

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

**Monday, May 8, 2006
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, Louisiana. Mr. Larry Wilmer - Chairman of the Board, called the meeting to order at 9:01 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Ms. Champagne.

Members Present: Mr. Larry Wilmer – Chairman, Ms. Betty Crain, Mr. Earl Richard, Jr., Ms. Judith McKee, Mr. Jeffrey Faulk, Sr., Ms. Lori Pierce, designee for Mr. John Kennedy – State Treasurer, Ms. Stacy Sharpe, designee for Mr. Al Ater – Secretary of State

Members Absent: Ms. Betty Jacobs, Ms. Sylvia Myers, Representative Pete Schneider, Senator D.A. “Butch” Gautreaux

Staff Present: Mr. Charles P. Bujol - Director, Ms. Debra Dudley – Assistant Director, Ms. Julia LeBlanc – Chief Investment Officer, Mr. Warren Ponder – Executive Counsel, Ms. Judy Wright – Public Informations Director 1, Ms. Penny Rodriguez – Accountant Administrator 2, *Ms. Josie Meche – Investment Manager 1, Ms. Jennifer Champagne – Administrative Assistant 5

Also Present: Mr. Charles Hall – Hall Actuarial Associates, Mr. Zeke Zitzmann, *Mr. Don Saxton – Segal Advisors, Inc.

*Ms. Josie Meche and Mr. Don Saxton attended the meeting from 12:35 p.m.

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

Individual reports of "Trustee Educational Requirements" were provided to each Board member for review of accuracy and notification of any discrepancies to Ms. Champagne.

A one-hour presentation on private equity investments will be provided during today's meeting for credit towards Board members' educational requirements. "Evidence of Compliance Trustee Educational Certification" forms are to be turned in to Ms. Champagne after the presentation. Board members who attended the NCPERS conference were reminded to turn certification forms in to Ms. Champagne.

The Joint Legislative Committee on the Budget approved LSERS' 2006 - 2007 budget on April 27, 2006.

The Civil Service Commission approved the unclassified Executive Counsel position on May 3, 2006.

Mr. Bujol, Mr. Ponder, and Mr. Hall are scheduled to attend legislative committee meetings later in the day, which may necessitate changing the order of agenda items.

Ms. Dudley introduced Ms. Penny Rodriguez as the new Administrator of the Accounting Department and provided information on Ms. Rodriguez' experience and qualifications.

BOARD MINUTES

ON MOTION BY MS. CRAIN, SECONDED BY MR. FAULK AND CARRIED, the Board approved the minutes of the February 13, 2006 Regular Board Meeting.

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED, the Board approved the minutes of the February 14, 2006 Regular Board Meeting.

ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the Board approved the minutes of the March 13, 2006 Special Board Meeting.

ON MOTION BY MS. CRAIN, SECONDED BY MR. RICHARD AND CARRIED, the Board approved the minutes of the April 10, 2006 Special Board Meeting.

Before proceeding with the agenda Mr. Wilmer announced that he had received notice that Ms. Jacobs would not be attending the board meetings on Monday, May 8, 2006 or Tuesday, May 9, 2006.

RETIREMENT REPORTS

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED, the Board approved the Service Retirements Reports from January 1, 2006 through March 31, 2006.

ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the Board approved the Disability Retirements Reports from January 1, 2006 through March 31, 2006.

ON MOTION BY MR. RICHARD, SECONDED BY MR. FAULK AND CARRIED, the Board approved the Survivor Benefits Reports from January 1, 2006 through March 31, 2006.

ON MOTION BY MR. RICHARD, SECONDED BY MR. FAULK AND CARRIED, the Board approved the DROP Deposits Reports from January 1, 2006 through March 31, 2006.

Ms. Crain asked whether DROP participants vote as active or retired members in elections. It was noted that DROP participants are active members and vote in active district elections.

PERSONNEL

PERSONNEL ACTIONS REPORT: JANUARY 1, 2006 – MARCH 31, 2006

Ms. Dudley presented the Personnel Actions Report. She noted a correction on the report, which indicated that Mirmala Sundermath was granted a merit increase effective January 5, 2006. The merit increase was actually granted on April 17, 2006.

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED, the Board accepted the Personnel Actions Report.

APPROVAL OF MINUTES OF APRIL 10, 2006 PERSONNEL COMMITTEE MEETING

ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the Board approved the minutes of the April 10, 2006 Personnel Committee Meeting.

