

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

**Monday, August 8, 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, Louisiana. Mr. Larry Wilmer, Chairman of the Board, opened the meeting at 8:59 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, Ms. Betty Jacobs, Mr. Earl Richard, Jr., Ms. Judith McKee, Mr. Jeffrey Faulk, Sr., Ms. Lori Pierce for Mr. John Kennedy – State Treasurer, Mr. John Sondergaard for Senator D.A. “Butch” Gautreaux, Ms. Stacy Sharpe for Mr. Al Ater – Secretary of State.

Members Absent: Ms. Sylvia Myers, Representative Pete Schneider

Staff Present: Mr. Patrick Coper – Director, Ms. Debra Dudley – Assistant Director, Ms. Julia LeBlanc – Chief Investment Officer, Mr. Warren Ponder – General Counsel, Ms. Judy Wright – Public Informations Director 1, Ms. Jennifer Champagne – Administrative Assistant and Board Secretary

Also Present: Ms. Joyce Anderson – Accountant Administrator II

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## **ANNOUNCEMENTS**

Mr. Wilmer informed the Board that Ms. Sylvia Myers had heart surgery and was recovering well, but that everyone should remember her in their prayers.

Mr. Cospers introduced Ms. Joyce Anderson to the Board. He noted that Ms. Anderson is LSERS' Accountant Administrator II and that she brings to the System a very broad background experience in accounting. Mr. Cospers also noted that Ms. Anderson would be attending today's board meeting, as items relative to the accounting functions, especially the budgetary process, would be presented to the Board at the October 2005 Special Board meeting.

Mr. Cospers also reminded the Board that the Search Committee would convene after the adjournment of the Regular Board meeting today.

## **BOARD MINUTES**

**ON MOTION BY MS. JACOBS, SECONDED BY MS. CRAIN AND CARRIED**, the Board approved the minutes of the May 16, 2005 Regular Board Meeting.

Mr. Sondergaard brought up a correction to the minutes of the June 24, 2005 Emergency Board Meeting. He noted that he represents Senator D.A. "Butch" Gautreaux and not the Senate Retirement Committee and asked that this be corrected in the minutes. It was noted that this would be corrected and future minutes will also reflect such.

**ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED**, the Board approved, with corrections, the minutes of the June 24, 2005 Emergency Board Meeting.

## **RETIREMENT REPORTS – APRIL 1, 2005 THROUGH JUNE 30, 2005**

Prior to approval of the retirement reports Mr. Cospers noted there were additions to the original reports. Due to an error in the computer program a portion of the reports were completed manually. Since the booklet had already been mailed to the Board members this information was being provided for review at today's meeting. It was also noted that there were corrected pages in the reports, but that these pages had been included in the booklet prior to mailing.

**ON MOTION BY MS. JACOBS, SECONDED BY MS. CRAIN AND CARRIED**, the Board approved the Service Retirement Reports from April 1, 2005 through June 30, 2005.

**ON MOTION BY MS. JACOBS, SECONDED BY MR. RICHARD AND CARRIED**, the Board approved the Disability Retirement Reports from April 1, 2005 through June 30, 2005.

**ON MOTION BY MR. FAULK, SECONDED BY MS. JACOBS AND CARRIED**, the Board approved the Survivor Benefits Reports from April 1, 2005 through June 30, 2005.

**ON MOTION BY MS. JACOBS, SECONDED BY MS. CRAIN AND CARRIED**, the Board approved, with corrections entered in the quarterly book, pages 40 through 52, the DROP Deposits Reports from April 1, 2005 through June 30, 2005.

## **ADMINISTRATION**

### **EDUCATIONAL PRESENTATION ON ACTUARIAL SCIENCE**

Mr. Charles Hall, of Hall Actuarial Services, provided an educational presentation on actuarial science to the members of the Board of Trustees of LSERS. He reviewed the basic elements of actuarial science, his role as an actuary, some of the issues that impact the retirement system and its fund, general information on legislation, how employee and employer contribution rates are calculated, and how benefits are calculated. Mr. Hall then answered questions from the board.

### **LSERS' 2006-2007 BUDGET DISCUSSION**

Mr. Cospers informed the Board that law mandated that the Board submit its LSERS' 2006-2007 Budget to the Joint Legislative Committee on the Budget by November 15, 2005. In order to comply with this staff was asking the Board to consider holding a special board meeting in October to review and/or approve the 2006-2007 budget.

