

PROPOSED MINUTES

To Be Approved At The Next Board Meeting

LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND BOARD OF TRUSTEES MEETING WEDNESDAY, December 5, 2007 NATCHITOCHES, LOUISIANA

A meeting of the Retirement Board of Trustees was held on Wednesday, December 5, 2007, at 1:00 PM at the Event Center in Natchitoches, Louisiana.

The meeting was called to order by President Jim Martin who then called on Felicia Ann Hendl to give the invocation. Cliff Dressel led the Pledge of Allegiance.

Members Present: President Jim Martin, Michael Thibodeaux, Robby Barousse, Mark Graffeo, Felicia Ann Hendl, Hart Bourque, Gary Loftin, Cliff Dressel and Ann Ardoin were all present. Also in attendance: Executive Secretary, Debbie Hudnall; Actuary, Gary Curran; Attorney, Randy Zinna; Consultant, Kari Creighton and Auditor, Michelle Cunningham. Members absent: Rep. Pete Schneider and Sen. Butch Gautreaux. Visitors present: Malise Prieto and Darlene Landry

APPROVAL OF MINUTES: Ann Ardoin moved to accept the minutes of the previous meeting and telephone conference as written, motion seconded by Robby Barousse. **Motion carried.**

AUDIT REPORT: (Report on file in office) Michelle Cunningham gave the 2006-2007 Audit Report. She reported the Retirement and Relief Fund received the cleanest and highest opinion you can obtain and there were no internal control problems. She reported a net increase in the fair value of investments of 28 million as of June 30, 2007 as compared to a net increase of 24 million as of June 30, 2006. The total return on the Fund's investments for the year was 15.2% which was due primarily to the strong performance by the domestic and international equity managers. Pension benefits paid to retirees and beneficiaries increased by 7% due to the increasing number of retirees. The Net Assets as of June 30, 2007, was \$348,448,803 as compared to \$298,451,085 on June 30, 2006. Hart Bourque moved that the auditors report be accepted. Motion seconded by Michael Thibodeaux. **Motion carried.**

FINANCIAL REPORTS: (Attachment 1) Treasurer Mark Graffeo presented the financial reports as of October 31, 2007, reporting total assets of \$386,580,473 and a total fund balance of \$351,541,673. He reported total year to date revenue of \$10,296,790 and total fiscal year expenditures of \$7,516,919 for a net profit for the fiscal year of \$3,092,870. Debbie informed the Board that after consulting with Michelle Cunningham, she had opened a separate Administrative Expense Fund account to pay all retirement expenses except benefits. Motion by Cliff Dressel and seconded by Michael Thibodeaux to receive the financial reports. **Motion carried.**

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COMMENTS BY INVESTMENT CONSULTANT: (Report on file in office)

Kari Creighton informed the Board that two new clients had been added to their firm and they will not be taking on any new clients when they reach 75. She reported that November had been a terrible month with Internationals down 4% although Fixed Incomes held up. Real Estate with ING Clarion was the highlight as they were up 1.5%. She reported that the managers do have some sub-prime exposure and she had spoken with each money manager. QMA was hit the hardest, but they were already coming back nicely and there are no issues although their performance was below the benchmark. She reported the Cap Guardian had matched their benchmark. She reported that Lotsoff continues to under perform and for October were 70 basis points below their benchmark. She informed the Board that there were some concerns with Lotsoff and they continue to be on Summits watch lists and that she might want to bring them to the March meeting. She reported the Hedge Funds held up very well and were up 1.7%. She reported that Frolely Revy had been terminated and the transaction had been very successfully handled through Northern Trust. Kari advised the Board that she thought that at the next Retirement Board meeting the Board should adjust the asset allocation by increasing large caps and internationals and decreasing small caps.

Capital Guardian (Report on file in office) Regina Burden and Terry Ragsdale were present and reported to the Board giving an overview of the structure of Capital Guardian and reminded the Board that their objective is to achieve long-term growth of capital and income through investments in a portfolio comprised primarily of equity securities of U.S. issuers and securities whose principal markets are in the U.S. Terry Ragsdale informed the Board that this year was very different from last year. The portfolio outperformed their benchmark for the 3rd quarter by 10 basis points, but had trailed the index by 300 basis points for the 12-month period. They reported they had taken some hits in November because of the sub-prime exposure.

UBP (Report on file in office) John Stimpson reported that the Hedge Fund was funded at the end of September and the transition had been successful. He reported they manage over \$14 billion in fund to fund and are the second largest allocator of capital to the hedge fund industry. The rate of return for October was 1.95% which was ahead of the benchmarks.

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He said that although November was a challenging month their fund is designed to preserve the funds in the down months. He further reported that the sub-prime loans had played a positive role to their fund.

Northern Trust (Report on file in office) Larry Fumarolo and Bob Vernille gave a relationship review between Northern Trust and the Retirement Fund as the custodian bank, managing securities lending and serving as the transition manager. Mr. Vernille reported that Northern Trust was founded in 1889, has assets under custody of 4.1 trillion dollars and is the 8th largest investment manager in the United States with 1100 employees. They only focus on asset management asset servicing. They reported they are performing just ahead of the index and are replacing the passive approach with core plus fixed income next year.

