

**Louisiana School Employees' Retirement System
Regular Board Meeting**

**Tuesday, February 15, 2005
8:30 a.m.**

The Board of Trustees of the Louisiana School Employees' Retirement System convened in the Board Room (Room 100) of the Louisiana School Employees' Retirement System's Building located at 8660 United Plaza Blvd., Baton Rouge, LA. Mr. Larry Wilmer, Chairman of the Board, opened the meeting at 8:32 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called.

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Members Present: Mr. Larry Wilmer - Chairman, Ms. Betty Crain, Ms. Betty Jacobs, Ms. Sylvia Myers, Mr. Earl Richard, Jr., Ms. Judith McKee, Mr. Jeffrey Faulk, Ms. Lori Pierce - State Treasurer's Office

Members Absent: Representative Pete Schneider - Chairman, House Retirement Committee, Senator Lambert Boissiere, Jr. - Chairman, Senate Retirement Committee, John Kennedy - State Treasurer, Fox McKeithen - Secretary of State

Staff Present: Mr. Patrick Cospier - Director, Ms. Debra Dudley - Assistant Director, Ms. Julia LeBlanc - Chief Investment Officer, Mr. Warren Ponder - General Counsel, Ms. Jennifer Champagne - Executive Services Assistant

Also Present: Mr. Richard Ranallo - Segal Advisors, Inc.

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MANAGER PERFORMANCE REVIEW

Mr. Ranallo presented the Manager Performance Review to the Board. He indicated that for the last three months ending December 31, 2004 the stock market returned 9.2% for the quarter and 10.9% for the year.

Mr. Ranallo went over the total composite asset allocation. He noted that the total market value as of September 30, 2004 was a little over \$1.4 billion dollars and as of December 31, 2004 was almost \$1.5 billion dollars. With an investment gain of \$94 million dollars and a \$15 million dollar withdrawal to pay benefits, the assets increased by \$79 million dollars.

Mr. Ranallo reviewed the rest of the report in detail, providing pertinent information on each manager's performance and answering questions from the Board. Discussions were held on each manager's performance.

A discussion was held on Trinity's performance. It was noted that although Trinity's 5-year, 3-year, 1-year, and last quarter performance indicated they were very consistent and had done a very good job, the since inception number was still behind and they had a lot to make up.

Mr. Ranallo noted that the portfolio was doing well overall and that he would be presenting for consideration by the Board information on making adjustments to the fixed income guidelines at the next Investment Committee Meeting.

ON MOTION OF MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the Board accepted the Manager Performance Review.

Mr. Ranallo was asked to provide a brief overview of the investment management fees in terms of basis points and the differences in dollar value. It was then suggested that Mr. Ranallo provide an educational presentation to the Board at one of the Investment Committee Meetings.

INVESTMENT MANAGER REPORTS

ORLEANS CAPITAL MANAGEMENT

Louis F. Crane, Sr. – President and Chief Investment Officer

L. Farrell Crane, Jr. – Director of Research and Chief Compliance Officer

Mr. Louis Crane provided a brief update on the firm and reported that the firm was doing very well. He noted that their fixed income results have been among the best in the country and the firm has added about \$300 million dollars in new assets in the past year.

INVESTMENT MANAGER REPORTS (CONT'D)

ORLEANS CAPITAL MANAGEMENT (CONT'D)

Mr. Farrell Crane continued the presentation and noted that the firm had opened eleven new fixed income accounts in the last year and that they have started a strategic mutual fund that seems to be doing very well. He then provided highlights of the portfolio, which included environments that influenced the returns in 2004, different yields at different maturities for the last three years, performance data for the year ending 2004, returns for the School Employees' account versus the Mobius median database, and current allocations and characteristics of the portfolio. He then provided a summary of the fixed income portfolio, an outlook of what was to come, and answered questions from the Board.

After Orleans Capital Management's presentation Mr. Ranallo briefly reviewed Orleans Capital's presentation and then answered questions from the Board. It was noted that in order to provide a balanced review of corporate security selections Orleans Capital should focus on an overall review over a period of ten years and not only focus on the last three years.

ON MOTION OF MS. JACOBS, SECONDED BY MS. PIERCE AND CARRIED, the Board approved to have staff send a letter to Orleans Capital requesting information concerning organization, litigation, and personnel changes.

J. & W. SELIGMAN & CO. INCORPORATED

Rick Ruvkun - Managing Director and Portfolio Manager

Mr. Ruvkun began his presentation by informing the Board that there was no change in J. & W. Seligman's philosophy or team. He noted that their performance last year was ahead of the benchmark, up 14.4%, which put them in the top third of active managers for last year and for the trailing three years up 6.1%, which put them in the top half for three years.

Mr. Ruvkun then proceeded to highlight the portfolio, which included an attribution analysis, characteristics of the portfolio, top ten equity holdings, sector weights, specific equity securities, and supplemental information on trade allocations. He noted that J. & W. Seligman has about 25 accounts with about \$1.6 billion dollars in assets. He also noted that they did lose four small accounts that aggregated to about \$49 million dollars in assets, but that a lot of those accounts were retirement redemptions and asset reallocation. He also noted that the firm was very optimistic about the future in that their discipline, which focuses on buying quality companies and cash flow, was going to be a strong discipline in the arena of higher interest rates. Mr. Ruvkun then answered questions from the Board.

OTHER BUSINESS

Mr. Ponder reminded Board members of the Securities Litigation Seminar being presented by Bernstein Litowitz Berger Grossman in New York City, New York on October 20 – 21, 2005.

Ms. Jacobs brought up for discussion the topic of member's files, how they are handled, and how they are monitored for overpayments. Staff provided a brief overview of the changes that were being implemented to monitor member files, specifically student files, monitoring vital statistic records, and flagging files to avoid overpayments in the future.

Mr. Ranallo informed Board members of the Segal Advisors Conference that will be held at the La Costa Resort in Carlsbad, California on April 10 – 13, 2005. He noted that the conference will include investment education that can be credited toward the investment component of their educational requirements. He also noted that since both he and his colleague, Donald Saxton, will be attending the conference no one would be representing Segal Advisors at the April 11, 2005 Investment Committee Meeting.

Mr. Cosper reminded Board members that if anyone was interested in attending the 2005 NCPERS Annual Conference and Exhibition they are to contact Jennifer Champagne, Board Secretary, as soon as possible.

ON MOTION OF MS. CRAIN, SECONDED BY MS. MYERS AND CARRIED, the Board agreed to adjourn at 11:28 a.m.

Patrick Cosper – Director

Larry Wilmer – Chairman