

Louisiana School Employees' Retirement System Board Investment Committee Meeting

Monday, October 12, 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, Ms. Lauren Bailey – attendee for Senator D.A. “Butch” Gautreaux – Chairman of the Senate Committee on Retirement, Mr. Randy Davis, designee for Mr. Jay Dardenne – Secretary of State and Ms. Lori Pierce, designee for Mr. John Kennedy – State Treasurer

Members Absent: 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 II, 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:

The following items have been placed in the Board members folders:

A letter from Ms. Debra Dudley, informing the Board of her retirement effective December 4, 2009. A discussion regarding filling Ms. Dudley’s position will be held during the Special Board meeting scheduled for later today.

A copy of the letter and supporting documents certifying continuing education requirements for LSERS Board of Trustees for the reporting period of September 1, 2008 through August 31, 2009. Certification has been submitted to the Speaker of the House, President of the Louisiana State Senate, Chairman of the House Committee on Retirement, and the Chairman of the Senate Committee on Retirement.

A copy of the Attorney General’s Opinion 09-0070.

The NCPERS 2010 Annual Legislative Conference in Washington, DC will be held on February 7-9, 2010. Anyone interested in attending the conference is asked to complete the survey and return it to Ms. Champagne by November 9, 2009 so that preliminary arrangements can be made.

Mr. Jerry Rhodus has been promoted to Investment Officer II.

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

APPROVAL OF AGENDA

The agenda was presented to the committee for approval.

ON MOTION OF MR. WILMER, SECONDED BY MR. WALTHER, Mrs. McKee, Ms. Crain, Mrs. Landry, Mr. Wilmer, Mr. Faulk, Mr. Rester, Mr. Davis, Ms. Pierce, and Mr. Walther **voted affirmatively** to approve the agenda.

DISCUSSION WITH CONSULTANT

Mr. Hazen provided an update on the current status of the market and performance numbers for the portfolios. He noted there is still much uncertainty in the market and that while progress has been made there was still much to be done.

STAFF REPORTS

Commission Recapture

Mr. Rhodus reported that for the period January 1, 2009 through July 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, and NTGI met or exceeded their 25% targets. The total funds available for disbursement as of July 31, 2009 were \$87,539.00. Disbursements totaling \$22,550.00 were made, leaving a balance of \$64,989.00.

ON MOTION OF MRS. LANDRY, SECONDED BY MR. WILMER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Commission Recapture Report.

Northern Trust Securities Lending Report

Mr. Brosnan reported that for the period of January 1, 2009 through July 31, 2009 the gross income on securities lending was \$426,272.81. Northern Trust received a fee of \$14,813.56. The fund earned \$323,916.33 for 2009 or an average of \$46,273.76 per month. Since inception the fund earned \$8,099,954.15 or an average net monthly income of \$42,856.90.

ON MOTION OF MRS. LANDRY, SECONDED BY MR. WILMER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Securities Lending Report.

Update on the Reversal of Collateral Deficiency Reduction

Mr. Brosnan provided an update on the reversal of collateral deficiency reduction. Several options were presented on how to repay the collateral deficiency. Mr. Brosnan recommended that LSERS stay in the Securities Lending program.

ON MOTION OF MR. WALTHER, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the committee recommended that LSERS stay in the Securities Lending program at the September 2008 level in order to repay the Lehman and CIT loss.

Louisiana Broker Report

Mr. Rhodus reported that for the reporting period of January 1, 2009 through July 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 \$13,237.47 were collected during the period ending July 31, 2009. No par value was collected.

Louisiana Incorporated & Domiciled Broker Report

Mr. Rhodus reported that for the reporting period of January 1, 2009 through July 31, 2009 none of the fixed income managers met their 10% target. The equity managers that met or exceeded their 10% minimum target were C.S. McKee and Fisher. Equity commissions totaling \$16,235.60 were directed during the period ending July 31, 2009. No par value was collected.

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

**Legal Update
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of August 2009 LSERS received a total of \$4,047,732.03 in cash, \$578 in par value and 8,963 shares of stock/warrants for settlements from securities litigations.

ON MOTION OF MR. WILMER, SECONDED BY MRS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Securities Litigation Report of Receipts.

Current Case Review

Mr. Ponder provided an update on the Chesapeake Energy and RJF Financial cases. Discussion was held regarding LSERS being made lead plaintiffs in the UCBH Holdings Inc. case. Consensus of the committee was that LSERS would not be lead plaintiff.

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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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DISCUSSION OF ACTIVE VS PASSIVE MANAGEMENT AND POSSIBLE RFP

Mr. Brosnan provided a brief review of action taken by the Board on January 5, 2009 regarding the transition of portfolio assets to RhumbLine Advisors due to Ark Asset Management’s intention to cease operations and close their firm effective January 20, 2009. After review and discussion the committee accepted Mr. Brosnan’s recommendation to allow RhumbLine Advisors to continue investing the funds in a Large Cap Index Fund.

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PUBLIC COMMENTS

There were no public comments.

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OTHER BUSINESS

Mr. Brosnan reported that he will be out on medical leave for approximately six weeks and asked that the board grant Jerry Rhodus the authority to sign on his behalf and to transfer funds on behalf of LSERS.

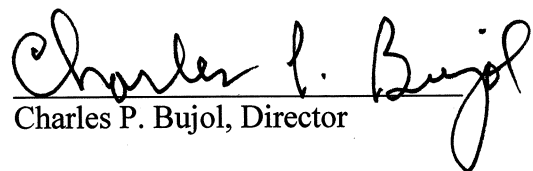
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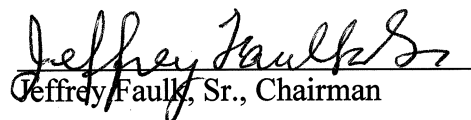
ON MOTION OF MS. CRAIN, SECONDED BY MR. WILMER AND CARRIED BY UNANIMOUS CONSENT, the committee agreed to add an agenda item to allow Jerry Rhodus the authority to sign documents and to move funds on behalf of LSERS.

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ON MOTION OF MS. CRAIN, SECONDED BY MR. WILMER AND CARRIED BY UNANIMOUS CONSENT, the committee agreed to allow Jerry Rhodus the authority to sign documents and to move funds on behalf of LSERS.

ON MOTION OF MRS. LANDRY, SECONDED BY MR. WILMER AND CARRIED BY UNANIMOUS CONSENT, the committee adjourned at 10:26 a.m.


Charles P. Bujol, Director


Jeffrey Faulk, Sr., Chairman