

**Louisiana State Employees' Retirement System
Regular Board Meeting
June 24 and 25, 2010**

The Board of Trustees of the Louisiana State Employees' Retirement System met on Thursday, June 24, 2010, in the fourth floor conference room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Mr. Charles Castille, Board Chair, called the meeting to order at 1:00 p.m. Roll call was conducted by Caye Weaver, recording secretary.

Members present: Ms. Connie Carlton; Mr. Charles Castille; *Ms. Beverly Hodges*; Ms. Barbara McManus; Ms. Susan Pappan; Ms. Lori Pierce; Representative Kevin Pearson; Ms. Sheryl Ranatza; Ms. Kathy Singleton

Members absent: Senator Butch Gautreaux; Ms. Janice Lansing; Mr. Whit Kling, (designee for the Treasurer)

Staff present: Ms. Cynthia Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director; Mr. Trey Boudreaux, Assistant Director; Mr. Bobby Beale, Chief Investment Officer; Mr. Troy Searles, Deputy Chief Investment Officer; Ms. Tina Vicari Grant, Executive Counsel; Investment Staff: Celeste Funderburk, Alisa Lacombe, Mac Owens, Chris Hill, Laney Sanders, and Will Hardee

Also present: Mr. Rhett Humphreys, Mr. Joel Paula, and Mr. Jeff Roberts - NEPC, LLC

A quorum was declared present and the meeting opened for business.

New Business

Mortgage Securities Preview

Mr. Searles presented an educational presentation on Mortgage Backed Securities. (*Ms. Hodges left the meeting*)

Finalists Selection -

a. Core Mortgage Securities

Mr. Castille reviewed the background necessitating the Mortgage Securities search. Mr. Beale reminded the Board that J.P. Morgan has been running the Core Mortgage portfolio since the prior manager, TCW, was terminated in March, 2010. Mr. Paula reviewed the Core Mortgage search book with the

Board. Mr. Beale stated that when Mr. Searles and Mr. Paula reviewed the search responses, it became clear that J.P. Morgan was the best choice to run the Core Mortgage portfolio. Mr. Beale and Mr. Paula recommended extending the contract of J.P. Morgan to run the Core Mortgage Portfolio. Mr. Castille asked for Ms. Rougeou's assurances that the search process and due diligence were covered in light of the fact that NEPC and LASERS staff are recommending extending the contract with J.P. Morgan for the Core Mortgage Portfolio. Ms. Rougeou stated that with the history of the events taking place surrounding the mortgage portfolio and the search process, this is the perfect example of fiduciary duty at work and that the process comported with Board policy. Ms. Carlton asked if a due diligence visit to J.P. Morgan could be conducted soon. Mr. Beale stated that Mr. Searles will schedule a visit. **Ms. McManus moved, seconded by Ms. Carlton, to extend the Core Mortgage Securities portfolio contract with J.P. Morgan. With no further discussion, and no objections, the motion carried.**

b. Opportunistic Mortgage Backed Securities

Mr. Beale stated this is a unique type portfolio, therefore staff and NEPC worked together to determine the experts in this field. Mr. Paula and Mr. Searles reviewed the managers in the Opportunistic Mortgage Backed Securities search book. After the review, Mr. Beale recommended that LASERS hire up to two (2) managers for the mandate. Mr. Humphreys concurred with Mr. Beale's recommendation. **Ms. Carlton moved, seconded by Ms. McManus, to hire up to two (2) managers for the Opportunistic Mortgage Backed Securities mandate. With no further discussion, and no objection, the motion carried.**

Mr. Beale and Mr. Humphreys recommended interviewing four (4) finalists for the Opportunistic Mortgage Backed Securities mandate. **Ms. Carlton moved, seconded by Ms. Ranatza, to interview four (4) finalists for the Opportunistic Mortgage Backed Securities mandate. With no further discussion, and no objection, the motion carried.**

Mr. Searles recommended the following finalists: AllianceBernstein, L.P.; Angelo Gordon & Company; Marathon Asset Management, L.P.; and ZAIS Group, LLC. Mr. Paula stated that he recommends the same four (4) managers. Mr. Searles and Mr. Paula reviewed the reason for their choices. **Ms. Carlton moved, seconded by Ms. McManus, to interview AllianceBernstein, L.P., Angelo Gordon & Company, Marathon Asset Management, L.P., and ZAIS Group, LLC., for the Opportunistic Mortgage Backed Securities mandate. With no further discussion, and no objection, the motion carried.**

The Board recessed at 2.45 p.m.

