

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

**Monday, December 3, 2007
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 9:05 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Ms. Champagne.

Members Present: Mr. Larry Wilmer, Mr. Jeffrey Faulk, Sr., Ms. Betty Crain, Mr. Eugene Rester, Jr., Ms. Kathy Landry, Ms. Judith McKee, Mr. Randy Davis - designee for Mr. Jay Dardenne, Secretary of State

Members Absent: Mr. Earl Richard, Jr., Mr. John Kennedy – State Treasurer, Representative Pete Schneider – Chairman of the House Retirement Committee, Senator D.A. “Butch” Gautreaux – Chairman of the Senate Retirement Committee

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

Also Present: *Mr. Charles Hall – Hall Actuarial Associates, Mr. Philip B. Walther

* Mr. Charles Hall arrived at 9:25 a.m.

Mr. Wilmer thanked the members of the Board for their assistance and patience during his absence.

ANNOUNCEMENTS

Mr. Bujol made the following announcements:

Individual board member information forms and reports on trustee educational requirements have been provided for review. Any discrepancies are to be reported to Ms. Champagne.

Updates to LSERS' Board of Trustees manual have been provided.

CD's of the 2007 LAPERS Conference have been ordered and will be available to Board members who were unable to attend portions of the workshop and/or conference.

BOARD MINUTES

APPROVAL OF MINUTES OF AUGUST 13, 2007 REGULAR BOARD MEETING

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED, the Board approved the minutes of the August 13, 2007 Regular Board meeting.

APPROVAL OF MINUTES OF AUGUST 14, 2007 REGULAR BOARD MEETING

ON MOTION BY MS. CRAIN, SECONDED BY MR. FAULK AND CARRIED, the Board approved the minutes of the August 14, 2007 Regular Board meeting.

APPROVAL OF MINUTES OF SEPTEMBER 10, 2007 SPECIAL BOARD MEETING

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED, the Board approved the minutes of the September 10, 2007 Special Board meeting.

APPROVAL OF MINUTES OF OCTOBER 15, 2007 SPECIAL BOARD MEETING

ON MOTION BY MS. CRAIN, SECONDED BY MS. LANDRY AND CARRIED, the Board approved the minutes of the October 15, 2007 Special Board meeting.

RETIREMENT REPORTS (BOOK I)

APPROVAL OF RETIREMENT REPORTS FROM JULY 1, 2007 – SEPTEMBER 30, 2007

ON MOTION BY MS. MCKEE, SECONDED BY MS. CRAIN AND CARRIED, the Board approved the Retirement Reports (Book I) for July 1, 2007 – September 30, 2007.

ADMINISTRATION

APPROVAL OF “CONSTRUCTIVE ENGAGEMENT POLICY”

Mr. Brosnan provided a detailed review of the proposed “Constructive Engagement Policy” located on page 26 of the Board booklet, which would be incorporated into LSERS’ Investment Policy in compliance with the requirements mandated by Act 352. New language was added to the “Asset Allocation” section of the policy and a new section created on “Corporate Governance Strategy of Constructive Engagement” that would provide detailed steps in complying with this act.

Mr. Ponder noted that the wording “of the Regular Session 2007” should be added after the wording “as defined in Act 352 sec. 316”, located on page 26 of the booklet under “V. Asset Allocation”.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED, the Board approved the proposed “Constructive Engagement Policy” with the added wording from Executive Counsel.

Mr. Bujol and Mr. Brosnan then provided a report on meetings held in reference to compliance with legislation involving investments, including the “Terror Free” index.

UPDATE ON COLA’S FOR RETIREES

Mr. Bujol noted that legislation passed during the 2007 legislative session provided a 13th check to retirees, but was limited to retirees who were over 60 years of age by July 1, 2007 and had been retired for one year. The 13th checks were included in the December 2007 checks. It was noted that this was a one-time occurrence and future COLA’s would depend on investment returns and LSERS’ ability to deposit funds into the newly created experience account from June 30, 2008.

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

PERSONNEL ACTIONS REPORT (JULY 1, 2007 – SEPTEMBER 30, 2007)

Ms. Dudley provided the report on personnel actions that occurred from July 1, 2007 through September 30, 2007.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED, the Board accepted the Personnel Actions Report for July 1, 2007 through September 30, 2007.

STAFF DEVELOPMENT TRAVEL EXPENSES REPORT (JULY 1, 2007 – SEPTEMBER 30, 2007)

Ms. Dudley presented the report on travel expenses incurred by staff members from July 1, 2007 through September 30, 2007. This led to a discussion on the importance of providing retirement seminars to LSERS' members and a review of scheduled seminars.

