

Approved Board Minutes

LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES SPECIAL BOARD MEETING
WEDNESDAY, JANUARY 21, 2009
BATON ROUGE, LOUISIANA

A meeting of the Retirement Board of Trustees was held on Wednesday, January 21, 2009, at 10:00 AM in Baton Rouge, Louisiana.

The meeting was called to order by President Michael Thibodeaux, who then called on Ann Ardoin to give the invocation. Robby Barousse led the Pledge of Allegiance.

Members Present: President Michael Thibodeaux, Robby Barousse, Louie Bernard, Jim Martin, Hart Bourque, Gary Loftin, Cliff Dressel, and Ann Ardoin were all present. Also in attendance: Executive Director, Debbie Hudnall; Actuary, Gary Curran; Attorney, Randy Zinna; Consultant, Kari Creighton and Karen Stephens, representing Ex-Officio Member Representative Joel Robideaux. Members absent: Bill Hodge and Sen. Butch Gautreaux.

APPROVAL OF MINUTES: Louie Bernard moved to accept the minutes of the previous Board meeting as written, motion seconded by Hart Bourque. **Motion carried.**

COMMENTS BY PRESIDENT: President Thibodeaux thanked everyone for their attendance today and their participation on the informational conference call on January 16th.

INVESTMENT CONSULTANT: Kari Creighton informed the Board that the purpose of today's meeting was for the Board to decide if they wanted to ask for a full redemption of the funds with UBP. As of today, it has been reported that redemptions of about 30% of the fund had been submitted by other clients and the deadline is Friday, January 23rd. The amount that would be redeemed would be the amount in the fund on March 31st.

December Performance Report (On file in office) Kari distributed a preliminary December performance report stating that it was complete except the numbers from ING Clarion. She informed the Board that ING thought they would probably be down about 11% to 12% for the fourth quarter. The total fund including internal cash as of December 31st was \$267,554,668, but this does not include the write down from ING Clarion. Kari pointed out to the Board that the \$24,517,525 for UBP included the \$1.3 million write down from Madoff. She recommended to the Board that they ask for a full redemption from UBP. She wasn't sure when the funds would be received, but the amount that would be redeemed should be the amount of the funds as March 31st. She further informed the Board that the request had to be submitted by January 23rd, and they could rescind the request before the end of March. Summit's concern was whether or not UBP did their due diligence and whether or not this fund would be going away. Summit felt that UBP should have caught the red flags with Madoff. She said

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they would find out next week how many people will be putting in redemptions for the fund and what process they would require for the redemption. When Kari was asked what would determine whether or not the Board should rescind the redemption request, she stated that it would depend on how many clients stay in the fund and whether Summit is reassured of the due diligence of UBP. Kari informed the Board that it was Summit's belief that there would be significant redemptions and that UBP would have to put in a pro-rata process to liquidate the fund in order to pay the redemptions to their clients. She reminded the Board that UBP had offered to waive their fees of 75 basis points beginning January 1st. Randy Zinna informed the Board that this redemption request could trigger other issues that are unknown at the time. Kari said the Board would get their money back from UBP, but it might not be as timely as they would like. Kari said Hedge funds are currently doing better than equities, but not as well as fixed income. She informed the Board that it was a great decision at the time to move the funds from the convertible bonds with Frolely Levy to the Hedge funds because convertible bonds were down 30% for the year as opposed to Hedge funds being down 19.16% for the year. She also stated that she thought there would be more financial frauds to come. Randy informed the Board that he would be looking at the legal process to help get the funds back.

After much discussion, Gary Loftin moved that the Board ask for 100% redemption of UBP effective March 31, 2009. Motion seconded by Robby Barousse. **Motion carried.**

Kari informed the Board that she would like to use the redeemed funds to rebalance the portfolio more toward the target allocations. She said they would like to continue to hold off on the small cap international and emerging markets for the time being. Summit believes the US will recover before the international markets.

Kari further informed the Board that there were liquidity issues with Northern Trust Aggregate Bond Index Fund and she would like the Board to ask for a 15% redemption twice a month until the fund is fully liquidated. Summit feels that the Core Plus Bond is a good place to go now for a short term strategy with Pyramis in which the Board had already approved.

Hart Bourque moved that the Board ask for the full redemption from Northern Trust of the Aggregate Bond Index Fund in accordance with their process of up to 15% redemption twice per month. Motion seconded by Jim Martin. **Motion carried.**

Kari reported that QMA and Northern Trust are putting together estimates on the transition costs from Capital Guardian to QMA. She said it appears that QMA would be the better option. She further stated that she didn't feel there would be any problems in trading those stocks.

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Summit's Market Views: (On file in office) Kari distributed Summit's Market Views pointing out that 60% of the market was lost in just 9 week as compared to the 36 weeks it took back during the depression. She informed the Board that the good news is that coming out of the bear market, the average return over 3 years was 55% and the best return was 80%

Qualitative Manager Evaluation Process (On file in office) Kari presented the Board with the procedures that Summit uses to perform their due diligence.

At this time, President Thibodeaux asked that Kari be excused from the meeting. There was extensive discussion as to when the Board should evaluate the performance of the financial consultant. It was agreed that Randy and Gary would furnish to the Board the 10 year performance of the other state and state-wide systems. Gary will also put together the numbers of what the rate of return would have been if 50% of the funds had been in equities and 50% in bonds

Comments by Attorney: Randy informed the Board that he was working on the contracts and would have them ready in short order. He will also be writing a formal report on Madoff. Additionally, he is still working on the New Orleans litigation

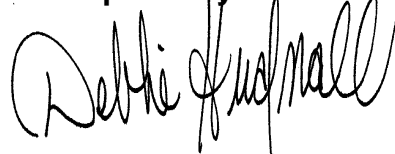
Executive Director Report: (On file in office) Debbie distributed a report prepared by LAPERS of the Net Investment Returns for the State and State-wide systems for 12 months ending June 30, 2008, the quarter ending November 30, 2008 and the month ending October 31, 2008.

Debbie informed the Board of LATEC's Investment Education Symposium to be held in New Orleans on February 18th – 20th.

OTHER BUSINESS: Debbie reported that the next Retirement Board meeting would be in New Iberia on March 3rd.

Motion made by Ann Ardoin to adjourn. Motion seconded by Hart Bourque. **Motion carried.**

Respectfully submitted,



Debbie D. Hudnall
Executive Director