

Approved Board Minutes

**LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
TUESDAY, JULY 20, 2010
PINEVILLE, LOUISIANA
9:00 AM**

A meeting of the Louisiana Clerks of Court Retirement and Relief Fund Board of Trustees was held on Tuesday, July 20, 2010, at 9:00 AM in Pineville, LA.

The meeting was called to order by President Louie Bernard.

Tammy Foster gave the invocation and Lynn Jones led the Pledge of Allegiance.

MEMBERS PRESENT:

President Louie Bernard
Mark Graffeo
Lynn Jones
Tammy Foster
Gary Loftin
Hart Bourque
Ann Ardoin

OTHERS PRESENT:

Debbie Hudnall, Executive Director
Jessica Portis, Consultant
Mary O'Neill, Associate Consultant
Greg Curran, Actuary
Denise Akers

Guests Present:

Dot Lundin
Malise Prieto
Julian Dufreche
Carolyn Ryland
Lanell Landry
Carol Jones
Diane Meaux Broussard
Michael Thibodeaux

Debbie reported that Kari Creighton would be leaving Summit Strategies at the end of September due to family reasons. Debbie welcomed and introduced Jessica Portis, who will be taking over the portfolio along with Dan Holmes, and an Associate Consultant, Mary O'Neill. Although the Board hated to lose Kari as a consultant, Debbie commented that Jessica had impressed everyone yesterday at the Investment Committee meeting. Debbie also introduced Denise Akers and said President Bernard would be giving more information later in the meeting.

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APPROVAL OF MINUTES:

Hart Bourque moved that the minutes of May 5, 2010, be approved as submitted. Motion seconded by Gary Loftin. **Motion carried.**

COMMENTS BY PRESIDENT:

President Bernard read an email from Georgie Blanchard relating that Allen had been placed in the hospital with pneumonia and the situation was not good. He asked that everyone keep them in their thoughts and prayers.

He commented that since the last meeting HB 1060 had passed, Randy Zinna resigned, and Kari announced that she was leaving Summit. Louie informed the Board that any apprehensions he may have had about someone new stepping into Kari's position were quickly put to rest when he heard Jessica Portis ask questions and talk to the Money Managers at the Investment Committee meeting.

President Bernard stated that Tommy Sullivan deserved a lot of credit for having spawn the idea of HB 1060 and for taking it as far as he took it. He also acknowledged the effort Debbie put forth on the bill.

He acknowledged the resignation of Randy Zinna effective June 30, 2010. He informed the Board that he had invited Mrs. Akers to the Board meeting due to the fact that issues don't stop just because you don't have an attorney. He stated that she was there to answer questions on pending issues, including Randy's resignation, and to present her credentials as possible new counsel for the Retirement Board.

ACTION LIST:

Hancock Bank Custodial Contract – was completed

Investment Committee – President Bernard thanked the Investment Committee for their diligence in interviewing the money managers on the previous day.

LAPERS Conference – he reminded the Board how important it was for them to attend in September

OATHS OF OFFICE: President Louie Bernard administered the oath of office to Retired Clerk Member, Ann Ardoin.

FINANCIAL REPORTS: (ON FILE IN OFFICE)

Treasurer Tammy Foster presented the financial reports for April and May 2010.

April 2010 -	Total Assets	\$ 332,789,248
	Total Fund Balance	324,802,951
	FYTD Revenue	72,943,698
	FYTD Expenses	19,088,387
	Net Income	\$ 53,855,311

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May 2010 -	Total Assets	\$ 315,443,291
	Total Fund Balance	307,456,266
	FYTD Revenue	57,393,861
	FYTD Expenses	20,855,532
	Net Income	\$ 36,538,329

Treasurer Foster also presented the financial reports for the Retirement Administrative Fund for the months of April and May 2010.

