

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

**Monday, October 12, 2009
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 Building located at 8660 United Plaza Blvd., Baton Rouge, Louisiana. Mr. Larry Wilmer, Chairman of the Board, called the meeting to order at 10:43 a.m. Ms. Laurie Stark called roll for 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. Randy Davis - designee for Mr. Jay Dardenne – Secretary of State

Members Absent: Representative Joel C. Robideaux – Chairman of the House Committee on Retirement, 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, Mr. Jerry Rhodus, Investment Officer 2, Ms. Jennifer Champagne - Administrative Assistant 6, *Ms. Donna Racca - Accountant Administrator 2 and *Mr. Bill McMorris - Building Manager

Also Present: Mr. Charles Hall – Hall Actuarial Services, Mr. Brett Hazen - Segal Advisors

*Ms. Donna Racca and Mr. Bill McMorris left the meeting at 12:52 p.m.

APPROVAL OF AGENDA

The agenda was presented to the Board for approval.

ON MOTION BY MR. FAULK, SECONDED BY MR. WALTHER, 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, and Mr. Larry Wilmer **voted affirmatively** to approve the agenda.

Mr. Wilmer noted that the board needed to discuss and implement a procedure for filling the vacancy of Assistant Director. This item would need to be added to the agenda for discussion under other business at the end of the meeting.

ON MOTION BY MS. CRAIN, 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, Ms. Lori Pierce, Mr. Randy Davis, and Mr. Jeffrey Faulk, Sr. **voted affirmatively** on placing the item on the agenda.

ANNUAL REPORTS

AUDIT REPORT – JUNE 30, 2009 – DUPLANTIER, HRAPMANN, HOGAN, & MAHER

*William G. “Bill” Stamm, C.P.A., Senior Audit Partner
Michelle H. Cunningham, C.P.A., Audit Partner*

Ms. Cunningham presented an audit report of the financial statements of the Louisiana School Employees’ Retirement System (LSERS). It was noted that LSERS received the highest opinion that could be obtained in an audit. A complete and detailed review of the audit was provided. Ms. Cunningham and Mr. Stamm then addressed questions from the Board.

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

ACTUARIAL REPORT – JUNE 30, 2009 – CHARLES HALL, HALL ACTUARIAL SERVICES

Charles G. Hall, Hall Actuarial Associates

Mr. Hall provided a detailed report on the actuarial valuation of assets and liabilities, as well as funding requirements, for the Louisiana School Employees’ Retirement System as of June 30, 2009. It was noted that the employer contribution rate of 24.3% projected for fiscal year 2010-2011 would need to be presented to the PRSAC committee for approval. Mr. Hall then provided a review of acts from the 2009 legislative session that affect LSERS and its members.

ON MOTION BY MR. FAULK, SECONDED BY MR. RESTER AND CARRIED BY UNANIMOUS CONSENT, the Board approved the projected employer contribution rate of 24.3% for presentation to the PRSAC committee.

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

Board members received a one-hour educational credit in Actuarial Science for Mr. Hall's presentation.

REPORT/RECOMMENDATIONS OF INVESTMENT COMMITTEE

Mr. Brosnan provided the following recommendations of the Investment Committee for approval by the Board:

Recommendation #1:

LSERS should stay in the Securities Lending Program at the September 2008 level in order to repay the Lehman and CIT loss.

ON MOTION BY MS. LANDRY, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board approved Recommendation #1.

Recommendation #2:

Allow Jerry Rhodus the authority to sign documents and move funds on behalf of LSERS.

ON MOTION BY MR. FAULK, SECONDED BY MS. CRAIN AND CARRIED BY UNANIMOUS CONSENT, the Board approved Recommendation #2.

LSERS' PROPOSED 2010-2011 BUDGETS

BUILDING OPERATION

Mr. McMorris provided a review of the proposed operating budget for the building, which reflected projected increases in salaries and uncontrolled increases in building contracts. Mr. Bujol and Mr. McMorris then addressed questions from the Board, which led to a request that information relating to these employees be included in the salary and related benefits section of the administrative budget. It was noted that a corrected salary and related benefits schedule would be forwarded to Board members.

Mr. Bujol noted that the Office of Financial Institutions (OFI) has renewed its lease with Louisiana School Employees' Retirement System (LSERS). This led to a discussion on replacement of the chiller, which was approved during the September 14, 2009 Special Board meeting. Mr. Bujol noted that the company has decided to repair the chiller, at no cost to the agency, due to the amount of money that has already been invested in repairs.

