

LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND  
BOARD OF TRUSTEES MEETING  
WEDNESDAY, AUGUST 5, 2009  
BOSSIER CITY, LOUISIANA

A meeting of the Retirement Board of Trustees was held on Wednesday, August 5, 2009, at 9:00 AM in Bossier City, Louisiana.

The meeting was called to order by President Robby Barousse, who then called on Bill Hodge to give the invocation. Gary Loftin led the Pledge of Allegiance.

**Members Present:** President Robby Barousse, Louie Bernard, Mark Graffeo, Bill Hodge, Michael Thibodeaux, Hart Bourque, Gary Loftin, Cliff Dressel and Andy Barousse were all present. Also in attendance: Executive Director, Debbie Hudnall; Actuary, Gary Curran; Attorney, Randy Zinna; and Consultant Kari Creighton with Summit Strategies. Members absent: Rep. Joel Robideaux and Sen. Butch Gautreaux. Guests present: J. Arthur Smith, Mary Ellen Blackledge and Brad Blackledge.

**APPROVAL OF MINUTES:** Cliff Dressel moved that the minutes of the previous Board meeting be approved as written. Motion seconded by Gary Loftin. **Motion carried.**

**MARY ELLEN BLACKLEDGE:** J. Arthur Smith, attorney for Mary Ellen Blackledge, came to the Board for discussion or a decision on his client's behalf. He felt that his client is eligible to remain in the Clerks' retirement system, although she had changed employment. He also felt that she is eligible for retirement based on R.S. 11:141. Randy Zinna informed the Board that it was his opinion that R.S. 11:141 did not apply in this matter because it was a prelude to the reciprocal statute that would also require Mrs. Blackledge to be eligible to retire from LASERS also. After much discussion, Hart Bourque moved that the Board go into executive session which said motion was seconded by Andy Barousse. **Motion carried.** Mr. Smith and his clients left the meeting room.

Board went into executive session.

Cliff Dressel made a motion to return to regular session and motion was seconded by Andy Barousse. **Motion carried.** The meeting returned into regular session and Mr. Smith and his clients returned back into the meeting.

After further discussion, Mrs. Blackledge addressed the Board and informed them that she had been given information from the clerk's office of the First Circuit Court of Appeals that she would be able to continue in the clerks' retirement system after going to work for Judge McDonald. She indicated that others had previously done the same thing, but she did not want to reveal the names to the Board. More discussion ensued. Cliff Dressel moved that the Board again go into executive session. Motion seconded

by Hart Bourque. **Motion carried.** Mr. Smith and his clients left the meeting room. Board went into Executive Session.

Cliff Dressel moved that the Board return to regular session and motion was seconded by Mark Graffeo. **Motion carried.**

Board returned to regular session. Mr. Smith and his clients returned to the meeting room.

Mr. Smith indicated that his client would be willing to furnish the names, but only upon certain agreements in which he would try to work out with Randy Zinna.

Louie Bernard moved that the matter be taken under advisement. Motion seconded by Andy Barousse. **Motion carried.**

**FINANCIAL REPORTS (On file in office)** Treasurer Bill Hodge reported total investments of the Louisiana Clerks of Court Retirement and Relief Fund as of April 2009, at \$236,933,394 with a total fund assets of \$277,871,696. May's total investments were \$240,944,326 with total fund assets of \$282,248,300. June's total investments were \$243,061,538 with total assets of \$283,425,234. Bill further reported to the Board there was a net loss for the year of \$62,601,287.

The Treasurer also reported on the Retirement Administrative Fund for the months of April through June. He pointed out that the monthly transfers from the Retirement Fund to the Administrative Fund were not made for April and May, but for the month of June, the total of \$722,000 was transferred representing four monthly transfers. Bill reported the total annual income of \$1,987, 971 and total expenditures of \$1,393,384 for a net income of \$594,587. Debbie explained that the money managers, custodians and consultants bill quarterly so there would be expenses paid in the next year that would be accrued to this year. She also reported due to the investments being down, the fees were not quite as high as budgeted; therefore only 11 months of the \$180,500 were transferred rather than 12 months. Hart Bourque moved that the financial reports be received. Motion seconded by Andy Barousse. **Motion carried.**

