

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

**Monday, August 9, 2004
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. Chairman of the Board, Mr. Joe Seymour, opened the meeting at 9:00 a.m. The Board recited the Lord's Prayer and the Pledge of Allegiance. Roll was called.

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Members Present: Mr. Joe Seymour - Chairman, Ms. Betty Crain, Ms. Betty Jacobs, Ms. Sylvia Myers, Mr. Earl Richard, Jr., Mr. Larry Wilmer, Mr. Jeffrey Faulk, Ms. Lori Pierce - State Treasurer's Office
Senator Lambert Boissiere, Jr. - Chairman, Senate Retirement Committee

Members Absent: Representative Pete Schneider - Chairman, House Retirement Committee, John Kennedy - State Treasurer, Fox McKeithen - Secretary of State

Staff Present: Mr. Patrick Cospers - Director, Ms. Debra Dudley - Assistant Director, Ms. Julia LeBlanc - Chief Investment Officer, Mr. Randall Roche -

General

Counsel, Ms. Judy Wright - Public Information Director1, Ms. Jennifer Champagne - Executive Services Assistant

Also Present: Mr. Richard Ranallo - Segal Advisors, Inc., Mr. Charles Hall - Actuary, Ms. Patricia Clough, Ms. Rebekah Rimes

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ANNOUNCEMENTS

Mr. Seymour asked that the Board members remember the loss of Mr. Cospers' brother, Mr. Chuck Clough, and Mr. Seymour's sister, all of whom recently passed away.

Mr. Cospers, on behalf of the Board of Trustees and the Louisiana School Employees Retirement System, presented a plaque to Mrs. Patricia Clough and her family, in recognition of her husband, Charles Chuck Clough, for his many years of dedicated service, not only to the agency, but to the members of the System.

BOARD MINUTES

ON MOTION OF MR. WILMER, SECONDED BY MS. JACOBS AND CARRIED, the Board approved the minutes of the May 17, 2004 Regular Board meeting.

ON MOTION OF MR. FAULK, SECONDED BY MR. WILMER AND CARRIED, the Board approved the minutes of the June 1, 2004 Special Board Meeting.

RETIREMENT REPORTS - APRIL - JUNE 2004

Ms. Crain asked for clarification, on page 20, on what the term split benefits meant next to Mr. Curtis Sonnier's name on the report. Ms. Dudley indicated that this indicates that the member's benefit was being split with his spouse due to a divorce and what this entails as far as benefits received.

Ms. Crain asked for clarification, on page 24, of what the term 20 year in the comments section of the report meant. Ms. Dudley indicated that this reflected the member took early retirement.

Ms. Jacobs questioned whether split benefit could also mean split with another system, to which Ms. Dudley reiterated that split benefit was in reference to divorce.

Ms. Jacobs asked for clarification, on page 31, of the 20 year comment on Mr. Gary Leonard, who has over 30 years. Ms. Dudley indicated that normally this would be considered a regular retirement, not an early retirement, but that she would pull the file and report back on this.

Ms. Jacobs questioned, on page 61, the salary of Ms. Judy Blanchard. Ms. Dudley indicated that she may have had extra routes, another type of route, or another job in the system, but that she would pull the file and report back on this.

ON MOTION OF MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED, the Board approved, with corrections, the Service Retirement Reports from April 1, 2004 through June 30, 2004.

RETIREMENT REPORTS - APRIL - JUNE 2004 (CONT D)

ON MOTION OF MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED, the Board approved the Disability Retirement Reports from April 1, 2004 through June the 30, 2004.

ON MOTION OF MR. FAULK, SECONDED BY MR. WILMER AND CARRIED, the Board approved the Survivor Benefits Reports from April 1, 2004 through June 30, 2004.

ON MOTION OF MS. CRAIN, SECONDED BY MS. JACOBS AND CARRIED, the Board approved the DROP Deposits Reports from April 1, 2004 through June 30, 2004.