ON MOTION BY MS. LANDRY, SECONDED BY MR. RESTER AND CARRIED, the Board accepted the Staff Development Travel Expenses Report for July 1, 2007 through September 30, 2007.

STAFF OVERTIME REPORT (JULY 1, 2007 – SEPTEMBER 30, 2007)

Ms. Dudley presented the reports on employees who earned overtime. The first report reflected compensatory time earned and the second report reflected overtime paid. Ms. Dudley provided a brief review of projects and/or circumstances that required overtime, then addressed questions from the Board.

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED, the Board accepted the Staff Overtime Report for July 1, 2007 through September 30, 2007.

PRESENTATION ON EXECUTIVE COUNSEL'S RESEARCH INTO POLICY ON ABSENTEEISM OF A MEMBER OF THE BOARD OF TRUSTEES

Mr. Ponder provided a review of the rules governing absenteeism of a member of the Board of Trustees. All Board members are either elected or set by statute as an ex-officio member. Board officer positions are elected by the Board for a specific term of two years and there are no provisions in the by-laws for shortening that term. Roberts Rules of Order, which governs the Board of Trustees meetings except as modified by Louisiana statutes, provides that an officer of the Board can only be removed for cause, which includes investigation for neglect of duty, malfeasance of office, etc. A formal hearing, called by the majority of the Board, would be conducted for determination on removal from office.

ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED, the Board accepted the Presentation on Executive Counsel's Research into Policy on Absenteeism of a Member of the Board of Trustees.

OTHER BUSINESS

Mr. Bujol brought up an item for discussion. Over the summer the Jefferson Parish School Board passed a resolution whereas retirement contributions are paid into the retirement system on both the salary and operating expenses of their bus drivers. One concern was how this affects the system actuarially. Another concern was in reference to a state law that provides for payment into the retirement system based on salary.

Extensive discussion was held on the legal aspects of this action and how it affects the system.

Mr. Hall provided a review of the actuarial costs, which would be detrimental to the system. Discussion was held on how these costs could be recouped, which included increasing the employer contribution rate to all school boards as required by law.

Mr. Ponder read the portion of R.S. 11:1002 that states “Earnable compensation shall not include operating expenses, the cost of any insurance paid by the employer, or any allowance for expenses authorized and incurred as an incident of employment, nor payments in lieu of unused sick or annual leave. Contributions made by the employer under the provisions of this Chapter shall not be considered as a part of the employee's rate of pay or compensation notwithstanding the provisions of any other law.”

Consensus of the Board was to have Mr. Bujol and Mr. Ponder meet with the Superintendent of Jefferson Parish regarding this matter.

Mr. Faulk made a motion, seconded by Mr. Rester, to add “Discussion of Jefferson Parish School Board” to the agenda.

Further discussion was held on this item.

Roll Call Vote #1

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER, the Board voted to add “Discussion of Jefferson Parish School Board” to the agenda. Betty Crain - yes; Eugene Rester, Jr. - yes; Kathy Landry - yes; Judith McKee – yes; Jeffrey Faulk, Sr. – yes; Randy Davis – yes, Larry Wilmer – yes. **YES - 7, NO - 0, ABSTAIN - 0, MOTION CARRIED.**

DISCUSSION OF JEFFERSON PARISH SCHOOL BOARD

The item was open for discussion.

ON MOTION BY MR. FAULK, SECONDED BY MS. LANDRY AND CARRIED, the Board approved having the Executive Director and Executive Counsel meet with the Superintendent of Jefferson Parish School Board regarding this matter.

Mr. Bujol then provided a review of legislation passed during the 2006 legislative session regarding privatization of bus systems and assuring that school systems that privatize are responsible for actuarial costs. He noted that Point Coupee Parish had two school bus drivers who were privatized since that legislation passed. The actuarial cost has been billed to the school board, but no response has been received to date. Discussion was held on the next course of action to be taken.

Ms. Landry asked for clarification on the "Rehire of Retirees" legislation. Mr. Ponder noted that an employee must have been retired as a bus driver prior to June 1, 2007 to qualify under the new legislation. If they return to work this year as a full-time bus driver they are not eligible to draw any retirement, as their retirement is suspended for the first year. Bus drivers who retired prior to June 1, 2006 have already served their one-year waiting period and are eligible to return to work and draw their full retirement and full salary if they are rehired as a full-time bus driver. If they are rehired as a part-time bus driver they are subject to the 50% rule.

Discussion was held on revising the legislation to allow more bus drivers to be rehired, as there is still a shortage of bus drivers throughout the state.