**INVESTMENT CONSULTANT: (Report on file in office) Capital Market Overview** Kari Creighton was present on behalf of Summit Strategies. She reported there was good news in the markets because there are tangible signs of a slow recovery due to the government stimulus. The GDP growth was down the first and second quarter which is the longest losing streak recorded of negative growth. Consumer Price Index was down for the 12 month period which is also an inflation indicator. Unemployment rose to 9.5% which is the highest level in almost 26 years. Kari informed the Board that the market will recover quicker than unemployment. Economic recovery is not expected

until the first quarter of 2010. The third and fourth quarters are expected to see slow positive growth. Kari informed the Board that Investors were starting to accept risk again and there were significant gains in the second quarter. The S&P 500, the broad bench mark for large cap stocks, was up almost 16% for the quarter; the small cap bench mark, represented by Russell 2000, was up almost 21%; and MSCI EAFE, the bench mark for international markets, were up 25%. Kari reported that the sentiment is that the international markets will recover faster. She also reported that the emerging markets had almost a 35% return for the quarter. She reported that treasury bonds were down 3% for the quarter while corporate bonds were up 10%. Kari informed the Board that funds were now being placed in Pyramis, the core plus bond manager, and they have allocations in high yield bonds which is helping the fund. She reported that funds are continuing to be transferred from Northern Trust's index fund to Pyramis, but there are still liquidity issues with Northern Trust because we are only allowed to withdraw certain amounts twice per month.

**INVESTMENT PORTFOLIO:** Kari reported as of June 30<sup>th</sup> the total assets were \$272,029,654 with the fund returning 9% for the quarter; although it trailed the policy index by 2.6%. She explained that Summit is using a very broad index which is the aggregate fixed income index for both real estate and hedge fund markets. Kari reported that for the fiscal year, the fund lost 20.78% ranking in the 93rd percentile. The fund was at the 68th percentile for the quarter. The US Equity composite was at negative 27.86% for the year, but at 17.91% for the quarter. The International Equities were down 29.30% for the fiscal year but up 23.09% for the quarter. She pointed out to the Board that the International managers performed above median at the 41st percentile. Kari reported fixed income had a 4.95% return for the year and ranked at the 39th percentile. The two areas that had been issues for the funds were Hedge funds down 15.56% for the year but up 3% for the quarter and real estate down 38.34% for the year and 11.45% for the quarter. Real estate was the biggest area of losses which significantly hurt the overall performance of the fund. Kari pointed out the clerks were in the bottom quartile of public fund universe as to allocations because of the slight overweight in equities, fixed income allocations below the median; and real estate being overweight. She gave an overview of the individual managers reporting that QMA, large cap manager, was down 27.84% for the year but up 15.97% for the quarter. IronBridge, new small/mid-cap manager, up 18.73% for the quarter – they were only funded in October 2008 and were down 17.9% since inception. Global Currents, international managers, were down 29.30% for the year and up 23.09% for the quarter. Northern Trust was up 4.85% for the year and up 2.01% for the quarter. Pyramis started being funded in June and was up 1.88% for the month. She reminded the Board that Pyramis would be a short term investment because of their approach. Hedge funds were down 14.71% for the year but up about 4% for the quarter. ING Clarion, real estate market, was down 38.34% for the year and down 11.45% for the quarter and will continue to see write downs.

Although a redemption request had been submitted, Kari said we probably wouldn't be receiving any funds until 2010. Kari said she thought the investment committee should once again look at hedge funds to see if there is a comfort level with them. She said Summit still feels it make a lot of sense to have hedge funds as part of the portfolio. She said as the markets recover, the portfolio is automatically rebalancing. Kari pointed out to the Board on a 3 year rolling periods, when the fund was above the median it was due to the great returns of real estate and in the 3 year rolling periods when the fund was below the median, it was because of the poor performance of real estate. She related to the Board that they were taking less risk and earning less return than the median retirement fund. She reported that the asset allocation had helped our fund but the managers had hurt the fund.

Kari then distributed a performance report for July (**on file in office**). She reported that it was a great month with equity markets earning returns from 7% to 12% and for year to date from 12% to 20% with international markets leading the way.

**INVESTMENT COMMITTEE:** Mark Graffeo, chairman, reported the committee had met the previous day. Members are: Gary Loftin, Bill Hodge, Mike Thibodeaux, and Mark Graffeo. Jim Martin, Louie Barnard, Robbie Barousse, Debbie and Kari were also in attendance. The focus of the meeting was to hear presentations from two Emerging Market managers. Emerging Market managers are those that specialize in countries such as China, South Korea and Russia. The committee interviewed two fund managers: Acadian Asset Management out of Boston and Dimensional Fund Advisors (DFA) out of Austin. Mark reported they were both very impressive managers. The Investment Committee recommended to the Retirement Board that Dimensional Fund Advisors be hired as the Emerging Market Money Manager. Mark also said that Debbie had brought to the attention of the Committee the amount of cash the fund was holding at extremely low interest rates and brought up the possibility of placing some funds with either CDARS or QwickRate which are companies that invest in short term federally insured certificates of deposits. The Committee recommended to the Board that Debbie be given the authority to pursue looking into these two companies in placing some short term funds. Louie Bernard moved that the Board accept the recommendation of the Investment Committee to hire Dimensional Fund Advisors (DFA) as the Emerging Market Money Managers. Motion seconded by Bill Hodge. **Motion carried.**

