

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

**Monday, April 12, 2010
Held Upon Adjournment of Personnel 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 Building located at 8660 United Plaza Blvd., Baton Rouge, Louisiana. Mr. Larry Wilmer, Chairman of the Board, called the meeting to order at 10:00 a.m. Roll was called by Ms. Jennifer 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., Mr. Ron Henson – designee for Mr. John Kennedy – State Treasurer, Mr. Randy Davis – designee for Mr. Jay Dardenne – Secretary of State, * Representative J. Kevin Pearson – Chairman of the House Committee on Retirement, *Mr. Matt Tessier – observer for Representative J. Kevin Pearson – Chairman of the House Committee on Retirement

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

Staff Present: Mr. Charles P. Bujol - Executive Director, Ms. Carolyn Forbes - Assistant Director, Mr. Warren D. Ponder - Executive Counsel, Mr. Brendan Brosnan - Chief Investment Officer, Mr. Jerry Rhodus, Investment Officer 2, Ms. Laurie Stark – Administrative Assistant 5, Ms. Jennifer Champagne - Administrative Assistant 6 (Recording Secretary)

Also Present: Mr. Brett Hazen – Segal Advisors, *Ms. Donna Racca - Accountant Administrator 2, *Mr. Bill McMorris - Facility Maintenance Manager

* Ms. Racca and Mr. McMorris left the meeting at 10:39 a.m.
Representative Pearson and Mr. Tessier arrived at 10:57 a.m. and left at 11:29 a.m.

APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

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

REPORT/RECOMMENDATIONS OF INVESTMENT COMMITTEE

Mr. Brosnan noted that the only items requiring ratification by the Board were the staff reports presented to the Investment Committee.

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

BUILDING MAINTENANCE – UPDATE ON CHILLER AND POSSIBLE ACTION

Mr. Bujol provided a brief review on what has transpired to date regarding the chiller. A copy of the proposal from Johnson Controls was provided, which included replacement options and plans. This was followed by a copy of a letter from Henry C. Eyre, Jr., PE, Inc., a consulting engineer, outlining his proposal on services and costs involved with performing a chiller changeout analysis. Mr. Bujol recommended that the Board allow administrative staff to obtain this analysis due to the extent of the project.

Mr. McMorris, LSERS' Facility Maintenance Manager, provided information on the current chiller and the proposed replacement options. He reiterated the need for a second opinion before making a decision on the chiller.

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, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to hire the consulting engineer firm of Henry C. Eyre, Jr., PE, Inc. for a second opinion on the chiller and for administrative staff to make a decision based on these recommendations.

Discussion was held on disposal of the old chiller. It was suggested that LSERS donate the chiller to a technical school for training. It was noted that the chiller would be dismantled and moved to the technical school at no cost to the system.

ON MOTION BY MS. MCKEE, SECONDED BY MS. LANDRY, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to dispose of the old chiller by donating it to a technical school at no cost to the system.

DISCUSSION AND CONSIDERATION OF REORGANIZATION PLAN FOR RETIREMENT DEPARTMENT

Mr. Bujol provided a brief review of administrative staff's plans to reorganize the Retirement Department due to a need for documentation of procedures for the department. Ms. Forbes continued with a detailed review of a handout on the *Proposal for Retirement Department Reorganization*. She noted that the Retirement Department Manager has documentation in her office, including procedures, but there is a need for more detailed information and conversion of this documentation to electronic format. The objective is to create a Retirement Benefits Consultant position that would be responsible for capturing/documenting procedures and training staff.

Discussion was held on the proposal, which included the specific duties of this consultant position and whether these duties could be absorbed by existing position(s). This led to a discussion of budget impact and the overall salary ranges of employees.

Ms. Landry requested that administrative staff prepare a report on the salary ranges of all employees in the IT and Retirement Departments before a decision could be made regarding the positions in these departments.

Discussion was held on the proposal to move the current Retirement Education Consultant position to the Retirement Department, which included the reason for this move, duties, and budget impact.

It was suggested that the board table further discussion on these items, pending the report requested on the IT and Retirement Departments, and allow administrative staff to submit the Retirement Benefits Consultant job description to civil service.

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, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to table these items, allow administrative staff to submit the Retirement Benefits Consultant job description to civil service, and present the salary information to the Board at its May 2010 meeting.