ADMINISTRATION

DISCUSSION OF ACT 275 AND 2005/2006 LSERS SCHEDULED OPERATING BUDGET

Mr. Cospers informed the Board that in the 2004 regular session there were several bills relative to the state retirement systems. The Louisiana legislature felt that the budget approval process should be shifted from the state retirement board level back to the Joint Legislative Committee level. This way each of the four state retirement systems would adopt their budget and forward it to the Joint Legislative Committee, where their budget would be reviewed for approval or disapproval.

Act 275, which was HB 1200, was passed in this session and signed by the governor. As of November 15, 2004, LSERS, along with the other three state retirement systems, would have to submit their 2005-2006 operating budget to the Joint Legislative Committee. Since the Board has, in the past, adopted and approved its budget at the May meeting each year this would now entail projecting their budget nine months before the next fiscal year.

In order to comply with this mandate and to present the proposed budget to the Board for review and approval prior to the November 15, 2004 deadline, staff asked the Board when they would like to review the budget.

It was suggested that either the Regular Board Meeting scheduled for Monday, November 22, 2004 and Tuesday, November 23, 2004 be moved up to the first week in November or that the Board have a Special Board Meeting scheduled on October 11, 2004, after the Investment Committee meeting adjourns, to review and approve LSERS 2005-2006 budget.

Legal counsel was consulted, at which time Mr. Roche informed the Board that, as established by the statute, the Board would need to move the November meeting or call a Special Board meeting in October.

A number of questions were presented and discussed regarding how submission of the 2005-

2006 budget in November, 2004 would affect evaluations of unclassified personnel. These questions included whether evaluations should be done before the October 11, 2004 meeting, whether the 4% merit increase should be included in the 2005-2006 budget, and whether an amendment to the budget would have to be submitted to the Joint Legislative Committee.

ADMINISTRATION

DISCUSSION OF ACT 275 AND 2005/2006 LSERS SCHEDULED OPERATING BUDGET (CONT D)

Ms. Jacobs asked Mr. Roche about the policy on evaluating unclassified personnel and how that would be affected in terms of adding money into the budget prior to those employees being evaluated. Mr. Roche indicated that the budget that would be presented to the Board in October would be a tentative budget and would include all projected expenditures for 2005-2006, which would also include possible increases, such as the projected 4% merit raises for both classified and unclassified employees. If any of the money projected was not used, such as furniture, supplies, etc., then the money would remain in the budget as surplus money. This would also include any merit increases that may not be granted, such as unsatisfactory evaluations of the unclassified personnel. He indicated that this would not be a conflict on how the policy reads on evaluations of unclassified personnel.

A discussion was held on the legislative process for submitting an amended budget after the budget was approved by the Board and submitted to the Joint Legislative Committee.

Mr. Cospo informed the Board that the auditors from the Legislative Fiscal Office were in the process of beginning audits of the four state retirement systems, which includes LASERS, TRSL, State Police, as well as LSERS. In the initial meeting with the auditors, when asked what the focus of the audit was, they indicated that it would be focused primarily on the investment part of these retirement boards, which includes hiring of the managers, manager fees, contracts with the managers, etc.

ON MOTION OF MR. FAULK, SECONDED BY MR. WILMER AND CARRIED, the Board approved that the budget be presented at a Special Board meeting to be held on October 11, 2004, after the Investment Committee meeting adjourns.

ADOPTION OF LOUISIANA COMPLIANCE QUESTIONNAIRE FOR JUNE 30, 2004 AUDIT

Ms. Dudley presented to the Board a compliance questionnaire that would be given to the auditors as part of the annual audit of the system. Ms. Dudley reviewed the questionnaire, which contained basic information about the system, such as name, address, list of board members, etc., and specific questions regarding legal compliance, code of ethics, laws affecting budgeting, and other items regarding the system. She did indicate that this was a standard questionnaire regarding the system that had been completed for several years now, but that the questionnaire needed to be adopted by the Board in a public meeting.

ON MOTION OF MS. MYERS, SECONDED BY MR. WILMER AND CARRIED, the Board adopted the Louisiana Compliance Questionnaire for the June 30, 2004 Audit.

