

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

**Friday, June 24, 2005
9:00 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 9:26 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, Mr. Jeffrey Faulk, Ms. Betty Jacobs, Ms. Judith McKee, Ms. Sylvia Myers, Mr. Earl Richard, Mr. John Kennedy – State Treasurer, Mr. John Sondergaard for Senator D.A. “Butch” Gautreaux, Ms. Laura Gayle Sullivan for Representative Pete Schneider – House Retirement Committee, Ms. Stacy Sharpe for Mr. 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. Judy Wright - Public Informations Director1, Ms. Jennifer Champagne – Administrative Assistant

Also Present: Mr. Charles Hall - Hall Actuarial Associates, Ms. Kathy Landry, Ms. Dilsie Joe, Ms. Geri Galloway

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Corrected at August 8, 2005 Regular Board Meeting

Mr. Wilmer welcomed the members of the Board and asked whether items under other business could be moved before administrative matters, as two members attending today's meeting had to leave early to attend other meetings.

ON MOTION BY MR. KENNEDY, SECONDED BY MS. JACOBS AND CARRIED, the Board approved moving items under other business before administrative matters on the agenda.

OTHER BUSINESS

ACTUARIAL CONTRACT

Mr. Hall addressed the Board and informed them that his contract, which is typically a two-year contract, was due to expire on June 30, 2005. He asked the Board to consider increasing his fees from the current amount of \$45,000 per year to \$49,800 per year for his new contract that is renewable for July 1, 2005.

Mr. Hall also informed the Board of his intentions to cut back on the amount of actuarial service he provides to the systems in anticipation of his retirement. He noted that Teachers was informed two years ago of his intentions, that Ms. Shelly Johnson would be taking over the actuarial services for Teachers effective July 1, 2005, and that he would be assisting her with the transition over the next three years. He also noted that there would be a gradual reduction in actuarial services to the other systems, of which State Employees would be the next system to go through this similar transition. Since he did not expect to work more than about 7 years, he wanted to let the Board know what his plans were pertaining to LSERS, as he planned to give each system a 2 year notice so that they would have time to make the transition.

ON MOTION BY MS. JACOBS, SECONDED BY MR. KENNEDY AND CARRIED, the Board recommended to grant Mr. Hall's request for an increase in his actuarial fees from \$45,000 to 49,800 per year.

Roll Call Vote #1

ON MOTION BY MR. KENNEDY, SECONDED BY MS. MYERS, the Board voted to add the Board's recommendation to grant an increase in Mr. Hall's actuarial fees to the agenda for consideration. Betty Crain – yes; Jeffrey Faulk – yes; Betty Jacobs – yes; Judith McKee – yes; Sylvia Myers – yes; Earl Richard – yes; John Kennedy – yes; John Sondergaard – yes; Stacy Sharpe – yes; Larry Wilmer – yes. **YES – 10; NO – 0; ABSTAIN – 0. MOTION PASSED.**

ON MOTION BY MS. JACOBS, SECONDED BY MS. MCKEE AND CARRIED, the Board approved an increase in Mr. Hall's actuarial fees from \$45,000 to \$49,800 per year beginning July 1, 2005.

OTHER BUSINESS (CONT'D)

DISCUSSION OF JULY 11, 2005 INVESTMENT COMMITTEE MEETING

Mr. Wilmer asked the Board to review a draft of the July 11, 2005 Investment Committee Meeting for consideration on whether a meeting should be held on that date. Ms. Jacobs, Chairman of the Investment Committee, informed the Board that anything from the July 11, 2005 Investment Committee Meeting could not be done until the recommendations come from that committee to the full board meeting in August. She noted that there were three items on the agenda for July 11, 2005 that could be taken care of at today's meeting if the Board allowed them to be brought up under other business. The three items included the annual evaluation of custodian as recommended by the legislative auditor, the annual schedule for consultant evaluation, and approving the transfer of funds for the upcoming quarter to assure payment of retiree benefits.

