

Louisiana School Employees' Retirement System Board Investment Committee Meeting

*Monday, March 12, 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 9:00 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. Lori Pierce, 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, Mrs. Jennifer Champagne – Administrative Assistant 5 and Mrs. Laurie Stark - Administrative Assistant 5.

Others Present: Mr. Brett Hazen – Segal Advisors, Inc. and Mr. Michael Andrews – Nomura Asset Management.

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Mr. Randy Davis arrived at 9:02 a.m.

EDUCATIONAL PRESENTATION: ALTERNATIVE STRATEGIES IN FIXED INCOME.

Mr. Michael Andrews, of Nomura Asset Management, provided a one-hour presentation on alternative strategies of investing in fixed income. This included a review of higher return investments and lower volatility strategies.

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ON MOTION OF MR. RICHARD, SECONDED BY MS. CRAIN AND CARRIED, the committee accepted the Educational Presentation on Alternative Strategies in Fixed Income.

MID-CAP INDEX STRATEGY

Mr. Brosnan presented a brief overview of the Mid-Cap Index, which consistently performed better than the S&P 500 Index, especially in down markets. Mr. Brosnan recommended initiation of a search for a Mid-Cap Index fund manager with an allocation of \$50 million dollars, the source of funds to be determined at a later date.

ON MOTION OF MRS. McKEE, SECONDED BY MRS. LANDRY AND CARRIED, the committee approved the timeline for initiating a search for a Mid-Cap Index Manager.

ON MOTION OF MRS. McKEE, SECONDED BY MR. RICHARD AND CARRIED, the committee agreed with the recommendation to proceed with a search for a Mid-Cap Index Manager.

DISCUSSION WITH CONSULTANT

Mr. Brosnan reported that after the stock market's sharp decline during the week of March 5, 2007 the system only lost approximately \$6 million dollars.

STAFF REPORTS

Commission Recapture

Mrs. Meche reported that for the period January 1, 2006 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 C.S. McKee, NTQA and Walter Scott. The total funds available for disbursement as of December 31, 2006 were \$231,218.00. Payments totaling \$221,472.27 were made, leaving a balance of \$9,745.73 available for disbursement.

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

Northern Trust Securities Lending Report

Mr. Brosnan reported that for the calendar year-to-date period ending December 2006, the gross income on securities lending was \$681,023.07. Northern Trust received a fee of \$204,131.55. The fund earned \$476,891.52 or an average of \$39,740.96 per month. To date the fund earned \$5,643,498.31 or an average net monthly income of \$35,718.34.

ON MOTION OF MS. CRAIN, SECONDED BY MR. RICHARD AND CARRIED, the committee accepted the Northern Trust Securities Lending Report.

Louisiana Brokers

Mrs. Meche reported that for the period January 1, 2006 through December 31, 2006 all of the fixed income managers met or exceeded their 10% target. The equity managers that met or exceeded their 10% minimum target were Ark and Walter Scott. A total of \$384,588,761.34 par value and \$97,224.44 in equity commissions was directed during the period ending December 31, 2006.

Louisiana Incorporated & Domiciled Broker Report

Mrs. Meche reported that for the period January 1, 2006 through December 31, 2006 the only equity manager that did not meet or exceed its 10% target was Ark. Orleans Capital was the only fixed income manager that met its target for the period. A total of \$67,098.10 in equity commissions and \$18,382,361.26 par value was directed during the period ending December 31, 2006.

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

**Securities Litigation
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of January 23, 2007, LSERS received a total of \$1,689,682.01 in cash, \$578 in par value and 8,696 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

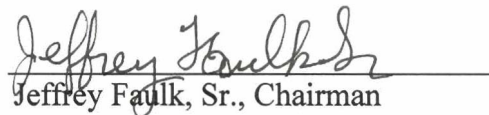
Mr. Ponder provided a brief review of current securities litigation cases, which included the Accredo Health and Silicon Storage cases.

ON MOTION OF MS. CRAIN, SECONDED BY MRS. McKEE AND CARRIED, the committee accepted the Current Case Review report.

ON MOTION OF MS. CRAIN, SECONDED BY MRS. LANDRY AND CARRIED, the committee agreed to adjourn.

The meeting adjourned at 10:54 a.m.


Charles P. Bujol, Director


Jeffrey Faulk, Sr., Chairman