

**LOUISIANA SCHOOL EMPLOYEES' RETIREMENT SYSTEM
BOARD INVESTMENT COMMITTEE MEETING**

*Monday - October 11, 2004
9:00 a.m.*

The Louisiana School Employees' Retirement System's Board Investment Committee convened in the boardroom (Room 100) of the Louisiana School Employees' Retirement System Building, located at 8660 United Plaza Blvd., Baton Rouge, Louisiana. Ms. Jacobs called the meeting to order at 9:02 a.m. The Roll was called by Mrs. Stark.

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Members Present: Ms. Betty Jacobs, Chairman, Mr. Larry Wilmer, Ms. Betty Crain, Mr. Joe Seymour, Ms. Sylvia Myers, Mr. Jeffrey Faulk, Mr. Earl Richard, Jr.

Members Absent: Senator Lambert Boissiere, Jr. - Chairman - Senate Retirement Committee and Representative Pete Schneider, Chairman - House Retirement Committee.

Staff Present: Mr. Patrick Cospers - Director, Mrs. Debra Dudley - Assistant Director, Mr. Randy Roche - General Counsel, Mr. Warren Ponder - General Counsel (in training), Mrs. Julia LeBlanc - Chief Investment Officer, Mrs. Josie Meche - Investment Manager I, Ms. Anita Green - Human Resources Director, Ms. Judy Wright - Public Information Director I and Mrs. Laurie Stark - Executive Services Assistant.

Others Present: Mr. Richard Ranallo - Segal Advisors, Inc., Mr. Robert Bruce - Legislative Auditor's Office and Ms. Susan Pappan - State Treasurer's Office.

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Mr. Jeffrey Faulk arrived at 9:04 a.m.

DISCUSSION WITH CONSULTANT

Review of Trinity' Performance.

Mr. Ranallo updated the committee on Trinity's performance. For the month of September, Trinity was ahead of their benchmark by 50 basis points.. Year-to-date they are ahead of the Russell 1000 Value Index by 80 basis points. Their first year of

performance was bad which was 1000 basis points below their benchmark. Mr. Ranallo reported that they have had good years ever since 1999, but have never been able to make up the shortfall. Trinity's since inception numbers are still behind their benchmark by about 100 basis points. The committee held a lengthy discussion regarding Trinity's future with LSERS. They remain on probation.

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STAFF REPORTS

Commission Recapture Report

Mrs. Meche reported for the period January 1, 2004 through July 31, 2004 that none of the fixed income managers met their targeted commitment to Lynch Jones & Ryan. The equity managers that met or exceeded their 25% target for the period of January 1, 2004 through July 31, 2004 were the Trinity and Walter Scott. However, Ark, Brandywine, J & W Seligman and Northern Trust Quantitative Advisors did not meet their targets. The total funds available for disbursement as of July 31, 2004 were \$448,581.00. Payments totaling \$288,391.10 have been made leaving a balance of \$160,189.90 available for disbursement.

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ON MOTION OF MR. FAULK, SECONDED BY MR. WILMER AND CARRIED, the committee accepted the Commission Recapture report for the period of January 1, 2004 through July 31, 2004.

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Northern Trust Securities Lending Report.

Mrs. LeBlanc reported that for the calendar year-to-date period ended August 2004, the gross income on securities lending was \$344,193.72. Northern Trust has received a fee of \$103,172.50. The fund had income returned to it in the amount \$241,021.22 or an average for the year of \$30,127.65 per month. Since the program has been in place with Northern Trust, the fund has earned \$4,574,280.69 or an average monthly income of \$35,186.77.

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ON MOTION OF MS. MYERS, SECONDED BY MS. CRAIN AND CARRIED, the committee accepted the Northern Trust Securities Lending Report.

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Louisiana Brokers.

Mrs. Meche reported for the period of January 1, 2004 through July 31, 2004 that all three fixed income managers met or exceeded their 10% target for the month. The equity managers who met or exceeded their 10% minimum target were Northern Trust Quantitative Advisors and Trinity. Ark, Brandywine, J & W Seligman and Walter Scott did not meet their target. A total of \$322,430,164.64 par value and a total of \$54,991.58 equity commissions were directed during the time period ended July 31, 2004.

Louisiana Incorporated & Domiciled Broker Report.

Mrs. Meche reported for the period of January 1, 2004 through July 31, 2004 the only equity manager to meet or exceed their 10% target was Trinity. The only fixed income manager to meet their target for the period was Orleans Capital. A total of \$16,618,435.62 in par value and a total of \$66,749.52 in equity commissions were directed during the time period ended July 31, 2004.

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ON MOTION OF MR. FAULK, SECONDED BY MR. SEYMOUR AND CARRIED, the committee accepted the Louisiana Broker and the Louisiana Incorporated and Domiciled reports.

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**Securities Litigation.
Investment Staff Report of Receipts.**

Mrs. LeBlanc reported to the committee that LSERS has received a total of \$764,447.00 in cash, \$578.00 in Par Value and 857 shares of stock/warrants as of September 17, 2004 as settlements from securities litigations.

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ON MOTION OF MR. SEYMOUR, SECONDED BY MR. FAULK AND CARRIED, the committee accepted the securities litigation report of receipts.

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Current Case Review.

Mr. Roche informed the committee that last week he was in court regarding the Symbol Technologies case. The case was settled for \$139 million dollars. Mr. Roche mentioned to the committee that a status conference scheduled on November 11th in the

Accredo Health case in San Diego, California. There is also a deposition scheduled for October 20th in the Transkaryotic Therapies, Inc. case in New York.

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ON MOTION OF MR. SEYMOUR, SECONDED BY MS. CRAIN AND CARRIED, the committee accepted the securities litigation report.

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ON MOTION OF MR. WILMER, SECONDED BY MS. MYERS AND CARRIED, the committee agreed to adjourn.

The meeting adjourned at 10:25 a.m.

Patrick Cospers, Director

Betty Jacobs, Chairperson