REPORT/RECOMMENDATIONS OF THE PERSONNEL COMMITTEE

Mr. Richard provided a report on the Personnel Committee Meeting, which was held on April 10, 2006. Recommendations of the committee were 1) having individual votes taken on pay increases for unclassified employees and 2) including length of service on evaluation forms.

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED, the Board accepted the Report/Recommendations of the Personnel Committee.

PERSONNEL COMMITTEE POLICY

Mr. Bujol reviewed the Personnel Committee Policy, which was presented at the Personnel Committee meeting on April 10, 2006, and a handout of suggestions for adding items to the originally proposed Personnel Committee Policy.

ON MOTION BY MS. MCKEE, SECONDED BY MS. CRAIN AND CARRIED, the Board approved the Personnel Committee Policy, which included the proposed suggestions.

EVALUATION OF UNCLASSIFIED EMPLOYEES POLICY

Mr. Bujol reviewed the Evaluation of Unclassified Employees Policy, which was also presented at the Personnel Committee Meeting on April 10, 2006, and noted that changes were made to the policy as recommended by the Personnel Committee. A handout of suggestions for adding items to the originally proposed Evaluation of Unclassified Employees Policy was also reviewed.

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED, the Board approved the Evaluation of Unclassified Employees Policy, which included the proposed suggestions.

OTHER BUSINESS

There was no other business under Personnel.

ADMINISTRATION

STAFF DEVELOPMENT TRAVEL EXPENSES REPORT: JANUARY 1, 2006 – MARCH 31, 2006

Ms. Dudley presented the Staff Development Travel Expenses Report for the first quarter, January 1, 2006 through March 31, 2006.

ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the Board approved the Staff Development Travel Expenses Report.

STAFF OVERTIME REPORT: JANUARY 1, 2006 – MARCH 31, 2006

Ms. Dudley presented the Staff Overtime Report for the first quarter, January 1, 2006 through March 31, 2006.

Discussion was held on the current overtime report in comparison to past reports.

ON MOTION BY MR. RICHARD, SECONDED BY MR. FAULK AND CARRIED, the Board accepted the Staff Overtime Report.

STATUS REPORT ON CURRENT ELECTIONS

Ms. Wright provided a status report on current elections. The postponed 2005 elections (Active Member District 4 and Retiree Representative Division 2 seats) are on schedule. Ballots will be mailed out today, May 8, 2006, and are due back on June 5, 2006. Counting of ballots will be conducted on site at LSERS on June 12, 2006.

The 2006 elections (Active Member District 2 and Retiree Representative Division 1 seats) are also on schedule. Elections have been announced in the spring Newsletter and inquiries for nominating petitions have been received. Mr. Eugene Rester, Jr. has requested a nominating petition for the District 2 seat and is the only individual requesting a petition to date. Ms. Betty Crain, Mr. Earl Richard, Jr., and Mr. Zeke Zitzmann have requested nominating petitions for the Retiree Representative Division 1 seat. No petitions have been turned in to date. Petitions are due on June 1, 2006.

ON MOTION BY MS. MCKEE, SECONDED BY MR. RICHARD AND CARRIED, the Board accepted the Status Report on Current Elections.

PRESENTATION AND CONSIDERATION OF AUTOMATED TELEPHONE SYSTEM

Ms. Dudley provided a brief synopsis of the automated telephone system and how service to members of the system would be enhanced. Ms. Guillot and Ms. Cummings were available to answer questions regarding the automated system. Discussion was held, which included pros and cons, cost analysis, funding, features of the system, and the possibility of using this system on a trial basis. It was noted that the automated telephone system would provide members of the system access to information 24 hours a day.

ON MOTION BY MS. MCKEE, SECONDED BY MR. FAULK AND CARRIED, the Board approved the use of the Automated Telephone System on a trial basis.

Further discussion was held and Ms. Pierce requested that all Board members receive a copy of LSERS staff directory. Ms. Guillot briefly reviewed the basic operation and added features of the automated system and answered questions from the Board.

Before proceeding to Other Business Mr. Wilmer informed the Board that agenda Item III C, Report/Recommendations of the Personnel Committee, would need to be readdressed. Action was needed on the recommendations of the Personnel Committee, which included presenting unclassified employee evaluations to the full board for a vote on granting pay increases and allowing for individual votes on pay increases for unclassified employees.