CONSENT TO CONSIDER ELECTRONIC FUND TRANSFER (EFT) FOR NEW RETIRED MEMBERS EFFECTIVE JANUARY 1, 2005

Mr. Cospers asked the Board to consider allowing the System to convert to electronic fund transfer (EFT) for new retired members effective January 1, 2005. He went over the benefits of having EFT's, both to the members and to the system, which included a reduction in printing and mailing expenses, elimination of checks being stolen and stopping payment on checks, which could hold up a member's check for 30, 60, or 90 days.

The system currently provides members an option of either receiving a manual check or having their funds electronically deposited. Staff was asking the Board to consider allowing staff to start requiring that all new retirees, not existing retirees, receive their checks electronically effective January 1, 2005.

A discussion was held on this matter, in which Board members expressed concerns on how this would affect retirees. It was noted that there was a positive aspect of EFT's in terms of security and assurance that funds would be deposited and checks would not be lost or stolen. When questioned on how many checks were either reported lost or stolen each month it was noted that there were probably 25 or more reported.

One concern was whether there would indeed be a savings by going to EFT's, as there would still be the cost of printing check stubs and mailing a copy to the retirees. Mr. Cospers indicated that while there would be a cost in mailing out the check stubs instead of the actual checks, there would be a decrease in the cost of check stock used to print out the actual checks.

Mr. Cospers did note that this would not involve those retirees currently receiving their checks in the mail. This would only involve new retirees. Ms. Dudley mentioned that of the approximately 10,000 benefit checks that are sent out, about 4,700 are direct deposit, so about 47% of them have already chosen direct deposits of their benefits.

Another concern was for those retirees who did not have a checking account and what would happen to those retirees. Ms. Dudley indicated that Teachers Retirement System offered exceptions to their retirees and that this could be considered on a case-by-case basis if a hardship presents itself.

While some board members expressed concerns about electronic transfer of funds some noted that they personally liked having their checks deposited directly into the bank. However, the Board indicated that they were thinking of their members as a whole and would vote as such.

Roll Call Vote #1

ON MOTION OF MR. FAULK, SECONDED BY MR. WILMER, the Board voted to leave the system as it was at the present time. Betty Crain - yes; Betty Jacobs - yes; Sylvia Myers - reluctantly, yes; Mr. Earl Richard - yes; Mr. Larry Wilmer - yes; Mr. Jeffrey Faulk - yes; Ms. Lori Pierce - No; Mr. Joe Seymour - yes. **YES - 7, NO - 1, ABSTAIN - 0, MOTION CARRIED.**

ADOPT RESOLUTION TO REQUEST LOUISIANA STATE ATTORNEY GENERAL RENDER OPINION ON LSERS TRAVEL POLICY

Mr. Roche informed the Board that he had written a letter to the Attorney General's office requesting an opinion as to whether the System could follow its own travel policy or had to follow the state travel policy. Since the response he received was that a board resolution requesting such a request was needed, General Counsel asked the Board to adopt a resolution to request the Louisiana State Attorney General render an opinion on LSERS travel policy.

ON MOTION OF MR. FAULK, SECONDED BY MS. JACOBS AND CARRIED, the Board adopted a resolution to request the Louisiana State Attorney General render an opinion on LSERS Travel Policy.

PROPOSED TRAVEL POLICY

Mr. Coper informed the Board that staff had reviewed the current travel policy and in comparing it with the travel guidelines of LASERS, TRSL, and the LA State Travel Guide, had produced a booklet of proposed travel guidelines for the System. Staff asked that no action be taken on this policy at today's meeting, that the Board take this policy home, read through it, then come back in the November meeting for consideration on adopting this policy. This policy, if adopted, would bring the system closer to compliance with state travel guidelines.

After discussion it was decided that the proposed travel policy would be presented at the Special Board meeting to be held on October 11, 2004. Ms. Dudley was asked to review the proposed travel policy with the Board.

Ms. Dudley gave the Board an overview of the proposed travel policy. She indicated that this was a policy that would be used by staff, as well as by the Board. She highlighted those areas that were revised and also those areas that the Board would actually be involved with. This included mileage, which, according to the proposed policy, would be reimbursed in accordance with the current federal government mileage guidelines for business travel that are published by the federal government each year. The current federal government mileage rate was 37 cents per mile and would be updated each year as the government rate changes.

