

Louisiana State Employees' Retirement System
Regular Board Meeting
October 22 and 23, 2009

The Board of Trustees of the Louisiana State Employees' Retirement System met on Thursday, October 22, 2009, in the fourth floor conference room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Ms. Lorry Trotter, Board Chair, called the meeting to order at 1:00 p.m. Roll call was conducted by Caye Weaver, recording secretary.

Members present: Ms. Cynthia Bridges, Ms. Connie Carlton, Ms. Amy Mathews, Ms. Barbara McManus, Ms. Susan Pappan, Ms. Sheryl Ranatza, Ms. Lorry Trotter

Members absent: Ms. Virginia Burton, Mr. Charles Castille, Senator Butch Gautreaux, Mr. Louis Quinn, Representative Joel Robideaux

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 Grant, Executive Counsel; Investment Staff: Celeste Funderburk, Alisa Lacombe, Mac Owens, Chris Hill, Darren Fournerat

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

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

New Business

Private Equity – Mezzanine Finalists Selection

Mr. Roberts and Mr. Owens reviewed the Mezzanine criteria, search, and company responses with the committee. Mr. Roberts went over the funds not included in the recommendation and the reasons they were rejected. He then reviewed the funds NEPC recommends the Board consider hiring. Those funds are AEA Mezzanine Fund II, Audax Mezzanine Fund III, Drug Royalty Fund II, Kayne Anderson Mezzanine Fund I, and Newstone Mezzanine II. Mr. Owens stated he recommends the same funds. After discussion, Mr. Roberts stated that NEPC recommends hiring at least two managers for the mandate. Mr. Beale stated that he concurs. **Ms. Ranatza moved, seconded by Ms. McManus, to hire up to two managers for the Private Equity – Mezzanine mandate. With no objections, and no further discussion, the motion carried.**

Mr. Roberts then stated that NEPC recommends interviewing five managers for the mandate. Mr. Beale stated that he recommends interviewing five managers for the mandate. **Ms. Mathews moved, seconded by Ms. McManus, to interview the five managers recommended by NEPC and Investment staff. With no objections, and no further discussion, the motion carried.**

Ms. Rougeou then advised the committee that Drug Royalty Investors, the General Partner of Drug Royalty Fund II, is located in Toronto, Canada, and international travel will be required to conduct the due diligence visit. Ms. Trotter and Ms. Mathews expressed interest in accompanying NEPC and staff on the due diligence trips, if their schedules allow. Mr. Beale reminded the committee that finalist interviews will be held at the November meeting.

The five funds, AEA Mezzanine Fund II, Audax Mezzanine Fund III, Drug Royalty Fund II, Kayne Anderson Mezzanine Fund I, and Newstone Mezzanine II are now on the blackout list in accordance with LASERS Vendor Selection Policy.

The Board recessed at 1:40 p.m.

The Board of Trustees of the Louisiana State Employees' Retirement System reconvened on Friday, October 23, 2009 in the fourth floor Board Room of the Retirement Systems Building located at 8401 United Plaza Boulevard, Baton Rouge, Louisiana. Ms. Lorry Trotter, Chair of the Board, called the meeting to order at 10:40 a.m. Roll call was conducted by Kai Ranallo, recording secretary.

Members present: Ms. Cynthia Bridges, Ms. Connie Carlton, Mr. Charles Castille, Ms. Amy Mathews, Ms. Barbara McManus, Ms. Susan Pappan, Ms. Sheryl Ranatza, Ms. Lorry Trotter

Members absent: Ms. Virginia Burton, Senator D.A. "Butch" Gautreaux, Rep. Joel Robideaux, Mr. Louis Quinn

Staff present: Ms. Cynthia Rougeou, Executive Director; Ms. Maris LeBlanc, Deputy Director; Mr. Bobby Beale, Chief Investment Officer; Ms. Ms. Tina Grant, Executive Counsel; Kai Ranallo, recording secretary; other LASERS staff: Mr. Chuck Harrison, Mr. Mike Meaux, Ms. Pat Moore, Ms. Brianna Beard, Mr. Steve Stark, Ms. Robyn Ekins, Mr. Artie Fillastre, Mr. Ryan Babin, Ms. Katreena Moses, Mr. Lance Armstrong, Ms. Suzanne Adams

Also Present: Ms. Shelley Johnson, SJ Actuarial; Ms. Liz LeSaicherre, representative of Louisiana GFOA; Mr. Charles Hall, Hall Actuarial Associates;

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

Regular Business

Ms. Trotter called for approval of the minutes of the September 29, 2009, Board Meeting. Mr. Castille moved, seconded by Ms. McManus, to approve the minutes. With no objection or discussion, the motion passed.

Ms. Ranatza reported that the Investment Committee met on Thursday, October 22, 2009, and had the following item to report:

The Investment Committee recommended and Ms. Ranatza so moved, seconded by Ms. McManus, to terminate Capital Guardian, transition the assets to an internally managed international small cap index temporarily and begin a search for a new international small cap manager in the first half of next year. With no objection or discussion, the motion carried.

Ms. Carlton reported that the Management Committee met on Friday, October 23, 2009, and had the following items to report:

The Management Committee recommended and Ms. Carlton so moved, seconded by Ms. Ranatza, to approve the October 2009 Disability Retirement report. With no discussion or objection, the motion passed.

The Management Committee recommended and Ms. Carlton so moved, seconded by Mr. Castille, to approve the proposed Board Resolution as discussed. With no discussion or objection, the motion passed.

The Management Committee recommended and Ms. Carlton so moved, seconded by Mr. Castille, to approve the 2010-2011 Operating Budget. With no discussion or objection, the motion passed.

The Management Committee recommended, and Ms. Carlton so moved, seconded by Ms. Mathews, to approve the 2010-2011 Building Budget. With no discussion or objection, the motion passed.

The Management Committee recommended, and Ms. Carlton so moved, seconded by Mr. Castille, to approve travel for any Trustee interested in attending the Public Funds Board Forum, December 12-15, 2009, in San Francisco, CA. With no discussion or objection, the motion passed.

The Management Committee reviewed the Administrative Errors report located in the Board book behind the Management Committee tab.

New Business

Ms. LeSaicherre presented the 2008 CAFR Award.

There were no new employees to introduce to the Board.

Public Comment

Mr. Castille announced that he will be retiring from the Department of Health and Hospitals in February 2010.

Adjournment

With no other business to discuss, the meeting adjourned at 10:50 a.m.



Cindy Rougeou, Executive Director