

Louisiana School Employees' Retirement System Board Investment Committee Meeting

Monday, September 13, 2010
(Upon Adjournment of Special Board Meeting)

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 10:08 a.m. Roll was called by Mrs. Stark.

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Members Present: Mr. Larry Wilmer Mr. Jeffrey Faulk, Sr., Mr. Eugene Rester, Jr., Mrs. Kathy Landry, Ms. Betty Crain, Mr. Philip B. Walther, Mr. Ron Henson, designee for Mr. John Kennedy – State Treasurer and Mr. Randy Davis, designee for Mr. Jay Dardenne – Secretary of State.

Members Absent: Mrs. Judith McKee, Representative J. Kevin Pearson – Chairman of the House Committee on Retirement, and Senator D.A. "Butch" Gautreaux – Chairman of the Senate Committee on Retirement

Staff Present: Mr. Charles Bujol – Executive Director, Mrs. Carolyn Forbes - 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

Others Present: Mr. Brett Hazen – Segal Advisors, Inc.

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ANNOUNCEMENTS

Mr. Bujol had no announcements.

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APPROVAL OF AGENDA

The agenda was presented to the committee for approval.

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

PUBLIC COMMENTS ON ANY ITEM ON THE AGENDA

The chairman made the request for any members of the public who would like to comment on any agenda item. There were no members of the public present at the meeting.

DISCUSSION WITH CONSULTANT AND STAFF

Mr. Hazen provided an update on the current status of the market and performance numbers for the portfolios. Mr. Hazen then entertained questions from the committee.

STAFF REPORTS

Commission Recapture

Mr. Rhodus reported that for the period January 1, 2010 through June 30, 2010 none of the fixed income managers met their targeted commitment to Lynch Jones & Ryan. All of the equity managers, except RiverSource, met or exceeded their 25% targets. The total funds available for disbursement as of June 30, 2010 were \$53,649.75. Disbursements totaling \$16,700.00 were made, leaving a balance of \$36,949.75.

ON MOTION OF MR. WILMER, SECONDED BY MR. WALTHER 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, 2010 through June 30, 2010 the gross income on securities lending was \$331,699.69. Northern Trust received a fee of \$99,441.29. Since inception the fund earned \$8,487,753.59 or an average net monthly income of \$42,438.77.

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

Louisiana Broker Report

Mr. Rhodus reported that for the reporting period of January 1, 2010 through June 30, 2010 NTGI and Walter Scott were the only managers that met or exceeded their 10% target. None of the fixed income managers met their target for the period. Equity commissions totaling \$7,076.83 were collected during the period ending June 30, 2010. No par value was collected.

Louisiana Incorporated & Domiciled Broker Report

Mr. Rhodus reported that for the reporting period of January 1, 2010 through June 30, 2010 none of the fixed income managers met their 10% target. All of the equity managers met or exceeded their 10% minimum target. Equity commissions totaling \$14,634.16 were directed during the period ending June 30, 2010. No par value was collected.

ON MOTION OF MR. WILMER, SECONDED BY MR. RESTER 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 June 2010 LSERS received a total of \$4,711,433.27 in cash, \$578 in par value and 8,965 shares of stock/warrants for settlements from securities litigations. Mr. Brosnan entertained questions from the committee.

ON MOTION OF MS. CRAIN, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Report of Receipts.

Current Case Review

Mr. Ponder provided an update regarding the East Baton Rouge Parish vs. LSERS case. He then entertained questions from the committee.

ON MOTION OF MR. RESTER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Current Case Review.

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PROPOSED REAL ESTATE MANAGERS PRESENTATIONS

The following managers provided an overview of their firms' strategy for investing in the current real estate market.

Landmark Partners

Mr. Frank Borges – Chairman and Managing Partner
Mr. Robert J. Dombi – Partner

PRP Real Estate Investors (Perseus)

Mr. Robert E. Bartlett, Jr. – Director
Mr. F. Joseph Moravec – Managing Director
Mr. William C. Trimble, III – Chief Operating Officer

Discussion was held. Mr. Hazen recommended an initial investment of \$30 million with \$15 million going to Landmark Partners and \$15 million going to PRP Real Estate Investors. He further recommended that the search for a third real estate manager would be handled by Segal. The remaining investment for the third core real estate manager would be \$20 million.

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ON MOTION OF MR. WILMER, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the committee agreed to the recommendation of a \$30 million investment in real estate with \$15 million going to Landmark Partners and \$15 million going to PRP Real Estate Investors. An additional search for a third core real estate manager will be handled by Segal Advisors.

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EDUCATIONAL PRESENTATION: DISTRESSED DEBT

Mr. Brett Hazen presented an educational component regarding Distressed Debt.

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ON MOTION OF MRS. LANDRY, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the investment education presentation regarding Distressed Debt.

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OTHER BUSINESS

There was no other business.

PUBLIC COMMENTS

There were no public comments.

ON MOTION OF MR. RESTER, SECONDED BY MR. WILMER AND CARRIED BY UNANIMOUS CONSENT, the committee adjourned at 12:16 p.m.


Charles P. Bujol, Director


Jeffrey Faulk Sr., Chairman