Mr. Cospers noted that over the years staff has implemented several new programs in order to maintain the level of service and technology that other systems have provided to their members. He indicated that in implementing these programs and with the increased demand on the present workload, staff would like to request three additional personnel, one in the Accounting Department, one in the Management Information System (MIS) Department, and one in the Retirement Department. This involved presenting information and appropriate justification on these requests to the Personnel Committee for recommendation to the full board.

Discussion was held on these three positions, which included a review of each department, their needs, the functions and duties of employees within that department, and the total number of employees currently employed within the agency. Ms. Jacobs noted two concerns that she had in relation to hiring new employees. One concern was that she did not want employees hired merely to justify reallocation of other employees within the agency by increasing the number of employees they supervise and the other was the administrative cost per member. Ms. Jacobs asked that staff provide an in-depth budget study that will provide board members a better understanding of the system's needs and justification of these needs so that member costs can be considered in preparing the budget.

**ON MOTION BY MS. JACOBS, SECONDED BY MS. CRAIN AND CARRIED,** the Board accepted the LSERS 2006-2007 Budget Discussion.

## **ADOPTION OF LOUISIANA COMPLIANCE QUESTIONNAIRE FOR JUNE 30, 2005**

Ms. Dudley presented for adoption the proposed Louisiana Compliance Questionnaire for June 30, 2005, which is an annual questionnaire that is completed annually prior the start of the financial audit. She noted that there were only two areas of the questionnaire that had changed slightly. The first was the language that was added at the bottom of page 57, which stated that beginning with the fiscal year 2005-2006 the operating budget of LSERS was subject to review by the Joint Legislative Committee on the Budget. The second item was under Section Number 3, Question Number 9, which had to do with the Code of Ethics law. She noted that for this question staff indicated that no employees or officials had accepted anything of value, whether in the form of a service loan or promise, from anyone that would constitute a violation of RS 42, 1101 to 1124.

**ON MOTION BY MS. JACOBS, SECONDED BY MR. FAULK AND CARRIED**, the Board adopted the Louisiana Compliance Questionnaire For June 30, 2005.

Ms. Jacobs asked for clarification on Number 10 of the questionnaire, which stated "Is it true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119".

Discussion was held on this and it was noted by Ms. Dudley that LSERS was in compliance with this law. Mr. Ponder noted that he would provide a copy of the statute for review with Ms. Jacobs.

## **PERSONNEL ACTIONS: SECOND QUARTER 2005**

Ms. Dudley presented the Personnel Actions Report for the Second Quarter 2005, which was for April 1, 2005 through June 30, 2005.

**ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED**, the Board approved the Personnel Actions Report for the Second Quarter 2005.

## **STAFF DEVELOPMENT TRAVEL EXPENSES: SECOND QUARTER 2005**

Ms. Dudley presented the Staff Development Travel Expenses Report for the Second Quarter 2005, which is a report on any conferences, conventions, training, or seminars that staff attended during the second quarter 2005.

**ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED**, the Board approved the Staff Development Travel Expenses Report for the Second Quarter 2005.

## **STAFF OVERTIME REPORT: SECOND QUARTER 2005**

Ms. Dudley presented the Staff Overtime Report for the Second Quarter 2005, which included the amount of overtime worked and a breakdown of overtime that was paid or compensated through leave. A review of the report was made and specific questions asked of overtime received.

**ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED**, the Board accepted the Staff Overtime Report for the Second Quarter 2005.

## **STATUS REPORT ON CURRENT ELECTIONS**

Ms. Wright provided a status report on the current elections. She noted that the elections were on schedule, there were no problems, and election information would soon be sent to the printer. There are two candidates running in the retiree representative election and two candidates running in the District 4 election. Ms. Betty Jacobs and Mr. Jeffrey Faulk, Sr. are running in the retiree representative election and Ms. Kathy Landry and Mr. Ronnie Babineaux are running in the District 4 election. It was noted that Mr. Ryness LeBlanc had dropped out of the District 4 election.

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

## **REVIEW OF CONTRACT WITH DEPARTMENT OF JUSTICE CONCERNING SALARY OF GENERAL COUNSEL**

Ms. Sharpe asked for a discussion on Mr. Warren Ponder's salary, which had been brought up at the last meeting. She noted that Mr. Ponder had taken a pay cut in coming to LSERS and that if he had stayed at the Secretary of State's office he would have received two merit increases. When asked what those two merit increases would have amounted to Ms. Sharpe noted that Mr. Ponder was making \$80,000 at the Secretary of State's Office and that two 5% increases would have increased his salary to \$88,200.