The Board of Trustees of the Louisiana State Employees' Retirement System reconvened on Friday, June 25, 2010, in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Mr. Charles Castille, Board Chair, called the meeting to order at 11:00 a.m. Roll call was conducted by Kai Ranallo, recording secretary.

Members present: Ms. Connie Carlton, Mr. Charles Castille, Ms. Beverly Hodges, Ms. Janice Lansing, Ms. Barbara McManus, Ms. Susan Pappan, Ms. Lori Pierce, Ms. Kathy Singleton

Members absent: Senator Butch Gautreaux, Mr. Whit Kling (designee for the Treasurer), Representative J. Kevin Pearson, Ms. Sheryl Ranatza

Staff present: Ms. Cindy Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director; Mr. Trey Boudreaux, Assistant Director; Ms. Tina Grant, Executive Counsel; Mr. Bobby Beale, Chief Investment Officer; Ms. Kai Ranallo, recording secretary. Other LASERS staff: Ms. Katreena Moses, Mr. Artie Fillastre, Ms. Robyn Ekings, Ms. Nell Scott, Mr. Lance Armstrong, Ms. Hollie Cowell, Mr. Ryan Babin, Mr. Jake Patti, Ms. Marcy Whitney, Ms. Cindy Taylor and Amanda Celestine

Also present: Ms. Shelley Johnson, SJ Actuarial

A quorum was declared present and the meeting opened for business.

Regular Business

Mr. Castille called for approval of the minutes of the May 27 and 28, 2010, Board Meeting. Ms. Carlton moved, seconded by Ms. Hodges, to approve the minutes. With no objection or discussion, the motion passed.

Ms. Hodges reported that the Audit Committee met on Thursday, June 24, 2010, and had the following items to report:

The Audit Committee recommended and Ms. Hodges so moved, seconded by Ms. McManus, to approve the Louisiana Attestation Questionnaire as presented. With no objections or discussion, the motion carried.

The Audit Committee recommended and Ms. Hodges so moved, seconded by Ms. Carlton, to approve the Fiscal Year Ending 2011 Audit Plan as presented. With no objection or discussion, the motion carried.

Ms. Carlton reported that the Investment Committee met on Thursday, June 24, 2010, and had the following to report:

The Investment Committee recommended and Ms. Carlton so moved, seconded by Ms. McManus, to consent to the assignment of the investment advisory agreement with Thomson, Horstmann and Bryant, Inc. With no objection or discussion, the motion carried.

The Investment Committee recommended and Ms. Carlton so moved, seconded by Ms. McManus, to renew the NEPC Self-Directed Plan/Optional Retirement Plan contract for an additional three years, to expire June 30, 2013, at the agreed upon fees. With no objection or discussion, the motion carried.

The Investment Committee recommended and Ms. Carlton so moved, seconded by Ms. McManus, to terminate the contract with Stark Investments. With no objection or discussion, the motion carried.

Ms. McManus reported that the Legislative Committee met on Friday, June 25, 2010, and had nothing to report.

Ms. McManus reported that the Management Committee met on Friday, June 25, 2010, and had the following to report:

The Management Committee recommended and Ms. McManus so moved, seconded by Ms. Carlton, to approve the June 2010 Disability Retirement report. With no discussion or objection, the motion carried.

The Management Committee recommended and Ms. McManus so moved, seconded by Ms. Carlton, to approve the travel for any Trustee interested in attending the LAPERS Conference in New Orleans, September 19-22, 2010. With no objection or discussion, the motion carried.

The Management Committee reviewed the administrative errors report, located in the Board book behind the Management Committee tab.

New Business

Ms. Rougeou introduced LASERS new employees, Mr. Jake Patti and Ms. Marcy Whitney, who are Retirement Benefit Analysts in Member Services.

Ms. Rougeou introduced Ms. Hollie Cowell as LASERS Employee of the Quarter.

Other Business

No other business was discussed.

Public Comment

No public comment was made.

Adjournment

The meeting adjourned at 11:08 a.m.

A handwritten signature in black ink, appearing to read 'C. Rougeou', written over a horizontal line.

Cindy Rougeou, Executive Director