A summary of evaluations on each unclassified employee and a copy of the unclassified salary report had been provided to each Board member and Mr. Richard offered to review each employee individually for a vote on granting pay increases.

It was noted that recommendations by the Personnel Committee would need to be voted on prior to discussion of granting pay increases.

Ms. Pierce made a motion on individual votes on pay increases for unclassified employees, but the motion died due to lack of a second.

ON MOTION BY MS. MCKEE, SECONDED BY MS. SHARPE AND CARRIED, the Board approved voting on pay increases for all unclassified employees as a package.

Roll Call Vote #1

ON MOTION BY MR. FAULK, SECONDED BY MS. SHARPE, the Board voted to grant a 4% pay increase to all unclassified employees as a package. Ms. Crain - no; Mr. Richard - no; Ms. McKee - no; Mr. Faulk - no; Ms. Pierce - yes; Ms. Sharpe - yes; Mr. Wilmer - no. **YES - 2; NO - 5; ABSTAIN - 0. MOTION FAILED.**

Mr. Faulk clarified his no vote by noting that this was a bad time to bring this up, as he had been receiving a lot of calls from members who are retired and could not get a COLA. He also noted that staff was doing a good job and that was not the reason he was voting no, but that this was a bad time to give a 4%.

OTHER BUSINESS

There was no other business under Administration.

LEGISLATION

STATUS REPORT ON 2006 LOUISIANA LEGISLATIVE SESSION

Mr. Bujol provided a brief update on the 2006 Louisiana Legislative Session. Mr. Ponder provided a report on the status of each bill and then answered questions from the Board.

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED, the Board accepted the report on Legislation.

OTHER BUSINESS

There was no other business under Legislation.

LEGAL

Mr. Ponder provided the following updates from the Legal Department:

CURRENT SECURITIES LITIGATION

There were no new developments on securities litigation. The defense attorney for CMS Energy has taken Mr. Ponder's deposition and is scheduled to take Ms. LeBlanc's deposition. Details of this litigation were reviewed.

STATUS REPORT ON COLLECTIONS FROM STUDENT OVERPAYMENTS FROM SURVIVORS' BENEFITS

There was a reduction of collection files being turned in to the Legal Department, which indicates that the Retirement Department is collecting overpayments or not having any problems with collections. Files received have been processed through the Legal Department.

UPDATE ON EAST BATON ROUGE PARISH SCHOOL BOARD ET AL VERSUS THE LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Mr. Bujol provided a brief report on a meeting he attended with Mr. Ponder and Mr. Zinna, the attorney representing LSERS in this case.

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED, the Board accepted all of the items in the Legal Report.

OTHER BUSINESS

There was no other business under Legal.

INVESTMENTS

Mr. Wilmer called for a Special Board meeting to be held on June 12, 2006, after adjournment of the Investment Committee Meeting, to announce the results of the elections and administer the oath of office to elected Board members.

Mr. Wilmer called for a Special Board meeting to be held on July 10, 2006, after adjournment of the Investment Committee Meeting, to finalize the search for the Private Equity Manager.

APPROVAL OF MINUTES OF MARCH 13, 2006 INVESTMENT COMMITTEE MEETING

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED, the Board approved the minutes of the March 13, 2006 Investment Committee Meeting.

APPROVAL OF MINUTES OF APRIL 10, 2006 INVESTMENT COMMITTEE MEETING

ON MOTION BY MS. CRAIN, SECONDED BY MR. RICHARD AND CARRIED, the Board approved the minutes of the April 10, 2006 Investment Committee Meeting.

MANAGER COMPLIANCE WITH LSERS' TRADING REQUIREMENTS

Ms. LeBlanc provided the Manager Compliance with LSERS' Trading Requirements Report for Ark Asset Management.

For the year April 1, 2005 through March 31, 2006 commission credits to Lynch, Jones and Ryan were under by almost \$27 thousand dollars. 12.65% was traded, which was below their target of 25%. On commission credits to Louisiana Brokers 10% trade was requested and 11.01% was actually traded. On commission credits to Louisiana, Inc. and Domiciled Brokers 10% trade was requested and 11.08% was actually traded, which was over by \$2,363.75.