Roll Call Vote # 2

ON MOTION BY MR. RICHARD, SECONDED BY MS. MCKEE, the Board voted to add the three items to the agenda for consideration. Betty Crain – yes; Jeffrey Faulk – yes; Betty Jacobs – yes; Judith McKee – yes; Sylvia Myers – yes; Earl Richard – yes; John Kennedy – yes; John Sondergaard – yes; Stacy Sharpe – yes; Larry Wilmer – yes. **YES – 10, NO – 0; ABSTAIN – 0. MOTION PASSED**

Ms. Jacobs, as Chairman of the Investment Committee, presided over the presentation of the three items for consideration. The first item was in reference to funding for the third quarter 2005. At Ms. Jacobs' request, Ms. LeBlanc provided a report on funding for the third quarter. She noted that the System needed \$12 million dollars for July 1, 2005 to pay benefits and that, after consulting with Mr. Ranallo, it was recommended that \$6 million dollars be taken from Walter Scott and Partners, the International Equity Manager, and \$6 million dollars from Trinity, the Large Cap Value Manager.

ON MOTION BY MR. RICHARD, SECONDED BY MS. CRAIN AND CARRIED, the Board accepted Ms. LeBlanc's report and approved taking \$6 million dollars from Walter Scott and Partners and \$6 million dollars from Trinity to pay benefits for the third quarter 2005.

The second item for consideration was the evaluation of the System's custodian, Northern Trust Global Investments, as recommended by the Legislative Auditor's office. At Ms. Jacobs' request Ms. LeBlanc provided a brief summary of what this entailed. She noted that during their performance audit the legislative auditors recommended that staff initiate a formal means of evaluating the System's custodian on an annual basis. Since Investment staff deals with Northern Trust Global Investments on a day-to-day basis Ms. LeBlanc recommended that they prepare an evaluation and schedule to present to the Board for review and approval in September 2005.

ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the Board honored Ms. LeBlanc's request to prepare an evaluation as recommended by the Legislative Auditor's office.

OTHER BUSINESS (CONT'D)

DISCUSSION OF JULY 11, 2005 INVESTMENT COMMITTEE MEETING (CONT'D)

The third item for consideration was the consultant evaluation. Ms. LeBlanc informed the Board that the schedule had not been finalized, as the mail out for the July 11, 2005 Investment Committee meeting was not until the following week and it was still in draft form. Since the evaluation was to be performed on a calendar year basis action on this item could be deferred until September 2005.

ON MOTION BY MS. MYERS, SECONDED BY MS. MCKEE AND CARRIED, the Board agreed to defer action on consultant evaluation until September 2005.

ON MOTION BY MS. JACOBS, SECONDED BY MS. MCKEE AND CARRIED, the Board approved canceling the July 11, 2005 Investment Committee Meeting.

2005 LEGISLATIVE SESSION UPDATE

Mr. Ponder provided a report on the 2005 Legislative Session, which included information on specific bills that would affect the System, its members and the management of investments. A discussion was held and specific questions asked regarding each bill.

ON MOTION BY MR. RICHARD, SECONDED BY MR. FAULK AND CARRIED, the Board accepted the 2005 Legislative Session Report.

ADMINISTRATIVE MATTERS

Mr. Cospers addressed the Board and informed them that as of July 6, 2005 he would be resigning as Director of Louisiana School Employees' Retirement System and making his home in Biloxi, Mississippi. He expressed his appreciation to Louisiana School Employees' Retirement System, the Board of Trustees, Ex-Officios, and LSERS' staff for the 16 years he has been Director of the System.

ON MOTION BY MR. KENNEDY, SECONDED BY MR. FAULK AND CARRIED, the Board approved a resolution thanking Mr. Cospers for his years of extraordinary service and dedication to this Board and to the people represented to the State of Louisiana.

ON MOTION BY MR. RICHARD, SECONDED BY MR. FAULK AND CARRIED, the Board agreed to go into Executive Session to continue matters under administration.

ON MOTION BY MS. JACOBS, SECONDED BY MR. RICHARD AND CARRIED, the Board agreed to return to Regular Session.

ADMINISTRATIVE MATTERS (CONT'D)

Mr. Wilmer informed Mr. Cospers that, before presenting a formal motion and calling a roll call vote for approval, the Board would like to ask him if he would reconsider his retirement date and stay on until the process of hiring a new director, which would take about three months, was completed.