Ms. Dudley went over the schedule for reimbursement of meals and reimbursement amounts that are allowed for in-state and out-of-state travel. She did stress that for any city or town not listed under the in-state travel section the standard rate would apply. All out-of-state travel would be based on the federal rates for the city traveled to. Again, if the city was not listed then the standard rate would apply.

PROPOSED TRAVEL POLICY (CONT D)

Ms. Dudley indicated that the section under lodging had changed. Lodging for in-state travel was increased to \$80 per day and lodging for out-of-state travel was increased to \$150 per day. She did note that when board members, as well as staff, go to conferences and the hotel rates are higher than the amount allowed, travelers would not be limited to the \$80 per day for in-state and \$150 per day out-of-state lodging rates.

Mr. Seymour asked that, on page 27 of the policy, in reference to incidentals reimbursement where receipts were required for expenses of \$25 or more per items, it be listed as per item per day to clarify that expense.

Ms. Dudley also stressed to the Board that travel vouchers were to be turned in to the Director within 30 days of the date of departure. When questioned by the Chairman, Ms. Dudley indicated that there were currently no problems in this area.

Mr. Faulk questioned traveling by personal vehicle in lieu of air transportation. Mr. Cospers read from the policy that stated that when travel by personal vehicle was authorized in lieu of air transportation, traveler would be reimbursed travel costs, transportation, lodging and meals while in route not to exceed the cost of travel by air. He did note that there was no change to the original policy in place now. A discussion was held on what dollar amount would be considered in reimbursement of expenses if the traveler was traveling by personal vehicle instead of air transportation. Ms. Dudley indicated that the same rate for airfare would be used for that traveler as would the rate of airfare for the other travelers.

Ms. Dudley went over instructions on completing the travel voucher, along with an example of a completed voucher. She did note that the travel voucher was changed in that specific expenses, such as plane fare, registration, etc., had been added to the voucher. She also noted that all expenses, whether paid by the system, reimbursed prior to the trip, etc., needed to be documented on the voucher, as this would provide a more complete documentation of all expenditures incurred during travel. Mr. Seymour asked that a notation be made on the travel voucher to include the wording "per day" on receipts required for expenses of \$25 per item.

Mr. Roche asked for clarification on renting a vehicle, where it was indicated that full insurance coverage should be carried on the rented vehicle. Ms. Dudley indicated that this does not mean that the traveler was to buy the insurance, but that the traveler was to assure that full insurance coverage was carried, whether it was through personal insurance coverage, coverage through a credit card, etc., so that the system would not be liable for any damages to the vehicle.

Mr. Seymour informed that Board that this proposed policy was for information purposes only and that this item would be placed on the October 11, 2004 agenda for approval.

REQUEST ACQUISITION OF ROADSIDE ASSISTANCE POLICY

Mr. Cospers asked the Board for the authority to buy five (5) Triple A memberships for LSERS staff who travel in state for in-service training, seminars, conferences, and/or any meetings in the performance of their duties. One of the concerns staff had was that if the system's vehicle breaks down there was no one to call for assistance. With a Triple A card the staff would be able to call an 800 number and obtain assistance, such as a towing service, and possibly be provided the necessary repairs to allow staff to get back on the road. The estimated cost of a membership for each staff, as designated by the Director, would be \$47, which would cost a total of \$250 per year.

ON MOTION OF MR. FAULK, SECONDED BY MS. JACOBS AND CARRIED, the Board approved the acquisition of five Triple A memberships for LSERS staff.

STATUS REPORT ON NEW LEGAL COUNSEL

Mr. Cospers provided the Board with a status report on the acquisition of the System's legal counsel who would be coming on board to replace Mr. Roche when he retires on December 31, 2004. Mr. Ponder was originally scheduled to begin on September 1, 2004, but had asked if he could possibly start on August 30, 2004, two days earlier than expected, to allow him to come on board at the beginning of a full pay period.

Mr. Cospers also informed the Board that he had appeared before the Ethics Committee to discuss whether Mr. Ponder could be hired as a classified employee. The Ethics Committee ruled that since Mr. Ponder served in the capacity of a voting board trustee he could not be hired in a classified position for two years from the last meeting he attended as a board trustee.

