

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
BOARD AD HOC COMMITTEE MEETING**

Monday - April 12, 2004

The Louisiana School Employees' Retirement System's Board Ad Hoc Committee convened in the board room (Room 100) of the Louisiana School Employees' Retirement System Building, located at 8660 United Plaza Boulevard., Baton Rouge, Louisiana. Mr. Wilmer called the meeting to order at 11:09 a.m. The Roll was called by Mrs. Stark.

* * * * *

Members Present: Mr. Larry Wilmer, Chairman, Ms. Betty Jacobs, Mr. Joe Seymour, Ms. Lori Pierce - State Treasurer's Office, and Ms. Stacy Sharpe - Secretary of State's Office.

Staff Present: Mr. Patrick Cospers - Director, Mrs. Debra Dudley - Assistant Director, Mr. Randy Roche - General Counsel, Mrs. Julia LeBlanc - Chief Investment Officer, Mrs. Josie Meche - Investment Manager I, Ms. Judy Wright - Public Information Director I and Mrs. Laurie Stark - Executive Services Assistant.

Others Present: Mr. Rich Ranallo - Segal Advisors, Inc., Mr. Francis F. Meyer - A.M. Pappas & Associates, Ms. Paula Jacobi - LSU System Research and Technology Foundation, Mr. Peter F. Ricchuiti - Tulane University, Mr. Zeke Zitzmann, Ms. Betty Crain, Mr. Jeffrey Faulk and Mrs. Janice Richard.

* * * * *

Peter Ricchuiti arrived at 11:15 a.m.

EDUCATIONAL SEMINAR REGARDING THE LOUISIANA RESEARCH TECHNOLOGY VENTURE FUND I.

Mr. Francis Meyer with A.M. Pappas and Associates along with Ms. Paula Jacobi with the LSU System Research and Technology Foundation gave an overview of the Louisiana Fund I which is a \$35 million early stage venture fund. Mr. Meyer began by informing the committee that he is from New Orleans and has a Ph D in Pharmacology. His company invests in start-up companies located in Louisiana, companies based on technologies developed in Louisiana. This includes Louisiana universities, research centers, existing companies and out of state companies moving to Louisiana. The Venture Fund's primary goal is to achieve a competitive financial return for the Fund's investors. The investors or limited partners will be entitled to proportionate shares of the net profits or losses which are 80% of the carried interest. The fund will diversify its portfolio to avoid the concentration of risk. The majority of the investments will be made in Louisiana companies and some will be in "exceptional opportunities" in other states. The fund manager makes the decisions whether or not to invest in the outside opportunities. An experienced fund manager will be hired with the approval of the limited partners to handle the investments in the portfolio. Mr. Meyers said that his company is recommending Mr. Joe Lovett as the fund manager for the Louisiana Technology Venture Fund. The vast majority of the investments in this fund will be in increments of \$1 to \$2 million dollars. They will accept \$100,000 as a minimum investment. Mr. Meyer told the committee that early venture

capital has the greatest returns during the first five years.

* * * * *

EDUCATIONAL SEMINAR BY PETER F. RICCHUITI, ASSISTANT DEAN OF THE FREEMAN SCHOOL OF BUSINESS AT TULANE.

Mr. Peter F. Ricchuiti from the Freeman School of Business at Tulane University appeared to present an educational seminar regarding investing in companies within Louisiana or within our region. He is the editor of Burkenroad Reports published by the students of the Freeman School of Business at Tulane. Hancock bank created and manages the Burkenroad Fund which is a mutual fund traded on the S & P 500. He gave the committee some examples of the small lesser-known Louisiana-based companies and neighboring state companies with locations in Louisiana that he and his students keep an eye on and invest in. The Burkenroad Report was created by a grant from the state because the legislators thought it would be a great way to promote Louisiana businesses. There are approximately forty to fifty stocks that the fund invests in. Some of the companies that they have invested in are Goodrich Petroleum Corp. in Shreveport, Offshore Logistics, Inc. in Lafayette, SCP Pool Corp. in Covington, etc. Tulane University has approximately \$500 million invested in the Burkenroad venture capital mutual fund.

Stacy Sharpe left at 12:44 p.m.

* * * * *

DISCUSSION WITH CONSULTANT.

Mr. Ranallo commented on the presentation by Mr. Meyer regarding the venture fund by saying that his fund is the riskiest type of venture capital. He suggested if the committee did decide to pursue the Louisiana Research Technology Venture they should only commit a few million to the strategy. Mr. Ranallo then commented on the presentation by Mr. Richuitti regarding the Burkenroad Mutual Fund. He cautioned the committee as to allowing students to choose the stocks that are traded. It is something that could come back to bite the system if something goes wrong. Mr. Ranallo further warned the committee that when investing in the aforementioned small companies, it could cause a liquidity problem.

* * * * *

ON MOTION OF MR. SEYMOUR, SECONDED BY MR. FAULK AND CARRIED, the committee agreed to adjourn.

The meeting adjourned at 12:54 p.m.

Patrick Cospers, Director

Larry Wilmer, Chairman