ON MOTION BY MR. FAULK, SECONDED BY MR. WALTHER AND CARRIED BY UNANIMOUS CONSENT, the Board accepted and approved LSERS' 2010-2011 Building Operation Budget.

ADMINISTRATIVE

Ms. Dudley provided a detailed review of the proposed administrative budget, which included the actual budget for 2008-2009, the approved budget for 2009-2010 and the requested budget for 2010-2011 with increases and/or decreases noted. An explanation of budget increases and salary schedule of LSERS' employees was also provided.

Mr. Bujol and Ms. Dudley then answered questions from the Board.

ON MOTION BY MR. RESTER, SECONDED BY MS. LANDRY AND CARRIED BY UNANIMOUS CONSENT, the Board accepted and approved LSERS' 2010-2011 Administrative Budget.

*Ms. Donna Racca and Mr. Bill McMorris left the meeting at 12:52 p.m.

DISCUSSION OF JOINT SENATE/HOUSE RETIREMENT COMMITTEE MEETING ON DEFINED BENEFITS – DEFINED CONTRIBUTIONS SCHEDULED FOR OCTOBER 19, 2009

Mr. Bujol noted that a joint Senate/House Retirement Committee meeting will be held on October 19, 2009 to study the feasibility of converting the defined benefit plan to a defined contribution plan. Discussion was held on defined contribution plans and how this affects LSERS and its members. The following proposed resolution for consideration by the Board was read into the record by LSERS' Executive Counsel:

WHEREAS, the Louisiana Legislature has passed HCSR 1 mandating that the House and Senate Committees on Retirement meet jointly to study the feasibility of converting the defined benefit plan to a defined contribution plan; and

WHEREAS, the defined benefit plan has provided a source of secure retirement benefits to public servants for more than fifty years; and

WHEREAS, the pension plan is instrumental in attracting and retaining qualified public servants; and

WHEREAS, the pooling of members' retirement funds is a more efficient system to obtain the best return on investments; and

WHEREAS, the defined benefit plan has a ripple effect that supports jobs and helps stabilize the economy; and

WHEREAS, the change would create uncertainty for the employees who are not entitled to Social Security Benefits and who may be forced to seek public assistance upon retirement.

NOW THEREFORE, BE IT RESOLVED that the Board of Trustees for the Louisiana School Employees' Retirement System urges the Louisiana Legislature to continue its support of the current defined benefit plan.

Further discussion was held, which led to a review of what can be expected for future benefits if the current defined benefit plan is changed to a defined contribution plan.

ON MOTION BY MR. FAULK, SECONDED BY MS. MCKEE AND CARRIED BY UNANIMOUS CONSENT, the Board adopted the resolution as read by LSERS' Executive Counsel.

DISCUSS AND IMPLEMENT PROCEDURES TO FILL VACANT ASSISTANT DIRECTOR POSITION

Information on implementing procedures for the Assistant Director search was provided in a handout to Board members. This included a timeline of events, a notice that was posted on LSERS' website, the Assistant Director profile, and the advertisement that was published through the Advocate and on the Department of Civil Service website.

It was noted that the Chairman of the Board called for a special board meeting to be held on Monday, November 9, 2009 for the Board to interview applicants.

Mr. Bujol provided a review of the proposed timeline and then answered questions from the Board.

ON MOTION BY MR. RESTER, SECONDED BY MR. FAULK AND CARRIED BY UNANIMOUS CONSENT, the Board approved the timeline for the Assistant Director Search.

Mr. Ponder provided a handout on the Board's request for an Attorney General's (AG) opinion on the Division of Administration (DOA) through the Louisiana Property Assistance Agency (LPAA) declaration that LSERS' two vehicles are "underutilized" and its directive that LSERS surplus one vehicle. It was noted in the AG's opinion that "...it is our opinion that LSERS does not fall under the jurisdiction of the DOA through the LPAA for purposes of La. R.S. 39:321 et seq."


PUBLIC COMMENT

There were no public comments.

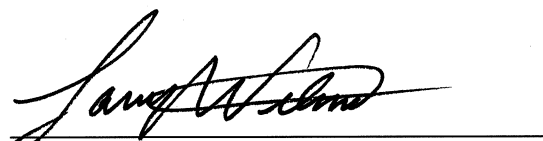
OTHER BUSINESS

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 1:11 p.m.



Charles P. Bujol – Executive Director



Larry Wilmer – Chairman