An extensive discussion was held on this matter, at which time the Board asked Mr. Ponder questions regarding the specifics of his job, his current salary, current benefits being provided by LSERS on his behalf, his anniversary date of employment, and the income he was receiving at the Secretary of State's office prior to his accepting the position as General Counsel for LSERS. Mr. Ponder was also asked to provide information in reference to the memorandum of understanding (MOU) between the Board of Trustees and the Department of Justice.

**ON MOTION BY MS. JACOBS, SECONDED BY MS. CRAIN AND CARRIED**, the Board approved to increase General Counsel's salary to \$80,000 plus two 5% merit increases he would have received, which totals \$88,200. Ms. Pierce added that a review of General Counsel's evaluation be added to those of the unclassified employee evaluations.

Discussion was held on the budgetary process in order to institute a time frame for General Counsel to receive this increase. It was noted that LSERS' 2006-2007 fiscal budget would need to be submitted to the Joint Legislative Committee on the Budget by November 15, 2005, but that this budget does not take effect until <sup>1</sup>July 1, 2006.

Ms. Jacobs directed staff to review the total budget for 2005-2006 and provide the Board with information on whether there was excess money available in this year's budget to fund an increase in General Counsel's salary. It was noted that if funds were available then the increase would be made retroactive to September 1, 2005.

No further action was taken on the effective date of the increase in General Counsel's salary until the Board has had a chance to review the information to be provided by staff for consideration at the next scheduled board meeting.

A discussion was held on the September and October 2005 board meetings. It was noted that the board meeting being held on September 19, 2005 was an Investment Committee Meeting and that if formal action was to be taken then a Special Board Meeting would need to be held. Also, LSERS 2006-2007 budget would need to be presented to the Board for approval prior to submission to the legislature by November 15, 2005. This entailed scheduling a Personnel Committee meeting prior to the presentation of the 2006-2007 budget for approval by the full board.

As Chairman of the Investment Committee, Ms. Jacobs cancelled the September 19, 2005 Investment Committee Meeting.

As Chairman of the Personnel Committee, Mr. Richard called for a Personnel Committee Meeting to be held on Monday, September 19, 2005.

As Chairman of the Board of Trustees, Mr. Wilmer called a Special Board Meeting to be held on Monday, September 19, 2005.

## **DISCUSSION OF LEGISLATION FROM PREVIOUS SESSION**

Mr. Ponder provided a report on legislation from the previous session, which was included in a booklet provided to the Board. This booklet provided a list of acts, highlights of each act, how they affect the System, and the act in its entirety.

At the request of the Board Mr. Ponder reviewed the booklet, which included the author of the acts and a brief summary on how it directly or indirectly affects the Board, the System, and and/or the members of the System. Discussions were held on these acts and questions directed by the Board to both Mr. Ponder and Mr. Hall.

Ms. Jacobs made a motion, seconded by Mr. Richard, to accept the presentation on Legislation From Previous Session by General Counsel. Since Mr. Ponder had prepared a summary of 2006 proposed legislation Ms. Jacobs withdrew her motion and Mr. Richard withdrew his second.

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<sup>1</sup> Correction: changed from 2005 to 2006 as per November 21, 2005 Regular Board Meeting

**DISCUSSION OF LEGISLATION FROM PREVIOUS SESSION (CONT'D)**

Mr. Ponder noted that he and administrative staff had met with Mr. Hall to discuss and prepare a booklet on proposed legislation that the Board may want to consider for the 2006 legislative session. A total of 10 items were drafted for review and consideration. Each item was reviewed and discussed thoroughly. Consensus of the Board was to have staff provide a draft of the bills and provide additional information on each bill at the November 21, 2005 Regular Board meeting for further review and discussion.

Mr. Wilmer noted that there was a Search Committee meeting scheduled for the afternoon and that the rest of the day's agenda was in reference to investments.

**ON MOTION BY MS. JACOBS, SECONDED BY MS. MCKEE AND CARRIED**, the Board agreed to move the rest of the items on the Monday, August 8, 2005 agenda to Tuesday, August 9, 2005.

**ON MOTION BY MS. MCKEE, SECONDED BY MS. JACOBS AND CARRIED**, the Board agreed to adjourn at 2:11 p.m.

  
Patrick Cosper – Director

  
Larry Wilmer - Chairman