

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

**Monday, February 9, 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 9:00 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. Karen Stephens - observer for Representative Joel C. Robideaux – Chairman of the House Committee on Retirement, *Ms. Lori Pierce - designee for Mr. John Kennedy – State Treasurer, *Mr. Randy Davis - designee for Mr. Jay Dardenne – Secretary of State

Members Absent: 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, Ms. Jennifer Champagne – Administrative Assistant 6

Also Present: Mr. Charles Hall – Hall Actuarial Associates

* Ms. Lori Pierce arrived at 9:02 a.m.

* Mr. Randy Davis arrived at 9:08 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 have been provided.

Administrative staff will be presenting an amended 2009-2010 budget during a Special Board meeting called by the Chairman of the Board for March 9, 2009.

APPROVAL OF BOARD MINUTES

DECEMBER 8, 2008 REGULAR BOARD MEETING

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the December 8, 2008 Regular Board meeting.

DECEMBER 9, 2008 REGULAR BOARD MEETING

ON MOTION BY MR. WALTHER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the December 9, 2008 Regular Board meeting.

JANUARY 5, 2009 SPECIAL BOARD MEETING

ON MOTION BY MS. CRAIN, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the January 5, 2009 Special Board meeting.

Before continuing with the agenda Mr. Bujol was given the opportunity to address the Board regarding an incident that occurred with the mailing of 1099 forms to members. It was noted that in handling the forms that have been used each year the contracted company inappropriately folded the 1099's and exposed the social security numbers of members. Mr. Bujol assured the Board that appropriate action would be taken to assure that this does not occur in the future and a report of such action provided.

**APPROVAL OF RETIREMENT REPORTS (OCTOBER 1, 2008–DECEMBER 31, 2008)
(BOOK I)**

Ms. Dudley presented the Retirement Reports 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 Retirement Reports (Book I).

Mr. Randy Davis arrived at 9:08 a.m.

ADMINISTRATION

STAFF REPORTS (OCTOBER 1, 2008 – DECEMBER 31, 2008)

PERSONNEL ACTIONS

Ms. Dudley presented the report on personnel actions and then addressed questions from the Board.

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

DEVELOPMENT TRAVEL EXPENSES

Ms. Dudley 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. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Staff Development Travel Expenses Report.

OVERTIME

Ms. Dudley 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 state offices declared officially closed due to the snow storm. Ms. Dudley then addressed questions from the Board, which led to a review of civil service rules governing compensation during office closures.

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

EVALUATION OF UNCLASSIFIED PERSONNEL

Mr. Bujol noted that annual evaluation forms on the Executive Director, Assistant Director, Chief Investment Officer, and Executive Counsel will be mailed to all Board members on Friday, February 27, 2009. Copies of evaluations completed by the Executive Director on all unclassified employees, blank evaluations for completion by the Board, and a salary increase report for fiscal year 2009-10 will be included. Completed evaluations are to be returned in the self-addressed stamped envelopes provided and mailed to Ms. Betty Crain, Chairman of the Personnel Committee, no later than Monday, March 30, 2009. The Personnel Committee will meet on Monday, April 6, 2009, to review evaluations and make recommendations for presentation to the full board.

BOARD EVALUATION OF CONSULTANT

Mr. Brosnan provided a summary of the evaluations on LSERS' Investment Consultant, which included evaluations completed by Board members, Mr. Bujol, and Mr. Brosnan. It was noted that this year's evaluations were not as satisfactory as last year. Although knowledge of the industry and the system were rated similar to last year, communication and timeliness of information were cited as lacking. Other areas of concern were reviewed and discussed, specifically on their reluctance to make recommendations and the need for better advice concerning the portfolio.

Mr. Wilmer requested that Mr. Brosnan provide a total of ratings by category for presentation to the Board on Tuesday, February 9, 2009.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board directed staff to meet with the Investment Consultant regarding the Board's expectations.

ON MOTION BY MR. DAVIS, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board requested that staff provide a quarterly evaluation on the performance of the Investment Consultant.

STAFF EVALUATION OF CUSTODIAN

Mr. Brosnan provided a summary of the annual evaluations that he, Segal Advisors, and the Investment Managers completed on Northern Trust Company, LSERS' Custodian.

ON MOTION BY MS. LANDRY, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Staff Evaluation of Custodian report.

OTHER BUSINESS

Ms. Landry questioned services provided outside of the normal operations of LSERS' Legal Department and how much the system was being billed for these services, as a report is not routinely provided to the Board. Mr. Ponder provided information on these services, including the amount currently billed, and noted that Mr. Randy Zinna, the attorney handling three of the cases in litigation, would be providing updated information at today's meeting.

There was no other business to discuss under Administration.

LEGISLATION

2009 NCPERS LEGISLATIVE CONFERENCE

Mr. Ponder provided a brief review of the NCPERS Legislative Conference held in Washington, D.C. from February 1 – 3, 2009, which included congressional visits with U.S. Senators and Representatives from Louisiana. Repeal of the Government Pension Offset (GPO) and Windfall Elimination Provisions (WEP) was presented during the congressional visits. Board members were encouraged to have their constituents contact their legislative representatives.

ON MOTION BY MR. FAULK, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the 2009 NCPERS Legislative Conference report.

2009 LEGISLATIVE SESSION

Mr. Ponder provided a brief review of a bill on retiree rehiring that will be introduced during the 2009 Legislative Session. This led to a discussion on the ongoing shortage of bus operators.

