

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

**Monday, August 24, 2009  
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 Building located at 8660 United Plaza Blvd., Baton Rouge, Louisiana. Mr. Larry Wilmer, Chairman of the Board, called the meeting to order at 9:02 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Ms. Champagne.

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Members Present: Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Ms. Lori Pierce - designee for Mr. John Kennedy – State Treasurer, Mr. Randy Davis - designee for Mr. Jay Dardenne – Secretary of State

Members Absent: Representative Joel C. Robideaux – Chairman of the House Committee on Retirement, Senator D. A. “Butch” Gautreaux – Chairman of the Senate Committee on Retirement

Staff Present: Mr. Charles P. Bujol - Executive Director, Ms. Debra H. Dudley - Assistant Director, Mr. Warren D. Ponder - Executive Counsel, Mr. Brendan Brosnan - Chief Investment Officer, Mr. Jerry Rhodus - Investment Officer 1, Ms. Jennifer Champagne - Administrative Assistant 6

Also Present: \*Mr. Charles Hall – Hall Actuarial Associates, Mr. Randy Zinna, Mr. Richard Ranallo – Segal Advisors

\* Mr. Charles Hall left the meeting at 10:15 a.m.  
Mr. Randy Zinna arrived at 9:43 a.m. and left the meeting at 10:54 a.m.  
Mr. Richard Ranallo arrived at 11:51 a.m.

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## **ANNOUNCEMENTS**

Mr. Bujol made the following announcements:

The reporting period for certification of continuing education ends on August 31, 2009. Board members were asked to review their reports and meet with Ms. Champagne regarding corrections or education credits that need to be reported.

Ms. Champagne will be meeting with individual board members to review preliminary travel arrangements for the 2009 LAPERS Seminar that will be held in New Orleans on September 20-23, 2009.

Updates to LSERS Board of Trustees manual have been provided.

An Advisory Group on Civil Service and Employee Benefits, which is a subcommittee on the Government Streamlining Commission, will be meeting at 9:00 a.m. on Tuesday, August 25, 2009. Mr. Bujol and Mr. Ponder will be attending the meeting at the request of the legislative committee.

## **APPROVAL OF AGENDA**

The agenda was presented to the Board for approval.

**ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER**, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Ms. Lori Pierce, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to approve the agenda.

## **APPROVAL OF BOARD MINUTES**

### **May 11, 2009 Regular Board Meeting**

**ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the minutes of the May 11, 2009 Regular Board meeting.

### **May 12, 2009 Regular Board Meeting**

**ON MOTION BY MR. WALTHER, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the minutes of the May 12, 2009 Regular Board meeting.

## **July 13, 2009 Special Board Meeting**

**ON MOTION BY MS. LANDRY, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the minutes of the July 13, 2009 Special Board meeting.

## **RETIREMENT REPORTS**

### **Approval of April 1, 2009 – June 30, 2009 Reports (Book I)**

Ms. Dudley presented the Retirement Reports and then addressed questions from the Board.

**ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Retirement Reports (Book I).

### **Correction on Page 10 of January 1, 2009 – March 31, 2009 Reports**

Ms. Dudley presented a correction to page 10 of the January 1, 2009 – March 31, 2009 reports that were presented at the last meeting.

**ON MOTION BY MR. FAULK, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the correction.

## **ADMINISTRATION**

### **Update on Member Charlie L. Jones**

Mr. Bujol and Mr. Ponder provided a brief review of their meeting with member Charlie L. Jones, which also included Mr. Wilmer and Ms. Cummings. This was in reference to the Board's directive on July 13, 2009 for administrative staff to meet with Mr. Jones and review available options regarding his DROP application.

Mr. Ponder noted that Mr. Jones has decided to enter DROP with his date of application set as far back as possible. Mr. Jones has submitted his application, which is now on file with the system. Mr. Ponder also noted that Mr. Jones was informed that the system could only authorize his application for 90 days prior to his date of application.

**ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT**, the Board approved backdating the DROP benefits on member Charlie L. Jones for a period of 90 days from his date of application.

### **Update on Tenant Lease Agreement**

Mr. Bujol provided an update on the tenant lease agreement with the Office of Financial Institutions (OFI). He noted that the proposal has been submitted to the Division of Administration, Office of Facility Planning and Control, for review and approval.

### **Consideration of 2010 Board Meeting Schedule**

A proposal for the 2010 board meeting schedule was presented for consideration. Discussion was held on conflicting dates, specifically the May meetings.

Ms. Pierce made a motion, seconded by Ms. Crain, to move the May meetings to May 17, ~~2009~~ 2010 and May 18, ~~2009~~ 2010.

Further discussion and review of the calendar continued, at which time Ms. Pierce withdrew her motion and Ms. Crain withdrew her second.

**ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT**, the Board adopted the calendar with the one change to move the May 10, ~~2009~~ 2010 and May 11, ~~2009~~ 2010 meetings to May 17, ~~2009~~ 2010 and May 18, ~~2009~~ 2010.