For the first quarter January 1, 2006 through March 31, 2006 25% trade with Lynch, Jones, and Ryan was requested and 15.49% was actually traded. On commissions to Louisiana Brokers 10% trade was requested and 13.36% actually traded. On commission credits to Louisiana, Inc. and Domiciled Brokers 4.46% was traded, which was under by \$3,481.20.

ON MOTION BY MS. MCKEE, SECONDED BY MR. RICHARD AND CARRIED, the Board accepted the Manager Compliance with LSERS' Trading Requirements Report.

INVESTMENT REPORT BY STAFF – FIRST QUARTER 2006 (JANUARY 1, 2006 – MARCH 31, 2006) (BOOK II)

Ms. LeBlanc presented the Investment Reports, which included all investment trades from January 1, 2006 through March 31, 2006.

ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the Board accepted the Investment Report.

EDUCATIONAL PRESENTATION ON PRIVATE EQUITY INVESTMENTS

Mr. Wilmer informed the Board members that he had received notice that Mr. Greg Moore, the presenter on private equity investments, was detained.

In lieu of this delay and since no other items were presented for discussion under other business, Mr. Hall provided an educational presentation on Experience Account versus Target Ratio. This led to a discussion on the 2006 Legislative Session and the Board's position on a bill being presented by Representative Montgomery to reset the target ratio. Consensus of the Board was to support this bill.

Before proceeding to Other Business Mr. Wilmer informed the Board that the "Evaluation of Unclassified Employees Policy" would need to be readdressed. Action was needed on selecting a performance evaluation form used in evaluating unclassified employees. On recommendations of the Personnel Committee the originally proposed evaluation form was revised in that the numerical system used in rating performance would be removed and ratings of unsatisfactory, needs improvement, satisfactory, and above average under each of the categories being rated would be used. The three forms reviewed were 1) the old form found on page 85, 2) the revised form as recommended by the Personnel Committee on page 81, and 3) the originally proposed form on page 82.

ON MOTION BY MR. RICHARD, SECONDED BY MS. MCKEE AND CARRIED, the Board approved the performance evaluation form found on page 81 for evaluating unclassified employees.

The "Personnel Committee Policy" was also readdressed. Under the proposed suggestions for adding items to proposed "Personnel Committee Policy", Item 4 on page 2, "Purpose for Which the Committee Shall Meet" the Board was asked to clarify whether Item 4 was to be included or deleted from the policy as originally approved in the original motion.

ON MOTION BY MS. MCKEE, SECONDED BY MR. FAULK AND CARRIED, the Board deleted Item 4 from the Personnel Committee Policy.

Mr. Wilmer announced that Mr. Charles Hall and Mr. Warren Ponder were attending a legislative session and would not be able to attend the afternoon session of the Board meeting.

Mr. Wilmer received notice that Mr. Greg Moore would not be arriving for his presentation until approximately 2:30 p.m. In lieu of this the Board agreed to hear the Manager Performance Review presentation, which was originally scheduled for 8:30 a.m. on Tuesday, May 9, 2006, and postpone the presentation on private equity investments.

INVESTMENTS

INVESTMENT MANAGER REPORTS

Mr. Saxton provided an overall review of manager and stock market performance over the last quarter and calendar year to date and information on the assets, benefit payments, and overall gains of the fund. All managers in the portfolio were individually reviewed and discussed.

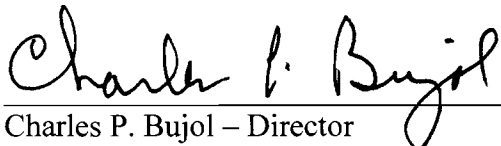
Ms. LeBlanc noted that J. & W. Seligman had offered to provide a break on their fees and more information would be provided to the Board when the agreement was received.

Mr. Wilmer announced that Mr. Greg Moore would not be arriving for his presentation until approximately 3:15 p.m. He noted that the presentation on Private Equity Investments would be held at 8:30 a.m. on Tuesday, May 9, 2006.

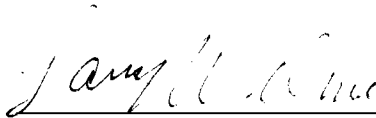
OTHER BUSINESS

There was no other business to discuss.

ON MOTION BY MS. PIERCE, SECONDED BY MR. FAULK AND CARRIED, the Board adjourned at 12:57 p.m.



Charles P. Bujol – Director



Larry Wilmer - Chairman