

# Approved Board Minutes

LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND  
BOARD OF TRUSTEES MEETING  
TUESDAY, FEBRUARY 9, 2010  
MARKSVILLE, LOUISIANA  
2:00 PM

A meeting of the Louisiana Clerks of Court Retirement and Relief Fund Board of Trustees was held on Tuesday, February 9, 2010, at 2:00 PM in Marksville, Louisiana.

The meeting was called to order by Second Vice President, Mark Graffeo.,

Bill Hodge gave the invocation and Michael Thibodeaux led the pledge of allegiance.

## **Members Present:**

Second Vice President Mark Graffeo, Acting Chairman  
Bill Hodge  
Michael Thibodeaux  
Hart Bourque  
Cliff Dressel

## **OTHERS PRESENT:**

Debbie Hudnall, Executive Director  
Kari Creighton, Consultant  
Gary Curran, Actuary  
Randy Zinna, Attorney  
Alan Breithaupt, Attorney  
Felicia Hendl  
Louis Perret  
Malise Prieto  
Jerry Smith  
Gina Perrin

**Acting Chairman Graffeo announced that no quorum was present; therefore, this meeting can be held for informational purposes only.**

## **NEW ORLEANS LITIGATION**

Alan Breithaupt, Attorney, brought the Board up to date on the history of the New Orleans Tax Litigation. He then reported that the City of New Orleans had previously presented a proposed settlement that was similar to other Statewide retirement systems and explained the proposed settlement. He reported that he wasn't sure the settlement was still on the table, but he would contact opposing counsel. After lengthy discussion, it was the consensus of those present that Alan pursue the resolution of this matter with the city of New Orleans. Alan said he would contact Debbie and Randy after contacting the city attorneys.

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## **INVESTMENT COMMITTEE REPORT**

Mark Graffeo reported that the Committee had met just prior to the Board meeting. The Investment Committee had reviewed proposals from three Custodial Service Providers to become the new custodial bank for the Retirement System, Hancock Bank, JPMorgan Chase and Regions (Morgan Keegan). Based on Kari's recommendation, the Committee recommended that Kari Creighton and Debbie Hudnall meet with Hancock Bank and Regions and report back to the Board with their recommendation.

Based on Kari's recommendation, the Committee also recommended to the Board that the Retirement Fund remove the Fund from the Redemption queue with ING Clarion.

The Committee additionally recommended that the Board authorize Kari to begin a search for a second large cap money manager.

Mark also reported that the Committee had reviewed the Investment Policy and made recommendations which Kari will present at the next Board meeting.

## **SUMMIT STRATEGIES GROUP (Report on file in office)**

### **Economic and Capital Market Highlights**

Kari Creighton, Summit Strategies Group, reported the US economy expanded at a 5.75% rate in the fourth quarter, marking it the fastest pace in six years. The consumer price index rose 2.85% over the last 12 months. The unemployment rate remained unchanged at 10% in December. The Fed kept the overnight rate in a range between zero and 0.255% in the fourth quarter. The equity markets extended their dramatic gains in the fourth quarter to end an exceptional year. Kari reported that the large cap growth was the best performing segment of the domestic market. International equity earned 2.2% for the quarter, underperforming the S&P 500 Index by 3.9%. Emerging markets returned 8.5% in the fourth quarter, outperforming developed countries by 6.4%. Kari reported that what was being seen in the markets in January and February was what was expected based on the good markets last year.

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## PORTFOLIO PERFORMANCE

	December	3 Month	FYTD	1 YEAR
<b>Total Fund Including Cash</b>	<b>\$ 303,921,547.00</b>			
Total Investments	\$ 286,172,914.00	3.78%	13.66%	14.99%
<b>US Equity</b>				
QMA	\$ 107,039,505.00	6.56%	22.29%	24.00%
IronBridge	\$ 29,679,873.00	3.76%	19.52%	29.12%
<b>International Equity</b>				
Global Currents	\$ 38,417,241.00	3.46%	23.25%	33.73%
William Blair	\$ 4,181,859.00	4.55%	n/a	n/a
Mondrian	\$ 4,254,950.00	6.56%	n/a	n/a
DFA	\$ 8,952,013.00	9.00%	n/a	n/a
<b>Fixed Income</b>				
Northern Trust	\$ 32,085,031.00	0.44%	4.24%	6.51%
Pyramis	\$ 22,919,068.00	2.34%	9.62%	n/a
SSgA Tips	\$ 6,737,044.00	n/a	n/a	n/a
<b>Hedge Funds</b>				
UBP	\$ 11,853,062.00	3.09%	3.94%	10.07%
<b>Real Estate</b>				
ING Clarion	\$ 19,949,866.00	-4.00%	-14.19%	-37.50%
<b>Securities Lending</b>	\$ 103,403.00	0.02%	0.07%	0.49%

Kari reported that she didn't have the returns for January, but that the equity markets were down although there were positive returns on the fixed income market. She reported that it had continued to be a volatile market since the end of the year. Kari informed the Board that we are continuing to redeem funds from UBP and Northern Trust. She reported that although the real estate market's negative returns had hurt the fund, she felt the Board should remove the redemption request with ING Clarion. She reported that although the performance of the Fund was below the median, the Retirement Fund was less volatile than the median fund.

