

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

**Monday, April 10, 2006
Held Upon Adjournment of Investment Committee Meeting**

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 11:42 a.m. Roll was called.

Members Present: Mr. Larry Wilmer – Chairman, Ms. Betty Jacobs, Ms. Betty Crain, Mr. Earl Richard, Jr., Ms. Judith McKee, Mr. Jeffrey Faulk, Sr., Ms. Lori Pierce, designee for Mr. John Kennedy – State Treasurer
Ms. Stacy Sharpe, designee for Mr. Al Ater – Secretary of State

Members Absent: Ms. Sylvia Myers, Representative Pete Schneider, Senator D.A. “Butch” Gautreaux

Staff Present: Mr. Charles P. Bujol - Director, Ms. Debra Dudley – Assistant Director, Ms. Julia LeBlanc – Chief Investment Officer, Ms. Josie Meche – Investment Manager 1, Mr. Warren Ponder – General Counsel, Ms. Jennifer Champagne – Administrative Assistant 5

Also Present: Mr. Richard Ranallo – Segal Advisors, Inc., Mr. Charles Hall – Hall Actuarial Associates, Ms. Ruby Jolissaint, Ms. Jessie Kling, Ms. Rose Mary Knight, Ms. Joyce Delores Scott

2006 REGULAR LEGISLATIVE SESSION

Mr. Bujol informed the Board that he had requested that the Special Board meeting be held before the Personnel Committee meeting to allow Mr. Hall and Mr. Ponder to be present for discussions of the 2006 Regular Legislative Session, as they were scheduled to attend a Senate Retirement Committee meeting at 1:30 p.m.

Mr. Ponder then provided a handout of House and Senate bills pending in the 2006 Regular Legislative Session for review, discussion, and indication of the Board's position on each of the bills. It was noted that the bills were in addition to those being sponsored by the Board and as they may affect the System, administrative staff was asking for the Board's position on each of the bills.

After a brief synopsis, each bill was thoroughly discussed and the Board's position noted for the record.

HB 565 - Representative Walsworth

Establishes the Public Retirement Systems Fund in the Department of Treasury, which will be used to pay down on the UAL of state systems. The fund will receive funds from the budget if certain conditions are reached. The money can only be used for reduction of UAL and cannot be used to fund a COLA.

Discussion was held and consensus of the Board was that it would support HB 565 if amended to apply only to the four State Systems, including Louisiana School Employees' Retirement System, extending the bill to cover LSERS' UAL. Mr. Faulk moved that the Board vote to support HB 565 with amendments. Further discussion was held on HB 565. Ms. Pierce seconded the motion and Mr. Faulk called for question and vote on his motion.

ON MOTION BY MR. FAULK, SECONDED BY MS. PIERCE AND CARRIED, the Board voted to support HB 565 with the two amendments.

HB 922 – Representative Schneider

Changes final average compensation provisions for members of LSERS to the highest 60 consecutive months and applies to new members hired after June 30, 2006.

Discussion was held and the Board, with opposition by Ms. Pierce, favored support of HB 922.

ON MOTION BY MS. MCKEE, SECONDED BY MR. FAULK AND CARRIED, the Board voted to support HB 922. Ms. Pierce opposed this piece of legislation.

SB 59 - Senator Lentini

Requires forfeiture of retirement benefits by any elected official or public employee who is a member of a state or statewide retirement system and who has been convicted of a felony act associated with employment.

Mr. Ponder read the list of felonies contained in the bill. Mr. Faulk moved that the Board vote to support SB 59. Discussion was held, which included amending the bill to protect the benefits of the spouse and minor children by exempting them from forfeiture. Mr. Faulk's original motion was withdrawn due to lack of a second.

ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the Board voted to support SB 59 with an amendment to protect the benefits of the spouse and minor children by exemption from this bill.

SB 175 - Senator Mount

Establishes a term limit for board members, including LSERS, to provide that no board member can serve more than three consecutive terms. Present members can finish the terms to which they were elected.

Discussion was held, in which it was noted that the bill was retroactive and would affect current Board members who have already served three consecutive terms, thereby making them ineligible to run for re-election. It also exempts ex-officio members. Consensus of the Board was to include an amendment to grandfather those Board members currently serving on the Board of Trustees. Ms. Pierce moved that the Board support SB 175, but withdrew her motion due to lack of a second.

Further discussion was held and consensus of the Board was to support SB 175 with an amendment that any Board members elected after July 1, 2006 could serve no more than three consecutive terms.

ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the Board voted to support SB 175 with an amendment that Board members elected after July 1, 2006 would be subject to limit of three consecutive terms.

SB 132 - Senator Ellington

Allows a bus driver to return to work immediately after retirement, during the first 12 months after retirement, the member's benefit is suspended. After the 12 months, there is no suspension of benefits.

Discussion was held, which included the importance of supporting this bill due to the shortage of bus drivers throughout the state. Inclusion of all support personnel within this bill was also emphasized and noted.

ON MOTION BY MR. RICHARD, SECONDED BY MR. FAULK AND CARRIED, the Board voted to support SB 132 with an amendment to include all support personnel.

HB 366 - Representative Jackson

Authorizes the Board of Trustees to allow a member to rescind his decision to enter early retirement rather than apply for disability retirement when certain conditions are met. The conditions are that a member files an application for disability retirement with his employer which is a reporting agency of [LSERS] and thereafter terminates his employment, and through employer error the application is not promptly sent to the system causing the employee to select regular retirement due to the imminent termination or threat of imminent termination resulting from the privatization of his position. The board has the authority to reverse the member's choice even if the member has cashed a benefit check.

Discussion was held and consensus of the Board was to oppose HB 366.

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED, the Board voted to oppose HB 366.

HB 811 – Representative Alario

Allows a member to rescind his decision to participate in DROP one time if he meets the following criterion:

- a) has completed his selected DROP period;
- b) the period selected did not exceed 2 years;
- c) has not separated from service;
- d) has not taken a distribution from service;
- e) has \$17,000 or less in account; and
- f) the member has 34 years or more in the system.

The person must repay the employee contributions with interest or other actuarial cost. Once he does that it is as though he never went into DROP. The member must hold system harmless in case of a spouse or former spouse successfully asserts a property right.

Discussion was held and consensus of the Board was to oppose HB 811.

ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the Board voted to oppose HB 811.

SB 258 - Senator Boasso

A constitutional amendment requiring the state or the governing authority to identify a funding source sufficient to pay any increase in UAL within 5 years if any action is taken that increases the UAL. No benefit proposal for members of a state or statewide system can be enacted if it has an actuarial cost and no funding source is identified in the enactment.

Discussion was held and consensus of the Board was to remain neutral.

ON MOTION BY MR. RICHARD, SECONDED BY MR. FAULK AND CARRIED, the Board voted to remain neutral on SB 258.

SB 526 - Senator Boasso

Increases the employee contribution for LASERS and TRSL by .005, one half of this increase is paid into the Employee Experience Acct., one half is paid into the systems UAL Payment Acct. The UALPA is invested by the system and the increase is credited into that acct. The contribution rate for the two systems shall include .005 of payroll to be credited to the UALPA, whenever funds are available, increase in the non-recurring revenue shall be used to pay the increase. Each year, 25 % of the net gain of the two systems has to be credited into their respective UALPA.

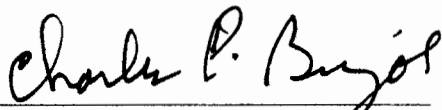
Mr. Hall provided highlights of SB 526, which included amendments being introduced to the bill. Discussion was held, which included the affects of the bill on the System and whether the Board would support this piece of legislation. Mr. Faulk moved that the Board support SB 526 and to have the bill amended to include LSERS. A roll call vote was requested. Further discussion was held and amendments presented. Mr. Faulk called for question and requested a roll call vote with the amendments presented.

Roll Call Vote #1

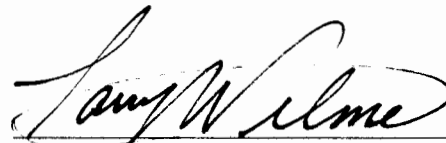
ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN, the Board voted to support SB 526 with amendments to include LSERS in creating an Employee Experience Account and Unfunded Accrued Liability (UAL) Payment Account and oppose the ½ % (.005) increase in employee contributions. Betty Crain – yes; Jeffrey Faulk, Sr. – yes; Betty Jacobs – yes; Judith McKee – yes; Earl Richard, Jr. – yes; Lori Pierce – no; Stacy Sharpe – yes; Larry Wilmer – yes. **YES – 7; NO – 1; ABSTAIN – 0. MOTION PASSED.**

There was no other business to discuss.

ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED, the Board adjourned at 1:15 p.m.



Charles P. Bujol – Director



Larry Wilmer - Chairman