

Louisiana School Employees' Retirement System Board Investment Committee Meeting

Monday, September 14, 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, Mr. Randy Davis, designee for Mr. Jay Dardenne – Secretary of State and Ms. Lori Pierce, designee for Mr. John Kennedy – State Treasurer

Members Absent: Senator D.A. "Butch" Gautreaux – Chairman of the Senate Committee on Retirement and 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 I, and Mrs. Laurie Stark - Administrative Assistant 5

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

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

ANNOUNCEMENTS

The reporting period for certification of continuing education ended on August 31, 2009. Board members were asked to review their report and meet with Mrs. Champagne if there were any corrections. The new reporting period began on September 1, 2009.

Packets for the 2009 LAPERS Seminar have been provided.

Updates to LSERS Board of Trustees manual have been provided.

Mr. Bujol reported that one of the building's air conditioning "chillers" has malfunctioned and will need to be repaired or replaced. A review of the estimated cost was provided, as a proposal was not available for today's meeting. Discussion was held on cost, repair versus replacement, and its affect on the budget. It was noted that any appropriation of funds would need to be approved at a special board meeting.

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. It was noted that much progress has been made, but that considerable gains must be achieved to reach the October 2007 high point of the fund.

STAFF REPORTS

Commission Recapture

Mr. Brosnan reported that for the period January 1, 2009 through June 30, 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 June 30, 2009 were \$86,755.00. Disbursements totaling \$16,700.00 were made, leaving a balance of \$70,055.00.

ON MOTION OF MR. WILMER, SECONDED BY MS. CRAIN 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 June 30, 2009 the gross income on securities lending was \$364,508.75. Northern Trust received a fee of \$15,577.08. The fund earned \$276,965.83 for 2009 or an average of \$46,160.97 per month. Since inception the fund earned \$8,053,003.65 or an average net monthly income of \$42,835.13.

ON MOTION OF MR. RESTER, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Securities Lending Report.

Louisiana Broker Report

Mr. Brosnan reported that for the reporting period of January 1, 2009 through June 30, 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 \$12,887.47 were collected during the period ending June 30, 2009. No par value was collected.

Louisiana Incorporated & Domiciled Broker Report

Mr. Brosnan reported that for the reporting period of January 1, 2009 through June 30, 2009 none of the fixed income managers met their 10% target. The equity managers that met or exceeded their 10% minimum target were Fisher and J & W Seligman. Equity commissions totaling \$16,235.60 were directed during the period ending June 30, 2009. No par value was collected.

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

**Legal Update
Investment Staff Report of Receipts**

Mr. Brosnan reported that as of July 2009 LSERS received a total of \$3,989,529.65 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 MRS. LANDRY, SECONDED BY MR. WILMER AND CARRIED BY UNANIMOUS CONSENT, the committee accepted the Securities Litigation Report of Receipts.

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Current Case Review

Mr. Ponder reported that the two (2) most active cases are Chesapeake Energy and RJF Financial. LSERS has been appointed lead plaintiff in the RJF Financial case.

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

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EDUCATIONAL PRESENTATION: FIDUCIARY RESPONSIBILITY

Louisiana State Employees' Retirement System
Ms. Maris LeBlanc – Assistant Director

Ms. LeBlanc presented a half-hour educational component regarding fiduciary responsibilities.

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ON MOTION MR. WILMER, SECONDED BY MRS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the committee agreed to move agenda item V before item IV.

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EDUCATIONAL PRESENTATION: INFRASTRUCTURE INVESTING

Zachary Hastings Alliance
Mr. Pete Taylor – Executive Director
Mr. Robert Heitmann – COO & Executive Vice President

Mr. Heitmann and Mr. Taylor presented an hour and fifteen minute educational presentation regarding infrastructure investing.

DISCUSSION ABOUT ACTIVE VS. PASSIVE LARGE CAP GROWTH AND POSSIBLE RFP

This agenda item was tabled until the October Investment Committee Meeting.


PUBLIC COMMENTS

There were no public comments.


OTHER BUSINESS

There was no other business.

ON MOTION OF MRS. LANDRY, SECONDED BY MR. WILMER AND CARRIED BY UNANIMOUS CONSENT, the committee adjourned at 11:53 a.m.



Charles P. Bujol, Director



Jeffrey Faulk, Sr., Chairman