

# Louisiana School Employees' Retirement System Board Investment Committee Meeting

*Monday, September 10, 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 9:05 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, and Mrs. Laurie Stark - Administrative Assistant 5.

**Others Present:** Mr. Brett Hazen – Segal Advisors, Inc., Mr. Steve Sapra and Mr. Mark Osterkamp – Analytic Investors, Inc., Mr. Bill Ricks & Mr. Bill Barnes – AXA Rosenberg Investment Management, Mr. Doug Angstrom and Mr. Kyle Sommer – Goldman Sachs Asset Management, and Mr. Ted Lockwood and Mr. Timothy J. Crist – Quantitative Management Associates and Mr. Randy Zinna.

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Mr. Bujol made the following announcements:

All trustees have complied with the trustee education requirements for 2007. Most of the educational requirements for 2008 can be obtained by attending the 2007 LAPERS Conference.

LAPERS Conference packets would be given to attendees after the meeting.

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**STAFF REPORTS**

**Commission Recapture**

Mrs. Meche reported that for the period January 1, 2007 through June 30, 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, J & W Seligman, NTQA and Walter Scott. The total funds available for disbursement as of June 30, 2007 were \$46,649. Payments totaling \$18,600 were made, leaving a balance of \$28,049 available for disbursement.

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

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**Northern Trust Securities Lending Report**

Mr. Brosnan reported that for June 2007 the gross income on securities lending was \$83,060.55. Northern Trust received a fee of \$24,901.61. The fund earned \$58,158.94 for June or an average of \$52,764.61 per month calendar year-to-date. Since inception the fund earned \$5,960,085.98 or an average net monthly income of \$36,341.99.

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

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**Louisiana Brokers**

Mrs. Meche reported that for the period January 1, 2007 through June 30, 2007 the fixed income manager that met its 10% target was Orleans Capital. The equity managers that met or exceeded their 10% minimum target were Ark, J & W Seligman, NTQA and Walter Scott. A total of \$20,513,865.47 par value and \$37,814.95 in equity commissions was directed during the period ending June 30, 2007.

**Louisiana Incorporated & Domiciled Broker Report**

Mrs. Meche reported that for the period January 1, 2007 through June 30, 2007 the equity managers that met or exceeded their 10% target were Brandywine, C.S McKee, and J & W Seligman. None of the fixed income managers met their targets for the period. A total of \$32,534.84 in equity commissions and \$1,034,542.50 in par value was directed during the period ending June 30, 2007.

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

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**Securities Litigation  
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of July 31, 2007 LSERS received a total of \$1,754,535.78 in cash, \$578 in par value and 8,963 shares of stock/warrants for settlements from securities litigations.

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**ON MOTION OF MR. RESTER, SECONDED BY MR. RICHARD AND CARRIED**, the committee accepted the Securities Litigation Report on Receipts.

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**Current Case Review**

Mr. Ponder reported that settlement information would be forthcoming in the CMS securities litigation case.

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

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**LONG/SHORT MANAGER SELECTION (130/30)**

**Manager Interviews:**

Four companies were interviewed for the Long/Short Manager Search. The interviews were held in 40-minute increments, which allowed for a 30-minute presentation and 10 minutes for questions and answers.

**Analytic Investors, Inc.**  
Mr. Steve Sapra, Portfolio Manager  
Mr. Mark Osterkamp, Director, Marketing & Client Service

**AXA Rosenberg Investment Management**  
Mr. Bill Barnes – Director of Marketing  
Mr. Bill Ricks – Chief Investment Officer

**Goldman Sachs Asset Management**  
Mr. Doug Angstrom – Managing Director  
Mr. Kyle Sommer – Vice President

**Quantitative Management Associates**  
Mr. Ted Lockwood – Managing Director  
Mr. Timothy J. Crist – Vice President

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**Selection of Manager(s)**

Mr. Hazen and Mr. Brosnan gave brief reviews of the four (4) management firms that were interviewed. It was recommended that the board consider hiring two (2) firms.

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**ON MOTION OF MRS. McKEE, SECONDED BY MR. RICHARD AND CARRIED**, the committee agreed that two (2) firms would be hired as LSERS’ new Long/Short Equity Managers.

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**ON MOTION OF MRS. LANDRY, SECONDED BY MR. RICHARD AND CARRIED**, the committee agreed that the managers would be broken into two (2) groups based on investment style and one manager hired from each group:

- Group 1)** AXA Rosenberg Investment Management and Goldman Sachs Asset Management
- Group 2)** Analytic Investors, Inc. and Quantitative Management Associates.

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**ON MOTION OF MRS. LANDRY, SECONDED BY MR. RICHARD**, the committee voted on firms from Group 1: AXA Rosenberg Investment Management (**AXA**) and Goldman Sachs Asset Management (**Goldman**).

**Roll Call Vote:** Rester: **AXA**, McKee: **AXA**, Landry: **AXA**, Faulk: **AXA**, Crain: **AXA**, Richard: **AXA**, Pierce: **AXA** and Davis: **AXA**.

**AXA: 8 Votes                      Goldman: 0 Votes.**

**AXA Rosenberg Investment Management was selected from Group 1.**

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**ON MOTION OF MRS. LANDRY, SECONDED BY MR. RICHARD**, the committee voted on firms from Group 2: Analytic Investors, Inc. (**Analytic**) and Quantitative Management Associates (**Quantitative**).

**Roll Call Vote:** Rester: **Analytic**, McKee: **Analytic**, Landry: **Analytic**, Faulk: **Analytic**, Crain: **Quantitative**, Richard: **Quantitative**, Pierce: **Analytic** and Davis: **Quantitative**.  
**Analytic: 5 Votes                      Quantitative: 3 Votes.**

**Analytic Investors, Inc. was selected from Group 2.**

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**ON MOTION OF MRS. LANDRY, SECONDED BY MRS. McKEE AND CARRIED**, the committee recommended AXA Rosenberg Investment Management and Analytic Investors, Inc. as the new Long/Short Managers (130/30) for LSERS.

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**PUBLIC COMMENTS**

There were no public comments.

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**OTHER BUSINESS**

There was no other business.

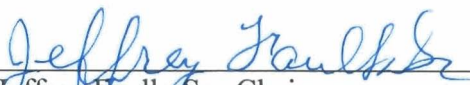
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**ON MOTION OF MR. RICHARD, SECONDED BY MS. CRAIN AND CARRIED**, the committee agreed to adjourn.

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The meeting adjourned at 1:28 p.m.

  
Charles P. Bujol, Director

  
Jeffrey Faulk, Sr., Chairman