Therefore, Mr. Ponder could enter into a Memorandum of Understanding (MOU), which is a contractual agreement between the Board and the State Attorney General's office, similar to what Mr. Ponder now has with the Secretary of State. Mr. Ponder is not an employee, per se, of the Secretary of State, but is an attorney or legal counsel on loan from the Attorney General and had entered into a memorandum of understanding agreement with the Attorney General. This MOU is like a contract and stipulates the salaries, benefits, etc., that the two parties agree on.

Mr. Cospers indicated that he had sent a letter to the Attorney General, indicating that LSERS would like to enter into this agreement. He had received no response yet, but it was forthcoming. Once that authority was received then negotiations could begin to assure there was an agreement with what the board was willing to pay, which was the same amount being paid to Mr. Roche, LSERS current General Counsel. Once the contract was signed the Attorney General's Office would bill the System for Mr. Ponder's services and the System in turn would pay the Attorney General's Office as his employer.

Since the Board had originally given the authority for Mr. Ponder to start on September 1, 2004

Mr. Cospers would need their authority to have Mr. Ponder start on August 30, 2004.

ON MOTION OF MR. FAULK, SECONDED BY MS. MYERS AND CARRIED, the Board approved Mr. Ponder to begin employment as General Counsel effective August 30, 2004.
PERSONNEL ACTIONS REPORT - SECOND QUARTER 2004

Ms. Dudley presented the Personnel Actions Report for the second quarter 2004 to the Board. She noted that there was a correction to the report that was originally submitted to the Board prior to the meeting. Ms. Alice Quinn's name was inadvertently omitted from the report as a new hire and transfer in employee.

ON MOTION OF MS. JACOBS, SECONDED BY MS. CRAIN AND CARRIED, the Board approved the Personnel Actions Report for the second quarter 2004.

Ms. Jacobs asked Ms. Dudley whether the reassignment of Ms. Galloway's workload had benefited her in her field work. Ms. Dudley indicated that it was working out so far and that Ms. Galloway was doing estimates, which provided her a more rounded way of getting closer to the different requests made by members. Mr. Cospers informed the Board that Ms. Galloway had an adjunct requirement that she does all of the walk-ins to the System, which involves sitting down with, having conferences, and consulting with members, but that the calculation and processing of benefits were completed by the analysts.

STAFF DEVELOPMENT TRAVEL EXPENSES REPORT - SECOND QUARTER 2004

Ms. Dudley presented the Staff Development Travel Expenses Report for the second quarter 2004 to the Board. She noted that there was a correction to the report that was originally submitted to the Board prior to the meeting. Under Ms. Geri Galloway and the conferences she attended it showed employer training, but those were actually retirement seminars for employees and not employer training. There were also corrections made to the cost of the conferences and conventions during that reporting period.

ON MOTION OF MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the Board approved the Staff Development Travel Expenses for the second quarter 2004.

STAFF OVERTIME REPORT - SECOND QUARTER 2004

Ms. Dudley presented the Staff Overtime Report for the second quarter 2004 to the Board. The first report reflected the overtime worked by individuals who accrued leave instead of getting paid for their overtime hours. The second report reflected the overtime worked by individuals that actually received pay for overtime.

Ms. Jacobs questioned whether employees must work a full 40-hour week before they are paid overtime. Ms. Dudley went over the civil service rules, which allows an individual to have leave during a week and then receive pay for overtime for any hours worked in excess of a 40-hour week. After much discussion Mr. Roche, General Counsel, was asked to clarify this, at which time he concurred with Ms. Dudley's explanation and gave examples of how these rules would

apply.

ON MOTION OF MS. MYERS, SECONDED BY MR. RICHARD AND CARRIED, the Board approved the Staff Overtime Report for the second quarter 2004.

OTHER BUSINESS

Mr. Cospers asked the Board for consent to consider placing an item on the agenda regarding board officer elections for those members interested in running for Chairman, Vice-Chairman, and Vice-Chairman Pro-Tem.

