy change be granted. He also provided an update on fee discussions with Ark and AXA Rosenberg.

\*\*\*\*\*

### **STAFF REPORTS**

#### **Approval of RFP for Small-Cap Value Manager**

Mr. Brosnan provided a draft of the Small-Cap Value Request/Solicitation (SFP) for Proposal packet for review. The SFP requires that potential managers have at least \$300 million in assets under management in the Small-Cap Value style and be a registered investment advisor.

\*\*\*\*\*

**ON MOTION OF MS. CRAIN, SECONDED BY MRS. McKEE AND CARRIED BY UNANIMOUS CONSENT,** the committee approved the RFP for a Small-Cap Value Manager Search.

\*\*\*\*\*

**Commission Recapture**

Mrs. Meche reported that for the period January 1, 2007 through December 31, 2007 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 J & W Seligman, NTQA and Walter Scott. The total funds available for disbursement as of December 31, 2007 were \$106,868. Payments totaling \$43,750 were made, leaving a balance of \$63,118 available for disbursement.

\*\*\*\*\*

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

\*\*\*\*\*

**Northern Trust Securities Lending Report**

Mr. Brosnan reported that for December 2007 the gross income on securities lending was \$195,961.70. Northern Trust received a fee of \$58,771.15. The fund earned \$137,190.55 for December or an average of \$60,282.09 per month calendar year-to-date. Since inception the fund earned \$6,548,063.10 or an average net monthly income of \$38,518.02.

\*\*\*\*\*

**ON MOTION OF MR. RESTER, SECONDED BY MR. WILMER AND CARRIED BY UNANIMOUS CONSENT,** the committee accepted the Northern Trust Securities Lending Report.

\*\*\*\*\*

**Louisiana Incorporated & Domiciled Broker Report**

Mrs. Meche reported that for the period January 1, 2007 through December 31, 2007 the only equity manager that did not meet or exceed its 10% target was Ark Asset Management. None of the fixed income managers met their targets for the period. A total of \$110,598.10 in equity commissions and \$11,277,082.50 in par value was directed during the period ending December 31, 2007.

**Louisiana Brokers**

Mrs. Meche reported that for the period January 1, 2007 through December 31, 2007 none of the fixed income managers met their 10% target. The equity managers that met or exceeded their 10% minimum target were Ark, NTQA, RhumbLine and Walter Scott. A total of \$52,108,189.30 par value and \$168,935.25 in equity commissions was directed during the period ending December 31, 2007.

\*\*\*\*\*

**ON MOTION OF MRS. McKEE, SECONDED BY MR. RESTER 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 December 31, 2007 LSERS received a total of \$2,083,073.38 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 MRS. McKEE AND CARRIED**, the committee accepted the Securities Litigation Report on Receipts.

\*\*\*\*\*

**Current Case Review**

Mr. Ponder reported that the Accredo Health case is being litigated in Memphis, Tennessee. He suggested that one of the attorneys representing LSERS in this case attend a future meeting to report the progress of this case.

Discussion was held on the “Take-Two” derivative case.

Mr. Ponder and Mr. Bujol also discussed two pieces of legislation from the 2008 Special Legislative Session that will affect LSERS’ Board of Trustees.

\*\*\*\*\*

**ON MOTION OF MR. WILMER, SECONDED BY MS. PIERCE AND CARRIED BY UNANIMOUS CONSENT**, the committee agreed not to pursue any legal action in the Take-Two case.

\*\*\*\*\*

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

\*\*\*\*\*

**EDUCATION: PORTFOLIO ANALYSIS USING STYLE ADVISOR.**

Mr. Brosnan gave a thirty-minute educational presentation regarding portfolio analysis using the system's Style Advisor software.

\*\*\*\*\*

**ON MOTION OF MR. WILMER, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT**, the committee accepted the educational presentation regarding portfolio analysis using the system's Style Advisor software.

\*\*\*\*\*

**PUBLIC COMMENTS**

There were no public comments.

\*\*\*\*\*

**OTHER BUSINESS**

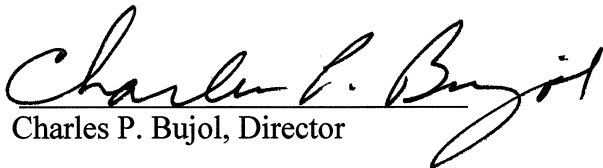
Mr. Brosnan announced that redemption of the "DROP" account balances from the Federated Prime Value Fund and reinvestment in Federated Prime Obligation Fund was completed on February 29, 2008.

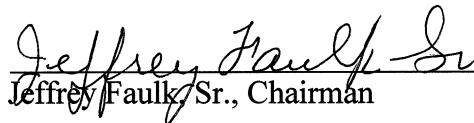
\*\*\*\*\*

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

\*\*\*\*\*

The meeting adjourned at 11:02 a.m.

  
Charles P. Bujol, Director

  
Jeffrey Faulk Sr., Chairman