UPDATE ON 2008 ELECTIONS

Mr. Ponder provided a review of the 2008 Election schedule for the Active Member Third Retirement District seat on LSERS' Board of Trustees. The election will be announced in the Winter 2007 newsletter.

ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED, the Board accepted the Update on 2008 Elections.

LEGISLATION

PROPOSED LEGISLATION FOR 2008 REGULAR SESSION

Mr. Ponder provided a review of pages 32 – 40 of the board booklet, which was proposed legislation to reapportion LSERS' active member election districts for presentation to the Louisiana State Legislature for approval. He noted that the map on page 40 reflects minor changes that provide better representation of the population for each district.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED, the Board approved the map on page 40 as the districts for the proposed act on pages 33 and 34.

Mr. Ponder noted that the proposed legislation would be effective January 1, 2009 and would not affect the Active Member Third Retirement District election.

OTHER LEGISLATION

Mr. Ponder provided a handout of other proposed legislation for presentation to the Louisiana State Legislature for approval. This proposed act repeals R.S. 11:1113, relative to the Louisiana School Employees' Retirement System, to remove the prohibition from being a member of two retirement systems and provide for related matters. This would place LSERS' back into the general provisions applicable to all systems that would allow a member to be a member of two retirement systems, draw benefits from two different systems, but not combine their service.

ON MOTION BY MS. LANDRY, SECONDED BY MR. RESTER AND CARRIED, the Board approved the proposed legislation on repeal of R.S. 11:1113.

Mr. Ponder noted that 253 members have signed up to receive updated information on pending legislation.

OTHER BUSINESS

There was no other business to discuss under Legislation.

LEGAL REPORT

Mr. Ponder provided the following reports from the Legal Department:

COLLECTIONS

There were only two items that were turned over to a collection attorney.

SECURITIES LITIGATION

A brief review of all cases was provided.

OTHER BUSINESS

There was no other business to discuss under Legal Report.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED, the Board accepted the Legal Report.

PUBLIC COMMENT

There was no public comment.

OTHER BUSINESS

Mr. Faulk brought up an item for discussion. He noted that Mr. Brosnan was not included when merit increases were granted to the unclassified employees during the May 2007 Regular Board meeting.

Mr. Faulk made a motion, seconded by Ms. Landry, to provide a 2% merit increase to Mr. Brosnan and an additional 2% increase to Mr. Bujol, Ms. Dudley, and Mr. Ponder. No action was taken, as this item was not on the agenda.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED, the Board approved adding “Merit Increases for Unclassified Employees” to the agenda.

MERIT INCREASES FOR UNCLASSIFIED EMPLOYEES

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED, the Board approved a 2% merit increase for Mr. Brosnan and an additional 2% increase for Mr. Bujol, Ms. Dudley, Mr. Ponder, and Mr. Brosnan.

Mr. Faulk justified his motion by noting that although he has always voted against merit increases in the past these individuals deserve an increase for the work they did for the retirees during this legislative session. He commended Mr. Bujol, Ms. Dudley, Mr. Ponder, and Mr. Brosnan for a job well done.

Discussion was held on the effective date of the increase. Consensus of the Board was that the total merit increase of 4% for all four unclassified employees would be retroactive to July 1, 2007.

Mr. Bujol brought up an item for review by the Board. Since Mr. Richard was unable to attend today’s meeting due to pressing business his plaque would be mailed to him, along with a proposed resolution from the Board. A draft of the resolution was read, commending Mr. Richard for his service to LSERS’ Board of Trustees and its members.

ON MOTION BY MS. MCKEE, SECONDED BY MR. FAULK AND CARRIED, the Board approved adding “Resolution Commending Mr. Earl Richard, Jr.” to the agenda.

RESOLUTION COMMENDING MR. EARL RICHARD, JR.

Discussion was held on the resolution as read and it was noted that Mr. Richard served one four-year term instead of two.

ON MOTION BY MS. LANDRY, SECONDED BY MS. MCKEE AND CARRIED, the Board adopted the Resolution Commending Mr. Earl Richard, Jr. with corrections.

Ms. Landry brought up an item for discussion in reference to the recent grievance that was sent to all Board members. She questioned several items that were brought to her attention in reference to this grievance, including changes to the grievance policy and reports included in the packet that addressed these changes.

With the understanding that the Executive Director has the authority to make changes to agency policies, Ms. Landry requested that the Board be made aware of all future changes.

Discussion was held on the new grievance policy in reference to changes made, specifically on the steps taken after the Director has reviewed the grievance. It was noted that there were no changes made to the policy in reference to these steps.

There was no other business to discuss.

ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED, the Board adjourned at 12:02 p.m.



Charles P. Bujol – Executive Director



Larry Wilmer – Chairman