April 2010 -	Total Fund Balance	\$ 1,604,292
	FYTD Revenue	1,688,184
	FYTD Expenses	942,038
	Net Income	\$ 746,146

May 2010 -	Total Fund Balance	\$ 1,540,144
	FYTD Revenue	1,857,266
	FYTD Expenses	984,433
	Net Income	\$ 872,833

Motion was made by Lynn Jones to receive the financial reports. Motion seconded by Ann Ardoin. **MOTION CARRIED**

INVESTMENT COMMITTEE REPORT:

Mark Graffeo reported that the Investment Committee had met on the previous day to interview three new money managers. Present: Mark Graffeo, Lynn Jones, Louie Bernard, Ann Ardoin, Hart Bourque, Debbie Hudnall, Jessica Portis and Mary O'Neill. The three managers interviewed were Rothschild – US Large Cap Value, Westfield Capital – US Large Cap Growth Equity and Fiduciary Management Inc of Milwaukee – US Large Cap Equity. The job of the committee was to choose either the combination of Rothschild and Westfield or, in the alternative, Fiduciary Management in hopes to add additional alpha to the fund. The committee was very impressed with all of the presenters and gained a lot of information. Mark informed the Board that it was the recommendation of the Committee to select the combination of Rothschild and Westfield. These managers will replace a portion of the portfolio currently with QMA. The target for large cap portfolio will be divided with a third remaining with QMA and a third each going to Rothschild and Westfield. The funds over the target for large caps with QMA will be moved to the international markets.

Mark Graffeo moved that the Board accept the recommendation of the Investment Committee with the funding to be on September 1, 2010. Motion seconded by Ann Ardoin. **Motion carried.**

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SUMMIT STRATEGIES GROUP: (Report on file in office)

Jessica Portis thanked the Board for the opportunity to work with the Board and informed them that she had been with Summit for 10 years. She gave the Board a little background about herself, stating that she started off as an intern while in college and then was hired permanently in manager research. Five years ago, she became a senior consultant and trained under Dan Holmes. The consultants with Summit are limited to 10 clients and she currently has eight. Some of her clients are: City of Gainsfield, City of Norfolk, and City of St. Louis, to name a few. She reported that Summit is growing their number of professionals. Jessica stated that when she was hired she was in the mid-twenties, as far as the number of employees hired. Today they are over 50 employees. She introduced Mary O'Neill who is an Associate Consultant with Summit. Jessica told the Board they would soon learn that she has a very similar style to Kari as they both had trained under Dan Holmes.

Economic and Capital Market Highlights

Jessica related that she wished the fiscal year had ended in April because the equity markets had rallied and May and June were less desirable. The fund ended the quarter in negative territory on the equity side, but bonds did extremely well. She informed the Board there were a couple of things that led to the volatility. The financial markets faced unrelenting uncertainties including the European debt crisis. Financial reform, that was recently passed, has caused a lot of uncertainty. The tax credits that were put in place in 2008 and 2009 have now expired causing an impact on the housing front. She reported that the commercial part of real estate is beginning to improve. Unemployment remained elevated and the BP oil spill had raised a lot of questions.

PORTFOLIO PERFORMANCE

	MARCH	JUNE	3 MOS	FYTD
TOTALFUND(including cash)	\$320,609,074	\$299,895,018		
Total Investments	297,172,658	283,041,529	- 6.74%	10.08%
US Equity				
QMA	\$112,867,303	\$ 99,485,001	-11.86%	13.66%
IronBridge	31,858,918	29,191,654	- 8.37%	17.55%
International Equity				
Global Currents	\$ 38,771,447	\$ 33,898,579	-12.57%	8.75%
William Blair	4,360,571	4,094,489	-6.10%	
Mondrian	4,383,807	4,274,069	-2.50%	
DFA	9,256,677	14,331,056	-9.97%	
Fixed Income				
Northern Trust	\$ 25,615,430	\$ 19,187,805	3.39%	9.91%
Pyramis	27,217,195	37,035,683	2.855	16.25%
TIPS	10,270,291	10,662,394	3.82%	
Hedge Funds	12,199,148	\$ 10,541,295	.89%	7.93%
Real Estate	20,210,777	\$ 20,156,597		-12.82%
Securities Lending	161,095	\$ 182,908	.04%	.13%