DISCUSSION AND CONSIDERATION OF ACTION ON AMENDED BUDGET FOR 2010-2011

A handout was distributed for discussion and consideration of amendments to the 2010-2011 operating budget. Mr. Bujol provided a brief review of the proposed budget, which includes removal of merit increases for all classified and unclassified employees, along with overall reductions in other expenditures. Ms. Forbes presented a detailed review of the proposed operating budget. Mr. Bujol and Ms. Forbes then addressed questions from the Board.

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, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to amend the 2010-2011 operating budget for presentation to the legislature.

DISCUSSION AND CONSIDERATION OF ANY ACTION REGARDING 2010 LEGISLATIVE SESSION

Mr. Bujol noted that he and Mr. Ponder will be attending a Senate Committee on Retirement meeting scheduled for 1:00 p.m. this afternoon. In preparation for legislation that will be presented during this legislative session the Board was asked to provide its position on each bill presented during today's meeting.

Mr. Ponder provided detailed information on the following bills for discussion and consideration:

HB 930 by Representative Tucker - RETIREMENT/STATE SYSTEMS: Relative to state retirement systems, establishes a defined contribution plan for new hires.

ON MOTION BY MR. RESTER, 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, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to oppose HB 930.

HB 1229 by Representative Tucker – RETIREMENT/STATE SYSTEMS: Creates the State Retirement System Investment Committee and consolidates duties of the four state retirement systems into such commission.

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, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to oppose HB 1229.

HB 516 by Representative Arnold – RETIREMENT/STATE SYTEMS: Makes permanent certain requirements that state retirement systems direct portions of certain types of investments through La. broker-dealers.

ON MOTION BY MR. FAULK, SECONDED BY MR. WALTHER, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to oppose HB 516.

HB 958 By Representative Ligi and Senator Appel – RETIREMENT BENEFITS: Relative to La. Public retirement systems, provides for limitations on average compensation upon which a retiree's benefits are calculated.

Consensus of the Board was to skip HB 958 until after Representative Pearson addresses the Board.

HB 602 by Senator B. Gautreaux – RETIREMENT SYSTEMS: Relative to Louisiana State Employees' Retirement System, Teachers' Retirement System of Louisiana, and Louisiana School Employees' Retirement System, places restrictions on participation in the Deferred Retirement Option Plan. (7/1/10)

Consensus of the Board was to skip HB 602 until after Representative Pearson addresses the Board.

HB 392 by Representative Hardy – RETIREMENT/STATE-STWIDE: Relative to state and statewide retirement systems, prohibits certain members who are reemployed after retirement from receiving retirement benefits or accruing additional benefits.

ON MOTION BY MR. WALTHER, SECONDED BY MS. MCKEE, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to oppose HB 392.

SB 315 by Senator Morrish – SCHOOL EMPLOYEES RET. Authorizes certain persons who entered the Deferred Retirement Option Plan of the system before July 1, 2001, to have their pre-DROP retirement benefits recalculated at an accrual rate of 3 1/3% per year under certain circumstances. (7/1/10)

ON MOTION BY MR. WALTHER, SECONDED BY MR. FAULK, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to oppose SB 315.

SB 632 by Senators B. Gautreaux and Nevers and Representative Robideaux – RETIREMENT BENEFITS: Provides a regular schedule for permanent benefit increases for retirees of the state systems. (06/30/10)

Representative J. Kevin Pearson, Chairman of the House Committee on Retirement and Mr. Matt Tessier, attorney for the committee, arrived at 10:57 a.m. Mr. Wilmer noted that Representative Pearson would be addressing the Board and discussion on SB 632 would be postponed until after his address.

Representative Pearson provided insight on the 2010 legislative session and his role as Chairman of the House Committee on Retirement. This was followed by a review of his viewpoint and/or concerns on legislation affecting the retirement systems and the State, which included 1) consolidation of retirement systems, 2) defined contribution plan, 3) employee and employer contributions, 4) unfunded accrued liabilities (UAL) of the retirement systems, 5) the State's responsibility for group benefits, 6) retirement ages, and 7) accrual rates. Representative Pearson then addressed questions from the Board.

Mr. Wilmer expressed the Board's willingness to work with Representative Pearson and assist him on legislation affecting LSERS and its members.

Mr. Wilmer went on record stating that changing the retirement age to 60 was a good idea and a fair way to help out.