After discussion, Louie Bernard moved that Debbie be authorized to pursue looking into and placing excess cash with either CEDARS or QuickRate. Motion seconded by Bill Hodge. **Motion carried.**

**COMMENTS BY ACTUARY: (Exhibit A)** Gary Curran explained to the Board the estimated employer contribution rate effective July 1, 2010 based on the June 30, 2009 flash report from Summit Strategies showing a fund balance of \$275,134,765. He informed the Board that the estimated amount is 19% but it is subject to change based on numerous factors. These numbers will be finalized for the December Retirement Board meeting. Additionally, Gary explained that the Board should understand that there is a probability that employer costs will continue to rise over the next five years as the effects of asset losses are fully accrued. Gary explained that without significant recovery in the markets, the rates could be expected to increase an additional 10% to 11% between 2011 and 2015.

**COMMENTS BY ATTORNEY:** Randy reported that the New Orleans Litigation is still not clear; however a communication had been drafted discussing settlement, but he had no recommendation on the proposal at this time. He said he hoped to have something to present to the Board in December for their approval.

**Morrell:** Debbie reported that she still had not received some employer contributions from the City of New Orleans for a period of time when Mr. Morrell was first elected. Mr. Morrell has paid the employee portion and only the employer portion is pending. Debbie said she had not had any success in collecting the funds and that maybe it was time for Randy to step in.

**Retirement Legislation:** Randy reported on the following retirement legislation:

**Act 270** – Provides an option for the retiree to pay for his own COLA

**Act 296** – Allows for the Board to set the employer contribution up to 3% over the recommended employer amount.

**Act 299** – Provides for DPS&C to collect fees from those on probation to go into a retirement fund to increase the benefits of probation officers.

**Act 480** – Provides for Back Drop for State Police system but is paid for at the expense of the employees.

**ACT 534** – Made changes to laws within the jurisdiction of the Board of Ethics

**HCR 85** – Memorializes congress to review and consider eliminating the Government Pension Offset and Windfall Elimination Provision that reduces Social Security Benefits

**HCSR** - Request the House and Senate Retirement Committees to study the issue of converting state retirement plans for new hires from a defined benefit plan to a defined contribution plan.

**Mondrian** – Randy said he had approved the contract with Mondrian and was waiting to get the contract back from Mondrian.

**State Street Contract** - Randy said he would be looking at that contract in the next week or so.

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**EXECUTIVE DIRECTOR'S REPORT:**

**APPLICATION FOR RETIRMENT BENEFITS:** Debbie presented the Board with 10 DROP applications, and 3 regular retirement applications. Bill Hodge moved that the applications be approved. Motion seconded by Andy Barousse. **Motion carried.**

**REFUNDS:** Debbie reported there were 22 refunds made from May through June in the amount of \$114,451 and a total of \$734,328 for the year.

Debbie presented the Louisiana Compliance Questionnaire that is required by the auditors along with the responses and asked for the approval of the Board. Motion was made by Hart Bourque to approve the Compliance Questionnaire. Motion seconded by Andy Barousse. **Motion carried.**

Debbie reminded the Board of the LAPERS Retirement Seminar at the Hilton Hotel in Baton Rouge on September 20 – 23<sup>rd</sup>.

Debbie informed the Board that she still had not moved forward with the computer system they had previously approved because of reports from other systems that were still having issues with the new system.

Cliff Dressel moved that the meeting be adjourned. Motion seconded by Gary Loftin.

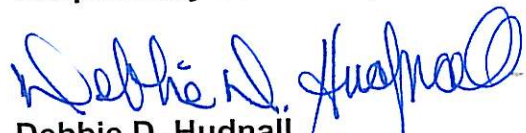
**Meeting adjourned.**

**APPROVED:**

A stylized signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the bottom.

**Robby Barousse**  
**President**

**Respectfully submitted,**

A signature in blue ink, appearing to read 'Debbie D. Hudnall' with a large, stylized initial 'D'.

**Debbie D. Hudnall**  
**Executive Director**