

**Louisiana School Employees' Retirement System
Regular Board Meeting**

**Tuesday, May 8, 2007
8:30 a.m.**

The Board of Trustees of the Louisiana School Employees' Retirement System convened in the Board Room (Room 100) of the Louisiana School Employees' Retirement System Building located at 8660 United Plaza Blvd., Baton Rouge, Louisiana. Mr. Jeffrey Faulk, Sr., Vice Chairman of the Board, called the meeting to order at 8:32 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Ms. Champagne.

Members Present: Mr. Jeffrey Faulk, Sr. – Vice Chairman, Ms. Betty Crain, Mr. Eugene Rester, Jr., Ms. Kathy Landry, Mr. Earl Richard, Jr., Ms. Judith McKee, Mr. Randy Davis, designee for Mr. Jay Dardenne – Secretary of State

Members Absent: Mr. Larry Wilmer, Mr. John Kennedy – State Treasurer, Senator D.A. "Butch" Gautreaux – Chairman of the Senate Retirement Committee, Representative Pete Schneider – Chairman of the House Retirement Committee

Staff Present: Mr. Charles P. Bujol – Executive Director, Ms. Debra Dudley – Assistant Director, Mr. Brendan Brosnan – Chief Investment Officer, Mr. Warren Ponder – Executive Counsel, Ms. Josie Meche – Investment Manager 1, Ms. Jennifer Champagne – Administrative Assistant 5

Also Present: Mr. Richard Ranallo – Segal Advisors, Inc., Ms. Mary Breaux

MANAGER PERFORMANCE REVIEW

Mr. Ranallo provided a brief review of market returns for periods ending March 31, 2007, including returns for the last 3 months, 1 year, 3 years, 5 years, and 10 years. He then provided an analysis of the managers' investment performance through March 31, 2007, which included an overall review of manager and stock market performance over the last quarter and year to date.

It was noted that Ark, CS McKee, and Walter Scott did very poorly over the last year and hurt the overall portfolio. Limiting reliance on any one manager and strategies for achieving this goal were reviewed. This included index strategies, diversification of assets, long/short strategies, and the manager selection process.

Information on asset allocation, manager allocation, total composite, investment performance, and overall returns relative to LSERS' investment policy was also provided.

All managers in the portfolio were individually reviewed and discussed.

Mr. Ranallo then answered questions from the Board, which led to a discussion on the long/short strategy.

ON MOTION BY MS. LANDRY, SECONDED BY MS. CRAIN AND CARRIED, the Board approved the Chief Investment Officer and Investment Consultant conducting a search for a 130/30 manager (Long/Short).

INVESTMENT MANAGER REPORTS

PRINCIPAL GLOBAL INVESTORS

Jake Anonson, CFA – Relationship Manager
John Berg - Managing Director, Portfolio Management

Mr. Anonson began the presentation by providing a brief review of the firm and its principal real estate investors. He provided a summary of LSERS' account and then turned the floor over to Mr. Berg.

Mr. Berg continued the presentation by reiterating that this was a core, private real estate portfolio invested in real estate properties such as office buildings, warehouse buildings, shopping centers, and apartments. He then reviewed key statistics in the portfolio and provided detailed information on the portfolio, which included current investment locations, account composition, account strategy, types of properties, recent acquisitions, summary of acquisitions and dispositions for 2006 and 2007, and account performance.

Mr. Anonson and Mr. Berg then addressed questions from the Board and Investment Consultant. This led to a discussion of future acquisitions, specifically whether any of these were targeted for Louisiana.

PRUDENTIAL FINANCIAL

James T. Murphy – Principal, Prudential Real Estate Investors, Client Relations
Catherine “Cathy” Marcus – Principal, Prudential Real Estate Investors, Portfolio Manager

Mr. Murphy began the presentation by providing a review of account assets as of March 31, 2007, which indicated contributions, disbursements, investment earnings, cash flow reinvestments, and market value. He then provided detailed information on PRISA, which is an open-end, commingled, core real estate fund that began operation in July 1970.

Ms. Marcus continued the presentation by reviewing performance of the account. This included a detailed review of 2006 performance, 2007 objectives, income and total returns before management fees for periods ending March 31, 2007, total returns for periods ending December 31, 2006 versus the benchmark, occupancy and lease expirations, property type diversification and strategy, and geographic diversification and strategy. Ms. Marcus reviewed the state of the market and PRISA’s investment approach, which included past, current, and future acquisitions.

Mr. Murphy then reviewed the status of the fund, how much money has been invested, and how long it takes to invest. He indicated that with continued strict discipline the fund will continue to be active in the market and have the type of investments expected from an open-end, commingled fund.

Mr. Murphy and Ms. Marcus then addressed questions from the Board and Investment Consultant. This led to a review of changes within the firm, specifically Kevin Smith taking over the portfolio from Allen Smith. It was noted that changes have been made internally and no one has left the firm. Also discussed were plans for investing in Louisiana, specifically in the New Orleans area.

OTHER BUSINESS

Mr. Bujol made the following announcements:

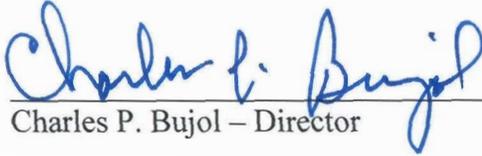
SB 60 will be heard by the Senate Retirement Committee on Monday or Tuesday of next week. Board members will be contacted with the exact date and time the committee will convene.

HB 658 has not been scheduled yet. Board members will be contacted with the exact date and time this bill will be heard.

Discussion was held on these two bills and the importance of these bills was reiterated. Also stressed was the need for the legislators to hear from their constituents.

There was no other business to discuss.

ON MOTION BY MS. MCKEE, SECONDED BY MS. LANDRY AND CARRIED, the Board adjourned at 10:52 a.m.



Charles P. Bujol – Director



Jeffrey Faulk, Sr. – Vice Chairman