Mr. Ponder provided a synopsis of the Board's position on legislation affecting LSERS and its members, which led to discussions on specific legislation.

Representative Pearson stressed that he is available and open to anything that would help the citizens and employees of Louisiana and extended his appreciation to the Board for allowing him to address them today.

Representative Pearson and Mr. Tessier left the meeting at 11:29 a.m.

DISCUSSION AND CONSIDERATION OF ANY ACTION REGARDING 2010 LEGISLATIVE SESSION (CONT'D)

SB 632 by Senators B. Gautreaux and Nevers and Representative Robideaux – RETIREMENT BENEFITS: Provides a regular schedule for permanent benefit increases for retirees of the state systems. (06/30/10)

Mr. Bujol noted that Senator B. Gautreaux requested additional information on the four retirement systems. This request will be completed by LSERS' actuary and the cost shared by all four systems. Mr. Bujol recommended that the Board take no position on SB 632 until additional information becomes available.

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to defer their position on SB 632 until additional information is available.

SB 307 by Senator Nick Gautreaux – SCHOOL EMPLOYEES RET: Excludes pay to school bus drivers for certain school-related extracurricular activities performed under private contracts from the definition of earnable compensation. (7/1/10)

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to remain neutral on SB 307 as long as the school bus drivers are not allowed to opt in/opt out.

HB 1103 by Representative Tucker – RETIREMENT SYSTEMS: Relative to state retirement systems, makes changes to the benefits of persons hired on or after July 1, 2010.

ON MOTION BY MS. LANDRY, SECONDED BY MR. FAULK, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to support HB 1103.

HB 230 by Representative Pearson – RETIREMENT/STATE SYSTEMS: Relative to La. School Employees' Retirement System (LSERS), makes changes to provisions relating to employee contributions, benefit calculation, and retirement eligibility.

ON MOTION BY MS. MCKEE, SECONDED BY MR. FAULK, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to support HB 230 if it is amended to reflect the numbers in HB 1103.

The following bills, which were postponed for review and discussion pending Representative Pearson's address, were presented to the Board for its position:

HB 958 by Representative Ligi and Senator Appel – RETIREMENT BENEFITS: Relative to La. public retirement systems, provides for limitations on average compensation upon which a retiree's benefits are calculated.

ON MOTION BY MS. LANDRY, SECONDED BY MR. FAULK, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to oppose HB 958.

SB 602 by Senator B. Gautreaux – RETIREMENT SYSTEMS: Relative to Louisiana State Employees' Retirement System, Teachers' Retirement System of Louisiana, and Louisiana School Employees' Retirement System, places restrictions on participation in the Deferred Retirement Option Plan. (7/1/10)

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, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to remain neutral on SB 602.

The following were additional bills presented to the Board for its position:

SB 594 by Senators B. Gautreaux and Appel – RETIREMENT SYSTEMS: Relative to public retirement systems, provides relative to investments. (7/1/10)

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to remain neutral on SB 594.

HB 662 by Representative Pope – RETIREMENT/SCHOOL EMPS: Relative to the La School Employees' Retirement System, allows for a reverse transfer of service credit from Teachers' Retirement System of La.

ON MOTION BY MS. MCKEE, SECONDED BY MR. FAULK, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to support HB 662 if there is no actuarial cost to the system.

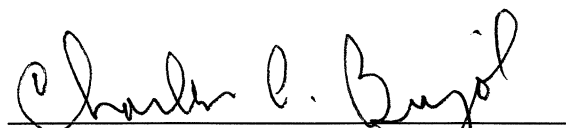
PUBLIC COMMENT

There were no public comments.

OTHER BUSINESS

Mr. Wilmer, Ms. Landry, Mr. Bujol, and Mr. Ponder will be leaving after adjournment of the Special Board meeting to attend the legislative meeting. It was noted that Ms. Crain and Mr. Rester will also be attending a separate legislative meeting and will be leaving during the Investment Committee meeting. The Investment Committee meeting will be held upon adjournment of this meeting, but a quorum is not needed for the presentations scheduled. There was no other business to discuss.

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE, Mr. Larry Wilmer, Mr. Philip B. Walther, Mr. Eugene Rester, Jr., Ms. Judith Ann McKee, Ms. Kathy B. Landry, Ms. Betty Crain, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** to adjourn the meeting at 12:18 p.m.



Charles P. Bujol – Executive Director



Larry Wilmer – Chairman