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Jessica reported for the fiscal year, the Fund had strong results, returning 10.1%. Both equities and bonds performed quite well over the past 12 months exhibiting positive returns. The best-performing portion of the portfolio for the year was the US equities generating a return of 14.5%. The international equity managers in aggregate produced a strong return, outperforming the benchmark by 7.1%. The decision to add active fixed income to the portfolio was beneficial, as Pyramis returned 6.85 ahead of the benchmark for the fiscal year. Despite UBP being in liquidation mode, the strategy continued to perform well, returning 7.9% over the fiscal year. She also reported that ING Clarion reports a second quarter return of 2.1% although it was not yet included on the flash report. The positive return on Real Estate is the first positive quarter in over one year. Jessica informed the Board that the Fund had exited the securities lending program at Northern Trust, which resulted in a payment of \$5,923.97 to close out the program. She also reported that the custodian transition from Northern Trust to Hancock Bank was completed on June 30th without issue. She stated that Hancock Bank did a great job in terms of communicating with all related parties and setting up the accounts.

Jessica reported that a suit against UBP had been dismissed and UBP would be distributing the funds that had been allocated for the litigation. She informed the Board that a release had to be signed relinquishing the right to participate in any future class action against UBP in regard to Ascot in order to receive the funds. Summit Strategies recommended that their clients sign the release. Debbie said she had signed the release based on Summit's recommendation and after speaking to President Bernard but that her action needed to be ratified by the Board. Gary Loftin moved that the Board approve the signing of the release with UBP. Hart Bourque seconded the motion. **Motion carried.**

When Gary Loftin asked what the Board could expect for the next 12 months, Jessica said Summit Strategies is advising their clients to continue to diversify their funds because the theme continues to be uncertainty. Summit feels that unemployment will continue to be high and there will not be enough job creations. She said they are hoping that companies will begin to release money from their balance sheets and begin to put their money to work.

COMMENTS BY ACTUARY:

Greg Curran reported that based on an estimated 10.5% rate of return for the year, they were projecting the employer contributions to increase a total of 9% over the next 5 years. This projection was based only on the rate of return on the Fund and not any other factors. He said their final projections would factor in the new legislation, monies in the Fund Deposit Account and other considerations.

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He informed the Board it would take a number of years to recoup the monies the Fund had lost in the last couple of years. Greg informed the Board that even if the Fund earned the required 8% rate of return every year, the employer contribution could increase by 2% to 3% a year for the next several years.

There was discussion of the new computer program needed to incorporate the laws to increase the final average compensation from three years to five years over the next two years. Hart Bourque moved that the Board approve the \$4900 for the Currans to provide the computer upgrade. Motion was seconded by Mark Graffeo. **Motion carried.**

There was discussion of the cost of \$900 for the Currans to upgrade the new Retirement handbook by including all of the new laws. Motion was made by Lynn Jones to pay \$900 for upgrade of the retirement handbook. Motion was seconded by Ann Ardoin. **Motion carried.**

The Board discussed the options of printing the new retirement handbooks or posting the handbooks online on the Clerks' website. There was discussion that if someone needed a hardcopy of the handbook they could print from the website. Hart Bourque moved that the new handbooks be posted on the website. Motion seconded by Gary Loftin. **Motion carried.**

APPLICATIONS AND REFUNDS: (On file in office)

Debbie reported there were five applications for DROP, one application for regular retirement, and one application for disability retirement. Gary Loftin moved that the applications be approved. Motion seconded by Hart Bourque. **Motion carried.**

Debbie further reported there had been 101 refunds for the fiscal year in the amount of \$743,869 as compared to 118 refunds in the amount of \$734,328 for the prior year.

REPORT OF EXECUTIVE DIRECTOR:

Retirement Legislation

Debbie reported that HB 1126 (affecting new hires and correcting a loop hole in the existing DROP laws) had passed and had now become Act 101.