### **Elections**

#### **Consideration of 2010 Election Schedule**

Elections for the Retiree Representative Division 1 and Active Member District 2 seats will be held in 2010. A proposal for the 2010 election schedule was presented for consideration.

**ON MOTION BY MR. RESTER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the 2010 Election Schedule.

#### **Consideration of Revisions to Elections Policy**

Mr. Ponder provided a brief review of the revisions to the Elections Policy. Revisions to the policy incorporate the statute that was passed in the 2008 Legislative session in reference to term limits for all board members.

**ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT**, the Board approved revisions to the Elections Policy.

### **LSERS' 2010-2011 Budget Discussion**

Mr. Bujol noted that LSERS' 2010-2011 budget will be presented to the Board for consideration and approval at the October 12, 2009 Special Board meeting. Ms. Dudley provided a brief review of the budgetary process, items that will be taken into consideration, and what will be reported in this year's budget. It was noted that the budget must be submitted to the Joint Legislative Committee on the Budget by November 1, 2009.

**ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT**, the Board accepted LSERS' 2010-2011 Budget Discussion.

### **Adoption of Louisiana Compliance Questionnaire for June 30, 2009**

Ms. Dudley provided a review of the Louisiana Compliance Questionnaire for June 30, 2009, which is in conjunction with the audit being conducted for the reporting report ending June 30, 2009. Mr. Ponder read the following resolution to be entered into the minutes:

#### **Louisiana Compliance Questionnaire**

“Whereas, the Louisiana Compliance Questionnaire was presented to the Board of Trustees of the Louisiana School Employees' Retirement System in an open meeting;

Resolved, the Board of Trustees of the Louisiana School Employees' Retirement System adopts the Louisiana Compliance Questionnaire as presented;”

**ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT**, the Board adopted the Louisiana Compliance Questionnaire for June 30, 2009.

### **Staff Reports (April 1, 2009 – June 30, 2009)**

#### **Human Resource Actions**

Before presenting the report Ms. Dudley noted a correction on page 39. Information under Terminations/Resignations/Transfers, which was reflected in the report presented during the May 2009 meeting, was inadvertently placed on this quarterly report. Ms. Dudley presented the report on human resource actions, including a review of legislative changes affecting employees, and then addressed questions from the Board.

**ON MOTION BY MR. FAULK, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT**, the Board accepted the Human Resource Actions report.

## Travel Expenses

### Staff

Ms. Dudley presented the report on travel expenses incurred by staff members. She noted a correction on page 46. The travel Mr. Bujol incurred on June 24-26, 2009 was for a Superintendents meeting instead of a LSBOA meeting. Ms. Dudley then addressed questions from the Board.

### Year to Date

Ms. Dudley presented the year to date report, which included the amount budgeted for travel, the amount expended, and the remaining balance for the year. Ms. Dudley then addressed questions from the Board.

**ON MOTION BY MR. WALTHER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Staff and Year to Date Travel Expenses reports.

## Overtime

Ms. Dudley presented the reports on employees who earned overtime. The first report reflects compensatory time earned and the second report reflects overtime paid. Ms. Dudley then addressed questions from the Board, which led to a review of the imaging project and projected time of completion. It was noted that the projected time of completion of this project is the end of the year 2009.

Mr. Randy Zinna arrived at 9:43 a.m.

**ON MOTION BY MR. RESTER, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT**, the Board accepted the overtime report.

## Other Business

There was no other business to discuss under Administration

## **LEGISLATION/LEGAL**

### **Update on 2009 Legislative Session**

Mr. Ponder provided a review on three pieces of legislation passed during the 2009 Legislative Session (Act 516, Act 270, and HR 82) that directly affects the system. On review of Act 516, which is the bus driver retiree rehire act, Mr. Ponder distributed a handout that provided a comparison of R.S. 11:1006 and R.S. 11:1007. Mr. Bujol and Mr. Ponder then addressed questions from the Board.

Mr. Charles Hall left the meeting at 10:15 a.m.

**ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT**, the Board accepted the Update on 2009 Legislative Session.

### **Collections**

Mr. Ponder reported that LSERS collected \$11,323.45 for the second quarter, April 1, 2009 through June 30, 2009.

**ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT**, the Board accepted the Collections Report.

### **Litigation**

Mr. Ponder noted that there was nothing to report during this meeting, but updates would be provided as they occur.

### **Update on Litigation**

Mr. Wilmer noted that the agenda items under *Update on Litigation* would need to be discussed in executive session:

1. East Baton Rouge Parish School Board, et al. v. Louisiana School Employees' Retirement System; 19<sup>th</sup> JDC, No.539,015, Div. "26", Parish of East Baton Rouge, State of Louisiana
2. West Baton Rouge Parish School Board versus The Louisiana School Employees' Retirement System; 19<sup>th</sup> JDC No. 564,048, Div. "23", Parish of East Baton Rouge, State of Louisiana
3. Pointe Coupee Parish School Board v. Louisiana School Employees' Retirement System; 19<sup>th</sup> JDC No. C574,462, Sec. 25, Parish of East Baton Rouge, State of Louisiana

### **Roll Call Vote #1**

**ON MOTION BY MS. MCKEE, SECONDED BY MS. CRAIN**, the Board voted on going into Executive Session to discuss the agenda items under Update on Litigation. Philip B. Walther – yes; Eugene Rester, Jr. – yes; Judith Ann McKee – yes; Kathy B. Landry – yes; Betty Crain – yes; Jeffrey Faulk, Sr. – yes; Larry Wilmer – yes; Lori Pierce – yes; Randy Davis – yes. **YES – 9, NO – 0, ABSTAIN – 0, MOTION CARRIED.**

Mr. Randy Zinna, the attorney representing LSERS, provided the update.

**ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN**, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Ms. Lori Pierce, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to return to regular session.

For the record Mr. Ponder provided a list of all of the individuals who were in attendance during the executive session: All of the Board members as reflected in Roll Call Vote #1, Mr. Charles P. Bujol - Executive Director, Ms. Debra H. Dudley - Assistant Director, Mr. Brendan Brosnan - Chief Investment Officer, Mr. Jerry Rhodus – Investment Officer 1, Mr. Randy Zinna – Attorney representing LSERS, and Mr. Warren D. Ponder – Executive Counsel.

There were no members of the general public present when the Board went into executive session.

**ON MOTION BY MS. MCKEE, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT**, the Board accepted the Update on Litigation.

### **Other Business**

There was no other business to discuss under Legislation/Legal.

**ON MOTION BY MR. FAULK, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT**, the Board approved changing the order of the agenda to allow for Item VI, Educational Presentation on “Implicit and Explicit Costs of Trading”, before continuing with the items under Investments.

Mr. Randy Zinna left the meeting at 10:54 a.m.

### **EDUCATIONAL PRESENTATION ON “IMPLICIT AND EXPLICIT COSTS OF TRADING”**

*David Bergman – Managing Director, GTS Advisors*

Mr. Bergman provided a one hour educational presentation on “Implicit and Explicit Costs of Trading”.

Mr. Richard Ranallo arrived at 11:51 a.m.

### **INVESTMENTS**

#### **Approval of Investment Committee Meeting Minutes**

June 8, 2009 and July 13, 2009

**ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the minutes of the June 8, 2009 and July 13, 2009 Investment Committee meetings.



## **Commission Recapture Reports**

Mr. Rhodus provided the following reports on Commission Recapture for the reporting period of January 1, 2009 through May 31, 2009:

### **Equity Managers**

Overall commissions to Lynch Jones & Ryan exceeded the 25% target by 4.54% with total commissions of 29.54%. A detailed review was provided.

### **Fixed Income Managers**

There were no fixed income trades directed to Lynch Jones & Ryan.

Mr. Rhodus provided a detailed review of total commissions for the same reporting period and then addressed questions from the Board.

## **Trading Compliance Reports**

Mr. Rhodus noted that the four managers presenting on August 25, 2009 are comingled accounts and are not required to comply with the trading guidelines. There was nothing to report on these four managers.

**ON MOTION BY MR. FAULK, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT**, the Board accepted the Commission Recapture and Trading Compliance Reports.

## **Investment Report**

Mr. Brosnan noted that the Investment Report (Book II) on day-to-day investment transactions for the reporting period of April 1, 2009 through June 30, 2009 was available for review.

**ON MOTION BY MS. LANDRY, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Investment Report.

## **Securities Lending Report**

Mr. Brosnan provided the securities lending report. A handout on the "Update on Securities Lending 'Staged Withdrawal' " was also provided and reviewed in detail. Mr. Brosnan then addressed questions from the Board.

**ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT**, the Board accepted the Securities Lending Report.

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**Quarterly Evaluation of Investment Consultant**

Mr. Brosnan presented the quarterly evaluation of the Investment Consultant and then addressed questions from the Board.

**ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT**, the Board approved the Quarterly Evaluation of Investment Consultant report.

**Consideration for Approval of Proposed Revision to Investment Policy Regarding Global Fixed Income**

Mr. Brosnan provided a detailed review of revisions to the investment policy found on pages 69 – 76 of the board booklet and then addressed questions from the Board.

**ON MOTION BY MS. LANDRY, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT**, the Board approved revisions to the Investment Policy.

**Other Business**

Mr. Ranallo reviewed concepts and strategies for diversification that the Board might consider at future meetings.

There was no other business to discuss under Investments.

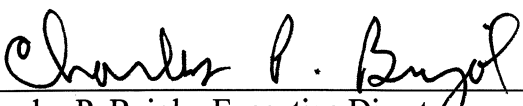
**PUBLIC COMMENT**

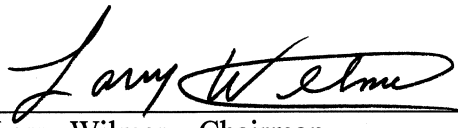
There were no public comments.

**OTHER BUSINESS**

There was no other business to discuss.

**ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT**, the Board adjourned at 1:06 p.m.

  
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Charles P. Bujol – Executive Director

  
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Larry Wilmer – Chairman