Mr. Cospers informed the Board that he had sold his home in Denham Springs and no longer had a residence in the Baton Rouge area. Also, if the Board would like him to stay an additional three-month period then he would request that he receive his 4% merit increase compressed into that 90-day period of time.

Roll Call Vote #3

ON MOTION BY MR. KENNEDY, SECONDED BY MS. MYERS, the Board voted to accept Mr. Cospers' offer to remain as Director of Louisiana School Employees' Retirement System until September 30, 2005, that he be in charge of the search, that he be compensated with money for an apartment, and that he receive his 4% annual merit increase and compressing that amount, on top of his normal salary, into that three month period. Betty Crain – yes; Jeffrey Faulk – yes; Betty Jacobs – yes; Judith McKee – yes; Sylvia Myers – yes; Earl Richard – yes; John Kennedy – yes; John Sondergaard – yes; Stacy Sharpe – yes; Larry Wilmer – yes. **YES – 10; NO – 0; ABSTAIN – 0. MOTION PASSED.**

After presenting a draft of an advertisement for discussion and approval, Mr. Cospers asked the Board members whether they would like to appoint a search committee or have administration handle this. Mr. Kennedy suggested that there be a search committee comprised of all of the board members so that anyone who wanted to attend the meeting could have input in the search for a new director.

A lengthy discussion was held on the advertisement, which included the newspapers the advertisement would be placed in, the salary, and the minimum requirements for the position.

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED, the Board approved running the advertisement statewide in newspapers in New Orleans, Houma-Thibodaux, Lafayette, Lake Charles, Alexandria, Shreveport, Monroe, and Baton Rouge.

Roll Call Vote #4

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE, the Board voted to set the salary for the new Director position at \$115,000 plus. Betty Crain – yes; Jeffrey Faulk – yes; Betty Jacobs – yes; Judith McKee – yes; Sylvia Myers – no; Earl Richard – yes; John Sondergaard – yes; Stacy Sharpe – yes; Larry Wilmer – yes. **YES – 8; NO – 1; ABSTAIN – 0. MOTION PASSED.**

Mr. Wilmer asked Mr. Faulk to be Chairman of the Search Committee, to which Mr. Faulk accepted. It was noted that all Board members would be invited to attend the Search Committee Meetings and be involved in the search for a new director, as suggested by Mr. Kennedy.

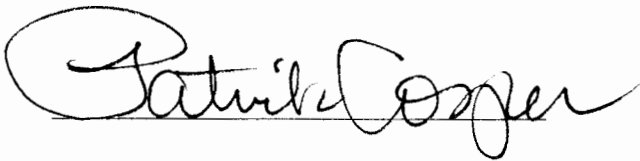
ADMINISTRATIVE MATTERS (CONT'D)

ON MOTION BY MR. RICHARD, SECONDED BY MR. FAULK AND CARRIED, the Board approved the advertisement, with changes, for the new Director of Louisiana School Employees' Retirement System.

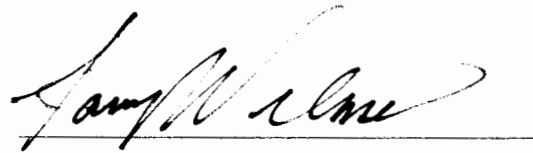
A discussion was held on the Director Search, which would be conducted within the next 90 days, and whether it was possible to have the new Director begin prior to October 1, 2005 to work with Mr. Cosper and become familiar with the System and the Board. It was noted that this would involve double incumbency of salary, which would first need approval from Civil Service, then authority to pay for double incumbency from the Joint Legislative Committee on the Budget, as LSERS' 2005-2006 had already been submitted and approved. It was also noted that a letter would need to be submitted to the Joint Legislative Committee on the Budget on any actions taken by the Board today that would involve a change in the budget.

A discussion was held on a time line for the search, which included the deadline for receipt of applications, which would be July 27, 2005. Mr. Cosper noted that the advertisements would be run in the designated newspapers within a week.

ON MOTION BY MS. MCKEE, SECONDED BY MR. RICHARD AND CARRIED, the Board agreed to adjourn at 12:15 p.m.



Patrick Cosper – Director



Larry Wilmer - Chairman