

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

**Monday, January 8, 2007**

**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, called the meeting to order at 11:39 a.m. The Lord's Prayer and Pledge of Allegiance were recited. Roll was called by Ms. Champagne.

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Members Present: Mr. Larry Wilmer – Chairman, Ms. Betty Crain, Mr. Jeffrey Faulk, Sr., Mr. Eugene Rester, Jr., Ms. Kathy Landry, Ms. Judith McKee, Mr. Earl Richard, Jr.

Members Absent: Mr. John Kennedy – State Treasurer, Mr. Jay Dardenne – Secretary of State, Senator D.A. "Butch" Gautreaux, Representative Pete Schneider

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. Judy Wright – Public Informations Director 1, Ms. Jennifer Champagne – Administrative Assistant 5

Also Present: Mr. Richard Ranallo and Mr. Brett Hazen – Segal Advisors, Inc.

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## ANNOUNCEMENTS

Mr. Bujol made the following announcements:

Individual reports of Trustee Educational Requirement for the current year, September 1, 2006 through August 31, 2007, have been provided to all board members for review of accuracy and notification of discrepancies to Ms. Champagne.

CD's of the 2006 LAPERS Conference have been received. Copies are being made and will be available to all Board members who were unable to attend certain portions of the workshop and/or conference.

Revised 2007 Board Meeting Schedules have been placed in each board member's folder. The only changes reflected are the addition of the Special Board meeting called for today and dates for the LAPERS conference have been announced as September 23–26, 2007.

Two booklets have been provided to each board member on proposed changes to the Board of Trustees manual. The salmon booklet reflects edited changes to the manual, which includes the current policy and the additions/corrections to the corresponding policy and the blue booklet reflects proposed changes to the manual. Board members were asked to take the booklets home with them for review and discussion at the February 12-13, 2007 Regular Board meetings.

## RECOMMENDATIONS OF INVESTMENT COMMITTEE

Mr. Faulk informed the Board that the Investment Committee met earlier in the day and recommendations were made for review and approval by the full board. He then yielded to Mr. Brosnan, Chief Investment Officer, for a review of recommendations by the Investment Committee. Mr. Brosnan read the following recommendations of the Investment Committee:

**RECOMMENDATION #1:** Standard fee for Brandywine Global Investment Management be replaced with a performance-based fee. Fee would be for a trial period of four (4) quarters effective January 1, 2007 and payable on December 31, 2007, based on the prior twelve (12) quarters of performance, unless Brandywine is terminated prior to conclusion of trial period.

**ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED,** the Board approved replacement of the standard fee with a performance-based fee for Brandywine Global Investment Management.

**RECOMMENDATION #2:** Approval of the proposed Investment Manager Review Schedule for 2007.

**ON MOTION BY MS. LANDRY, SECONDED BY MS. CRAIN AND CARRIED,** the Board approved the Investment Manager Review Schedule for 2007.

**RECOMMENDATION #3:** Approval to add the following wording under the function of the Investment Policy:

The Board may grant Manager(s) a waiver of any of the terms of this Policy when it is the Board's discretion that such a waiver is believed to be in the best interest of the Plan. Waivers may be specific as to Manager(s), time and/or criteria, or of unlimited duration and/or general in nature. All waivers shall be in writing and approved by the Board.

**ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED,** the Board approved adding the wording, as read by the Chief Investment Officer, under the function of the Investment Policy.

**RECOMMENDATION #4:** Resolution granting Thornburg an exemption to the emerging markets limitations of a maximum 15%, at market, of their portfolio to read:

Be it resolved that Thornburg Investment Management is granted a waiver of the provisions of LSERS' Investment Policy, Section VI (5), limiting the investments in emerging markets by international equity portfolio managers. Thornburg Investment Management, through the Thornburg International Equity Fund L.L.C., a commingled fund, is governed by its investment policy, prospectus and other contracts and these documents allow emerging market investments to be 30% of the fund's assets; therefore, LSERS' emerging market exposure in the Thornburg International Fund shall also be limited to 30% of the market value of said portfolio.

**ON MOTION BY MS. LANDRY, SECONDED BY MR. RICHARD AND CARRIED,** the Board approved the resolution as read by the Chief Investment Officer.

**RECOMMENDATION #5:** Staff send a firm notice to Orleans Capital regarding performance, strongly urging improved performance or the firm will be terminated.

**ON MOTION BY MR. FAULK, SECONDED BY MR. RICHARD AND CARRIED,** the Board approved staff sending a firm notice to Orleans Capital regarding their performance, strongly urging improved performance or the firm will be terminated.

## **OTHER BUSINESS**

Mr. Wilmer announced that a group picture of all Board members would be taken before the February 12, 2007 Regular Board meeting convenes.

**ON MOTION BY MS. MCKEE, SECONDED BY MR. FAULK AND CARRIED, the Board adjourned at 1:47 p.m.**



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Charles P. Bujol – Director



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Larry Wilmer - Chairman