ON MOTION OF MS. MYERS, SECONDED BY MS. JACOBS AND CARRIED, the Board approved placing this item regarding board officer positions on the agenda.

Mr. Cospers informed the Board that the two year terms were up for the board officer positions, which meant that this November the Board would hold elections for any board members interested in running for the office of Chairman, Vice-Chairman, and Vice-Chairman Pro-Tem.. After a copy of the policy was distributed to all of the Board members Mr. Cospers briefly went over the policy. According to the policy any board member seeking nomination as Chairman, Vice-Chairman, or Vice-Chairman Pro-Tem should submit a letter of intent to seek such office to the Director of the System's office 20 days prior to the date of the election. Mr. Cospers noted that, after checking with legal counsel, November 2, 2004 would be the 20-day window before the November 22, 2004 Regular Board Meeting. Therefore, letters of intent to seek an office must be submitted no later than 4:30 p.m. on November 1, 2004. The letter must state the board member's name and the position he/she is interested in running for. Information on who is running would be sent to all other board members prior to the meeting and a secret ballot would be distributed for election of board officers for the calendar years 2005 and 2006.

At Mr. Seymour's request Mr. Cospers distributed a letter of resignation from Mr. Seymour, announcing that he would be leaving his position on the board of trustees effective December 31, 2004.

LEGISLATION

DISCUSSION OF LEGISLATION FROM PREVIOUS SESSION

Mr. Roche went over legislation from the previous legislative session. He noted that there were changes to the educational requirements of Board members in that they changed the time period under which the education had to be earned. HB 373, Act 207 changed the time period for reporting educational requirements to September 1, 2004 through August 31, 2004. This period coincides with the LAPERS convention, so that if a member attends the LAPERS convention he/she would be able to get most of their educational requirements. Act 207 also added a provision for obtaining education on rules and regulations of each individual System, which would be obtained through in-house staff, and better defined actuarial science.

LEGISLATION

DISCUSSION OF LEGISLATION FROM PREVIOUS SESSION (CONT D)

Ms. Jacobs asked whether staff had considered alternative means of providing education for board members who are unable to participate in the LAPERS Conference or attend conferences outside the system. Mr. Roche noted that in addition to obtaining tapes of the LAPERS conferences, there were actuaries, investment managers, and lawyers who would be happy to make presentations to the Board.

Mr. Roche noted that the next legislative bill passed was HB 938, which required reporting, on a quarterly and annual basis, on investments through Louisiana Domicile brokers. The System would report on June 30, 2004, September 30, 2004, and June 30, 2005.

HB 1215 required the disclosure of any expenditures by money managers seeking business after January 1, 2005. Any expenditure over \$500, including promotional items, must be reported twice a year to the Ethics Commission after the first of the year. If the Chairman has knowledge of anyone seeking business or who has business he/she must notify them of this new requirement.

House Concurrent Resolution Number 20 was a study requiring that state retirement systems manage a portion of their investment portfolios using in house personnel.

Mr. Cospers informed the Board that a meeting was called at the House Retirement Committee on August 23, 2004 and administrators from each of the four respective systems were asked to attend this meeting relative to discussions of defined contribution plans. The meeting was scheduled for 9:30 a.m. in House Committee Room 4.

Mr. Roche went over studies that will be conducted. These studies include in-house investments, allowing retirees to change beneficiary designation for survivor benefits, and the ways in which retirement benefits are allocated for after dissolution of community. Another study was House Resolution Number 14 on the feasibility of establishing a defined contribution plan, which is in reference to the meeting scheduled for August 23, 2004.

Mr. Roche noted that there was also a senate bill that requires consultants and money managers to disclose relationships and any sharing of fees.

Senator Boissiere gave the Board a brief overview of what these bills entail and the purpose behind them.

The last bill that Mr. Roche mentioned was a bill that requires the systems to follow the state travel guidelines.