OTHER BUSINESS

Mr. Ponder provided a handout on Ethics Board Docket No: 2009-061, which is an advisory opinion concerning Section 1115.1 and the validity of the opinion rendered by the Ethics Board in Docket No: 1997-656. He noted that the handout was being provided for information only and then presented a brief review of the opinion.

Mr. Ponder brought up an item pertaining to extended leave that can be granted to all school board employees. Discussion was held on current policies involving extended leave and credit pertaining to extended leave. It was suggested that the board obtain an Attorney General's opinion.

Roll Call Vote #1

ON MOTION BY MS. LANDRY, SECONDED BY MS. MCKEE, the Board voted on adding “Attorney General Opinion Concerning the Affect of Extended Leave” to the agenda. 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.**

ON MOTION BY MS. LANDRY, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board gave Mr. Bujol the authority to request an Attorney General’s opinion concerning the affect of extended leave.

There was no other business to discuss under Legislation.

LEGAL

COLLECTIONS

Mr. Ponder reported that LSERS collected \$2,135.98 for the last quarter, October 1, 2008 through December 31, 2008. It was noted that collections have been steadily decreasing due to the collections process currently in place.

LITIGATION

Mr. Ponder read the following items of litigation that would need to be discussed in executive session:

1. East Baton Rouge Parish School Board, et al. v. Louisiana School Employees’ Retirement System; 19th JDC, No.539,016, Div. “26”, Parish of East Baton Rouge, State of Louisiana
2. West Baton Rouge Parish School Board versus The Louisiana School Employees’ Retirement System; 19th 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; 19th JDC No. C574,462, Sec. 25, Parish of East Baton Rouge, State of Louisiana

Roll Call Vote #2

ON MOTION BY MR. FAULK, SECONDED BY MR. WALTHER, the Board voted on going into Executive Session to discuss the items of litigation as read by Executive Counsel. 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.**

The Board requested the presence of the following individuals in executive session: Mr. Bujol - Executive Director, Ms. Dudley - Assistant Director, Mr. Brosnan - Chief Investment Officer, and Ms. Karen Stephens – Observer for Mr. Joel C. Robideaux, Chairman of the House Committee on Retirement.

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

Mr. Randy Zinna, the attorney representing LSERS, was in attendance and provided the report.

Mr. Randy Davis was excused and left the meeting at approximately 10:30 a.m., before the Board returned to regular session.

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 return to regular session.

OTHER BUSINESS

Mr. Ponder noted that he will be attending a hearing in Memphis, Tennessee on February 19, 2009 regarding the Accredo Health securities litigation. He then provided a brief review of a securities litigation case that would not be pursued.

Mr. Rester asked Mr. Hall to provide an educational presentation on methods of funding COLA's in the future.

Mr. Hall was excused and left the meeting at 10:56 a.m.

There was no other business to discuss under Legal.

INVESTMENTS

ANALYTIC INVESTORS FEE PAYMENT SCHEDULE

Mr. Ponder noted that action was taken on the Analytic Investors Fee Payment Schedule during the Special Board meeting held on January 5, 2009 without being added to the agenda. Mr. Brosnan provided a brief review of what was discussed during the meeting, which included an update of what has transpired since January 5, 2009.

ON MOTION BY MS. MCKEE, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board ratified Mr. Brosnan's mitigation with Analytic Investors and accepted his report.

APPROVAL OF INVESTMENT COMMITTEE MEETING MINUTES

JANUARY 5, 2009

ON MOTION BY MR. RESTER, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board approved the minutes of the January 5, 2009 Investment Committee meeting.

TRADING COMPLIANCE REPORTS

Mr. Brosnan provided the following reports on investment managers scheduled for presentations on Tuesday, February 10, 2009:

J. & W. SELIGMAN AND COMPANY

J. & W. Seligman did not meet their 25% target with 18.58% of total trades directed through Lynch, Jones & Ryan nor their 10% minimum target with 5.24% of total trades through Louisiana Brokers. Their 10% minimum target was exceeded with 14.87% of total trades through Louisiana Inc. and Domiciled Brokers.

Mr. Brosnan noted that J. & W. Seligman was in compliance with Louisiana statutes.

FISHER INVESTMENTS INSTITUTIONAL GROUP

Fisher Investments Institutional Group exceeded their 25% target with 29.10% of total trades directed through Lynch, Jones & Ryan, but did not meet their 10% minimum target with 0.00% of total trades through Louisiana Brokers. Their 10% minimum target was exceeded with 27.58% of total trades directed through Louisiana Inc. and Domiciled Brokers.

Mr. Brosnan noted that Fisher Investments Institutional Group was in compliance with Louisiana statutes.

RHUMBLINE ADVISORS

Rhumblin Advisors, an index manager, is exempt from Louisiana trading requirements.

Mr. Brosnan noted that an exit interview on the legislative audit on Louisiana trading by all statewide systems would be held next week and a full report would be provided at the March 9, 2009 meeting.

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

INVESTMENT REPORT (BOOK II)

Mr. Brosnan noted that the Investment Report (Book II) on day-to-day investment transactions for the period October 1, 2008 through December 31, 2008 was available for review.

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 MS. MCKEE, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted the Securities Lending Report.

OTHER BUSINESS

Mr. Brosnan provided totals for the Annual Investment Consultant Evaluations for 2009, which was in follow-up to a request made earlier in the day.

There was no other business to discuss under Investments.

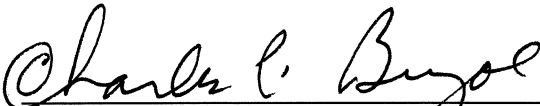
PUBLIC COMMENT

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 11:20 a.m.



Charles P. Bujol – Executive Director



Larry Wilmer – Chairman