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## **COMMENTS BY ACTUARY (Report on file in office)**

Gary Curran reported that over the last few months he had been asked to review changes that could reduce cost to the fund. He discussed possible Legislative proposals for 2010. He reported that focusing only on new hires would be slow to affect the fund. He informed the Board that if they were looking for substantial cuts in contributions they would have to look at benefit changes for active employees. The Board discussed at length the four different proposals for new hires and three different proposals for active members. **(Exhibit 1)**

**After discussion, it was decided to recess the meeting until a quorum was present.**

**Meeting recessed at 4:10 PM.**

**At 6:00 PM, the meeting resumed.**

## **Members Present:**

First Vice-President Louie Bernard, Acting Chairman  
Mark Graffeo  
Bill Hodge  
Michael Thibodeaux  
Gary Loftin  
Hart Bourque  
Cliff Dressel

## **Others Present:**

Kari Creighton, Consultant  
Randy Zinna, Attorney  
Felicia Hendl  
Louis Perret  
Malise Prieto

## **APPROVAL OF MINUTES**

Hart Bourque moved that the minutes of the previous two meeting be approved as submitted. Motion seconded by Cliff Dressel. **Motion carried.**

## **FINANCIAL REPORTS (On file in office)**

Hart Bourque moved that the financials for November and December be approved as submitted. Motion seconded by Cliff Dressel. **Motion carried.**

## **INVESTMENT COMMITTEE REPORT**

Cliff Dressel moved that the Board accept all of the recommendations of the Investment Committee. Motion seconded by Gary Loftin. **Motion carried**

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## **NEW ORLEANS LITIGATION**

Mark Graffeo moved that the Board accept the recommendations of those members present earlier that Alan Breithaupt pursue settlement with the city of New Orleans on the tax litigation. Motion seconded by Gary Loftin. **Motion carried.**

## **SUMMIT STRATEGIES GROUP**

Cliff Dressel moved that the report of Kari Creighton, Investment Consult, be accepted. Motion seconded by Mark Graffeo. **Motion carried.**

## **COMMENTS BY ACTUARY**

After discussion, Cliff Dressel moved that the Board introduce legislation in 2010 contained in Option 3 and Option 6. **(See Exhibit 1)** Motion seconded by Gary Loftin. **Motion carried**

## **APPLICATIONS FOR RETIREMENT BENEFITS (On file in office)**

Cliff Dressel moved that the retirement applications submitted be approved. Motion seconded by Michael Thibodeaux. **Motion carried.**

## **REFUNDS**

Debbie reported that from July through January there had been 67 refunds in the amount of \$446,456.

## **COMMENTS BY ATTORNEY**

### **Blackledge**

Randy Zinna reported that he had spoken to J. Arthur Smith about the proposed settlement to Mrs. Blackledge, but has not received an acceptance of the proposal.

## **EXECUTIVE DIRECTOR'S REPORT**

Debbie reported that everything was going well at the office. She reported that Chris Kershaw, the new Controller was working out great. Debbie reported that within the Budget guidelines, she had increased his pay to \$60,000 per year. She also reported that a new employee, Dagmar Hebert, would be filling the empty position on February 17<sup>th</sup> and that it would be the first time that they would have a complete staff since she had been Executive Director.

## **OTHER BUSINESS**

Mark Graffeo said he would like to discuss the issues that had been discussed with Randy Zinna at the last meeting.

Bill Hodge moved to go into Executive Session. Motion seconded by Michael Thibodeaux. **Motion carried.**

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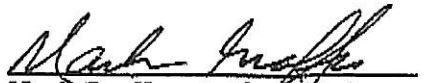
Michael Thibodeaux moved to return into Regular Session. Motion seconded by Bill Hodge. Motion carried.

Acting Chairman, Louie Bernard, informed Randy Zinna, that at the last meeting President Barousse had asked him to bring documentation of the "paper trail" or a check for the amount that had been in question. Acting Chairman Bernard acknowledged receipt of a check from Randy. He also informed Randy that the Board feels there are more specifics that are needed with the "paper trail". Louie stated that the Board is sympathetic in that they know Randy doesn't have access to all of his records. Louie said the Board wanted to be specific and clear that while they will continue the business relationship, they are still on that journey to get the complete "paper trail" and explanation.

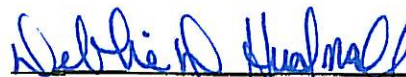
Hart Bourque moved that the meeting be adjourned. Motion seconded by Mark Grafeo.

Meeting adjourned at 7:50 PM.

APPROVED:

  
Mark Grafeo, Acting Chairman

Respectfully submitted,

  
Debbie D. Hudgall  
Executive Director

  
Louie Bernard, Acting Chairman