HB 749 which changed the final average compensation from 36 months to 60 months for Active members had passed and is now Act 273.

SB 134 which requires the Actuarial Committee to determine the employer contribution as soon as practicable after the first day of January but no later than the last Monday in February had passed and is now Act 874.

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SB 594 which provides relative to the "prudent-man" rule for investment authority, restrictions and asset allocations, and requires quarterly reporting to the Legislature and other retirement systems passed and is now Act 1004.

SB 704 which is relative for service in the uniformed services passed and is now Act 1010.

HB 220 which provides for a Constitution Amendment to require two-thirds vote of the legislature to approve any legislation that provides additional benefits to a retirement system that has an actuarial cost passed and is now Act 1048.

The Board discussed the number of requests for DROP/Retirement estimates that are submitted to the Association office by the members. After much discussion, Gary Loftin moved that each member would be allowed to submit up to five requests for DROP/Retirement estimates at no cost; for each estimate thereafter, the amount of \$20.00 would be charged, effective August 1, 2010. Motion was seconded by Hart Bourque. **Motion carried.**

Debbie reported that she had asked Denise Akers to look into the legality of an applicant naming a beneficiary on a retirement application as a spouse who is of the same sex. Denise informed the Board that Louisiana law does not provide for recognizing same sex marriages in Louisiana.

Debbie reported that Mrs. Blackledge had hired new counsel and she was in the process of obtaining the files from Randy to turn over to the new counsel to be selected by the Retirement Board.

Debbie acknowledged the receipt of the resignation of Randy Zinna.

Debbie informed the Board that she had booked hotel rooms for the Board for the LAPERS meeting in September and she would need to know how many would be attending.

OTHER BUSINESS:

President Bernard related to the Board that since Mrs. Akers was present today representing the Retirement Board on an interim basis, it would only make sense that she be allowed to present her credentials to the Board as a candidate for new counsel and to answer any questions the Board may have. He said it was to be with a clear understanding that the Board is to determine what process would be used to hire new counsel.

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He then recognized Mrs. Akers and asked that she present her credentials as a candidate for the new attorney for the Retirement Board. Mrs. Akers reported that she graduated from Louisiana State University Paul M. Hebert Law Center in 1985 and was admitted to the Louisiana State Bar in 1986. She reported her legal career began by serving as a Judicial Clerk for Judge John Parker of the United States District Court. She then worked for the firm of Rubin Curry for several years which is now the McGlinchey Stafford Law firm. She then formed the Akers & Wisbar, LLC law firm in 1994 where she and Rebecca Kittok Wisbar are partners. She further informed the Board that she has been representing Parochial Retirement System for 10 years and was also currently representing the Louisiana State Police Retirement System and Baton Rouge City Parish Retirement System. She reported that she does a great deal of family law which actually helps with her work with the Retirement Systems. Denise informed the Board that her fee would be \$200 per hour.

Hart Bourque moved that the Board go into Executive Session. Motion seconded by Gary Loftin. **Motion carried.**

Motion was made by Mark Graffeo to return to regular session. Motion was seconded by Lynn Jones.

President Bernard gave a recap to the Board in regard to the Randy Zinna situation and assured the Board that the Clerks' retirement system had been made whole. He also informed the Board that he, along with Mark Graffeo and Debbie, had met with the legislative auditors for an exit interview on June 22nd. The audit report is supposed to be made public on July 26th and Debbie would post a copy of the audit report on the website.

Hart Bourque moved to accept Randy Zinna's resignation. Motion seconded by Ann Ardoin. **Motion carried.**

After discussion, Hart Bourque moved to hire Denise Akers as counsel for the Louisiana Clerks of Court Retirement and Relief Fund at the rate of \$200 per hour. Motion seconded by Mark Graffeo. **Motion carried.**

Lynn Jones moved that the meeting be adjourned. Motion seconded by Ann Ardoin.

APPROVED:


Louie Bernard, President

Respectfully submitted,


Debbie D. Hudnall, Executive Director