LEGISLATION

DISCUSSION OF LEGISLATION FROM PREVIOUS SESSION (CONT D)

Mr. Hall was asked to review SB 622, a bill introduced that would help restructure the amortization schedule of the unfunded liability, but not the initial unfunded liability, of Teachers and State Employees' retirement systems. This bill would extend the amortization for changes in unfunded liability that occur after certain dates so that they would go beyond the year 2029. The plans were supposed to be fully funded by 2029 and the bill also took care of zeroing out their experience accounts, which was used to determine whether or not they could grant cost of living raises to their retirees. It also set a provision that set the employer contribution at a minimum rate of 15.5%.

The bills were drafted specifically for Teachers and State employees, but on the last day of the session, a provision was put in to include school employees.

Although there may have been good intentions in trying to help the school boards, this bill did not help the retirees of school employees' retirement system because only one aspect of the bill was addressed. The bill corrected TRSL and LASERS' cost of living problem, but it did not address school employees' problems.

Mr. Hall indicated that this makes it much more difficult for LSERS to grant COLA's because the amortization period was being extended. This means that LSERS would receive about 10 ½ million dollars less each year by getting paid over a longer period of time and LSERS would not be able to meet their new funding target of 2016.

Another unfortunate aspect of this bill was that while a minimum employer contribution rate was established for TRSL and LASERS at 15.5%, they did not provide for LSERS. The PERSAC meeting was held immediately after the session and Teachers and State Employees' employer contribution rate was set at 15.5%. Since School Employees' minimum employer contribution rate was not set by this bill PERSAC established their rate at 14.8%, which was a little over a million dollars difference in the employer rate.

Senator Boissiere indicated that the intent of the bill was to keep the cost down for both administration and the school boards. He informed the Board that he would like to have this evaluated on how to correct it so that this could be presented in next year's legislation and not have it linger on too long. When asked whether LSERS could get the same consideration for the 15.5% minimum contribution rate established for TRSL and LASERS, Senator Boissiere indicated that this would be taken care of because this negatively impacted the COLA process for LSERS.

ON MOTION OF MS. JACOBS, SECONDED BY MR. WILMER AND CARRIED, the Board approved the Report on Legislation from the previous session.

INVESTMENTS

APPROVAL OF MINUTES OF JULY 12, 2004 INVESTMENT COMMITTEE MEETING

ON MOTION OF MR. FAULK, SECONDED BY MS. JACOBS AND CARRIED, the Board approved the minutes of the July 12, 2004 Investment Committee meeting.

APPROVAL OF MINUTES OF JULY 12, 2004 AD HOC COMMITTEE MEETING

ON MOTION OF MS. JACOBS, SECONDED BY MR. WILMER AND CARRIED, the Board approved the minutes of the July 12, 2004 Ad Hoc Committee meeting.

TRADING COMPLIANCE REPORTS

Ms. LeBlanc provided the Board with the Trading Compliance Reports on the trading compliance of both Evergreen Tattersall Group and Walter Scott and Partners, LTD with Lynch Jones and Ryan and Louisiana Domicile Brokers. She informed the Board that both of these investment managers would be their reports to the Board tomorrow.

ON MOTION OF MR. FAULK, SECONDED BY MR. WILMER AND CARRIED, the Board approved the Trading Compliance Report.

INVESTMENT REPORTS BY STAFF

Ms. LeBlanc went over the Investment Reports by Staff, which included all of the investment transactions and trades that were executed by the investment managers for the period beginning April 1, 2004 trade date and ending with trade date June 30, 2004, or the second quarter of 2004.

ON MOTION OF MR. WILMER, SECONDED BY MS. JACOBS AND CARRIED, the Board approved the Investment Reports by Staff.

LEGAL REPORT: CURRENT SECURITIES LITIGATION

Mr. Roche informed the Board that he was working on new securities litigation as lead plaintiff on a case called Accredo Health, which is in the western district of Tennessee. Since it is a new case Mr. Roche indicated that he would give a more detailed report at the next meeting.

ON MOTION OF MS. JACOBS, SECONDED BY MS. CRAIN AND CARRIED, the Board

approved the Legal Report on Current Securities Litigation.

ON MOTION OF MR. WILMER, SECONDED BY MS. JACOBS AND CARRIED, the Board agreed to adjourn at 12:07 a.m.

Patrick Cospers - Director

Joe Seymour - Chairman