

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

**Monday, December 8, 2008
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 9:00 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Ms. Champagne.

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. Matt Tessier - observer for Representative Joel C. Robideaux – Chairman of the House Retirement Committee, *Mr. Randy Davis - designee for Mr. Jay Dardenne – Secretary of State

Members Absent: Senator D. A. "Butch" Gautreaux – Chairman of the Senate Retirement Committee

Staff Present: Mr. Charles P. Bujol – Executive Director, Mr. Warren D. Ponder – Executive Counsel, Mr. Brendan Brosnan – Chief Investment Officer, Ms. Donna Racca – Accountant Administrator 2, Ms. Jennifer Champagne – Administrative Assistant 6

Staff Absent: Ms. Debra H. Dudley – Assistant Director (scheduled leave)

* Mr. Randy Davis arrived at 9:04 a.m.

APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

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, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to approve the agenda.

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

Updates to LSERS' Board of Trustees manual, which include LSERS' 2009 Board of Trustees meeting schedule and Policies on Travel approved during the October 13, 2008 Special Board meeting, have been provided to all Board members.

Audio CD's of the 2008 LAPERS Seminar are available to Board members who were unable to attend portions of the workshop and/or seminar.

Ms. Dudley is on scheduled leave and will not be attending the Board meeting.

Mr. Randy Davis arrived at 9:04 a.m.

APPROVAL OF BOARD MINUTES

AUGUST 11, 2008 REGULAR BOARD MEETING

ON MOTION BY MS. LANDRY, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the August 11, 2008 Regular Board meeting.

AUGUST 12, 2008 REGULAR BOARD MEETING

ON MOTION BY MR. FAULK, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the August 12, 2008 Regular Board meeting.

OCTOBER 13, 2008 SPECIAL BOARD MEETING

ON MOTION BY MS. MCKEE, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the October 13, 2008 Special Board meeting.

APPROVAL OF RETIREMENT REPORTS (JULY 1, 2008 – SEPTEMBER 30, 2008)
(BOOK I)

Mr. Bujol presented the Retirement Reports 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 Retirement Reports (Book I).

ADMINISTRATION

ELECTIONS

BOARD OFFICER ELECTIONS

Mr. Bujol announced receipt of letters of candidacy for the following Board officer positions:

Chairman – Mr. Larry Wilmer
Vice Chairman – Mr. Jeffrey Faulk, Sr.
Vice Chair Pro Tem – Ms. Betty Crain

Board officer elections were conducted by Mr. Wilmer, Chairman of the Board.

CHAIRMAN

The office of Chairman was announced and opened for nominations. No additional nominations were submitted or offered.

ON MOTION BY MS. MCKEE, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the office of Chairman was closed to nominations.

VICE CHAIRMAN

The office of Vice Chairman was announced and opened for nominations. No additional nominations were submitted or offered.

ON MOTION BY MR. WALTHER, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the office of Vice Chairman was closed to nominations.

VICE-CHAIR PRO-TEM

The office of Vice-Chair Pro-Tem was announced and opened for nominations. No additional nominations were submitted or offered.

ON MOTION BY MS. LANDRY, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the office of Vice-Chair Pro-Tem was closed to nominations.

With no opposition Mr. Larry Wilmer was elected Chairman, Mr. Jeffrey Faulk, Sr. Vice Chairman, and Ms. Betty Crain Vice-Chair Pro-Tem. Elected officers expressed their appreciation to the Board for allowing them to serve for the next two years beginning on January 1, 2009.

INVESTMENT AND PERSONNEL COMMITTEE ASSIGNMENTS

As newly elected Chairman of the Board Mr. Wilmer asked the following Board members if they would accept appointments as Chairman of the following committees:

Mr. Jeffrey Faulk, Sr. – Investment Committee
Ms. Betty Crain – Personnel Committee

Mr. Faulk and Ms. Crain accepted their respective appointments.

ON MOTION BY MS. MCKEE, SECONDED BY MR. RESTER AND CARRIED, the Board accepted the appointments to the Investment and Personnel Committees.

UPDATE ON 2009 ELECTIONS

Elections will be held for the Active Member District 4 and Retiree Representative-Division 2 seats on LSERS' Board of Trustees. Mr. Bujol provided a review of the 2009 election schedule.

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

PROPOSED CHANGES TO ELECTIONS POLICY

Mr. Ponder provided a review of proposed changes to the Elections policy located on pages 34 – 43 and then addressed questions from the Board.

ON MOTION BY MR. WALTHER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the proposed changes to the Elections policy.

CONSIDERATION OF DIRECT DEPOSIT FOR ALL NEW RETIREES' CHECKS

Mr. Bujol provided a review of a survey conducted by Ms. Racca on 106 agencies. It was noted that 63% of these agencies have mandatory requirements for direct deposit of payroll checks for all new hires and 53% have mandatory requirements for all of their employees. Further review of the survey indicated the following percentage of retirees who received their checks through direct deposit: 57% in July 2007, 60% in July 2008 and 61% in December 2008. A review of the benefits of direct deposit followed, which led to a discussion on the pros and cons of direct

deposit. The main concern raised was for retirees who do not have a checking account and wish to continue receiving their checks in the mail. It was noted that the mandatory requirement for direct deposit would affect only new retirees, but retirees who are currently receiving checks would also benefit from direct deposit. Board members were assured that any retiree with a hardship could “opt out” and request that they receive their checks in the mail.

ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board gave administrative staff the authority to require mandatory direct deposit of retirement checks on all new retirees with the option for a hardship exception.

Ms. Lori Pierce was excused from the meeting and left at 9:45 a.m.

UPDATE ON COLA’S FOR RETIREES

Mr. Bujol provided a brief review of circumstances affecting the performance of LSERS’ portfolio. This led to a discussion on the Board’s inability to grant cost of living adjustments (COLA’S) to retirees in 2009, even with the creation of LSERS’ experience account. This was based on the actuarial report provided at the October 13, 2008 meeting.

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Update on COLA’s for Retirees.

STAFF REPORTS (JULY 1, 2008 – SEPTEMBER 30, 2008)

PERSONNEL ACTIONS

Mr. Bujol presented the report on personnel actions and then addressed questions from the Board. Specific questions were raised on civil service pay changes with no increase in salaries of employees affected and current job vacancies within the agency.

ON MOTION BY MS. MCKEE, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Personnel Actions Report.

DEVELOPMENT TRAVEL EXPENSES

Mr. Bujol presented the report on travel expenses incurred by staff members and then addressed questions from the Board.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Staff Development Travel Expenses Report.

OVERTIME

Mr. Bujol presented the reports on employees who earned overtime. The first report reflected compensatory time earned and the second report reflected overtime paid. It was noted that the majority of overtime earned was due to Hurricane Gustav. Mr. Bujol then addressed questions from the Board, which led to a review of ongoing projects and/or circumstances that require overtime.

ON MOTION BY MR. WALTHER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Overtime Report.

OTHER BUSINESS

There was no other business to discuss under Administration.

LEGISLATION

DISCUSSION OF LEGISLATIVE AGENDA

Mr. Ponder provided a brief review of legislation that will be introduced during the 2009 legislative session. This legislation would amend the bus driver rehire bill and allow school boards to rehire retirees at a more reasonable cost. This led to a discussion on the importance of having bus drivers, transportation officials, and members of the school board associations contact their legislators on this critical piece of legislation.

ON MOTION BY MR. RESTER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Discussion of Legislative Agenda.

OTHER BUSINESS

Mr. Ponder provided a review of the NCPERS Legislative Conference that will be held in Washington, D.C. on February 1-3, 2009. He noted the importance of the congressional visits, as Board members will be able to meet with U.S. Senators and Representatives from Louisiana to discuss issues concerning the system and its members, specifically on social security.

There was no other business to discuss under Legislation.

LEGAL

COLLECTIONS

Mr. Ponder reported that LSERS collected \$5,023.56 for the last quarter, July 1, 2008 through September 30, 2008. He then provided a review of pending collections.

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

LITIGATION

Mr. Ponder provided a brief review of litigation that has been settled and/or concluded.

ON MOTION BY MR. FAULK, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Litigation Report.

OTHER BUSINESS

There was no other business to discuss under Legal.

Ms. Lori Pierce returned at 11:05 a.m.

INVESTMENTS

APPROVAL OF INVESTMENT COMMITTEE MEETING MINUTES

OCTOBER 13, 2008

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the October 13, 2008 Investment Committee meeting.

TRADING COMPLIANCE REPORTS

Mr. Brosnan provided the following reports on investment managers scheduled for presentations on Tuesday, December 9, 2008:

ANALYTIC INVESTORS, LLC

Analytic Investors, LLC, a commingled fund, is exempt from Louisiana trading requirements.

ORLEANS CAPITAL MANAGEMENT

Orleans Capital Management did not meet their 35% target with 6.01% of total trades directed through Lynch, Jones & Ryan and exceeded their 10% minimum target with 21.69% of total trades through Louisiana Brokers. Their 10% minimum target was not met with 4.97% of total trades directed through Louisiana Inc. and Domiciled Brokers.

Mr. Brosnan then provided a brief review of an ongoing legislative audit on Louisiana trading by all statewide systems.

ON MOTION BY MS. CRAIN, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Trading Compliance Reports.

The following individuals were excused and left the meeting:

Mr. Randy Davis left at 11:25 a.m.

Ms. Donna Racca left at 11:25 a.m.

Mr. Matt Tessier left at 11:35 a.m.

INVESTMENT REPORT (BOOK II)

Mr. Brosnan noted that the Investment Report (Book II) on day-to-day investment transactions was available for review.

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

OTHER BUSINESS

Mr. Brosnan provided a brief review of a handout on ‘Update on Securities Lending “Staged Withdrawal”’, which led to a discussion of associated costs, its affect on the portfolio, and an anticipated date of withdrawal.

ON MOTION BY MS. MCKEE, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the update on Securities Lending “Staged Withdrawal”.

There was no other business under Investments.

PUBLIC COMMENT

There were no public comments.

OTHER BUSINESS

The following items were presented as information:

Mr. Wilmer provided a brief review of the latest information available on the rescue of the three major auto dealers.


Mr. Walther noted the importance of members carefully reviewing their options before making decisions on their retirement benefit, as this decision is irrevocable. Board members were assured that all efforts are being made to provide LSERS' members with adequate information in making this important decision.

Ms. McKee complimented LSERS' staff on the service provided to its members.


At Mr. Faulk's request Mr. Bujol and Mr. Ponder provided an update on the new web-based time keeping system that will be used for all staff members.

There was no other business to discuss.

ON MOTION BY MR. RESTER, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board adjourned at 12:18 p.m.



Charles P. Bujol – Executive Director



Larry Wilmer – Chairman