After discussion on Short-Term Investment Funds (STIF), it was moved by Mark Graffeo that Northern Trust be allowed to invest in Short-Term Investment Funds (STIF) that are government backed. Motion seconded by Felicia Ann Hendl. **Motion carried.**

APPLICATION FOR BENEFITS: After reviewing the applications for benefits, Felicia Ann Hendl moved that the applications be approved. Motion seconded by Ann Ardoin. **Motion carried.**

REFUNDS: Debbie reported that \$292,760.76 has been refunded to members from July through October.

COMMENTS BY ATTORNEY: Randy Zinna reported on Act 352 (Terror Free Index Fund) stating that the statewide systems had met on numerous occasions and had sent out RFP's. He asked the Board for authority to invest up to five million dollars in the mandated Terror Free Fund. After discussion, Mark Graffeo moved that five million dollars be transferred from Lotsoff to the Terror Free Index Fund, if it is in place, with the contingency that the monies first be taken from LAMP until the transition from Lotsoff can be made. Motion seconded by Gary Loftin. **Motion carried.**

COMMENT BY ACTUARY: (Report on file in office) Gary Curran reviewed the 2007 Actuarial Valuation Report. He reported the system had picked up about 140 new members and the payroll was up eight million dollars from the previous year.

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The funded ratio is now 79.45%.as compared to 77.71% in 2006. He reviewed the changes in the plan provisions citing Act 197 and Act 352. Mr. Curran further informed the Board that the actuarial rate of return was 10.2% which was the only system that he was aware of that had maintained an average of 8% rate of return over the past 10 years. He reported that based on various factors, a 2% cost of living increase could be granted to the retirees age 65 and older. Gary also informed the Board that the actuarial recommended employer contribution rate for July 2008 is 11.25%. He discussed the demographics and liability experience as well as the funding analysis and recommendations. He reminded the Board that the Actuarial Report would have to be approved by the PRSAC, Gary Loftin moved that the Actuarial Report be accepted by the Board. Motion seconded by Felicia Ann Hendl. **Motion carried.**

Ann Ardoin moved that the retirees age 65 and older be granted a 2% cola effective January 1st, 2008, subject to the approval of the PRSAC. Motion seconded by Gary Loftin. **Motion carried.**

Gary Loftin moved that the employer contribution rate be maintained at 11.75%. Motion seconded by Michael Thibodeaux. **Motion carried.**

Hart Bourque moved that legislation be introduced giving the Retirement Board authority to set the employer contribution rate at an amount between the existing contribution rate and the recommended actuarial rate. Motion seconded by Mark Graffeo. **Motion carried.**

Motion was made by Gary Loftin to authorize legislation to allow a member to enter into DROP at age 55 with 12 years of service. Motion seconded by Robby Barousse. **Motion carried.** (Opposed by Hart Bourque)

Motion was made by Hart Bourque to not take any further action at this time on BackDROP. Motion seconded by Gary Loftin. **Motion carried.**

OTHER BUSINESS:

Disability Committee: Michael Thibodeaux reported that the Disability Committee had met on Tuesday, December 4th and recommended that legislation be introduced to amend the law to allow a member eligible for disability retirement to receive 75% of his accrued retirement benefit as specified in R.S. 11:1521 (c). Motion was made by Cliff Dressel to adopt the recommendation of the Disability Committee. Motion was seconded by Ann Ardoin. **Motion carried.**

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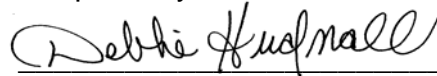
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Imaging Update: Debbie reported that the Windward group had picked up all of the retirement files and was in the process of imaging all of the documents.

Robby Barousse moved that the meeting be adjourned

Respectfully submitted:

A handwritten signature in cursive script, reading "Debbie Hudnall", written in black ink.

Debbie D. Hudnall
Executive Director

LA CLERKS OF COURT RETIREMENT FUND

Balance Sheet

October 31, 2007

ASSETS

CURRENT ASSETS

Cash - LAMP General Fund	7,567,822.26
Cash - Operating	352,685.41
Cash - LAMP DROP Members	7,510,380.44
Cash - Securities Lending	462,851.56

TOTAL CURRENT ASSETS

15,893,739.67

OTHER ASSETS

Contrib. Rec'd - Members	429,257.19
Contrib. Rec'D - Employer	917,186.58
Other Accounts Receivable	25,734.12-
Miscellaneous Receivable	641.00
Accrued Interest - Investments	126,000.40
Accrued Dividends	933,022.03
Office Equipment	60,340.84
Accumulated Depreciation	58,421.26-

TOTAL OTHER ASSETS

2,382,292.66

INVESTMENTS

Cash Equivalents	1,456,511.46
Securities Lending Receivable	12,517.93
Net Appr(Depr)In FV-Bonds	2,556,276.33
App/depr Other Fixed Income	31,260.00
Net Appr(Dep) FV-Stocks	2,469,691.41
Common Stock	35,230,229.57
Capital Guardian Equity Fund	70,238,691.31
Net Apprec/Depr Cap Guardian	27,263,491.79
Domestic Stock Fund - QMA	16,362,383.22
Net Appre/Depre - QMA	4,798,433.59
Equities - Foreign Stocks	29,870,586.25
Net Appre/Depre/Foreign Stocks	20,444,635.47
Clarion Real Estate Fund	27,607,502.00
Bond-Index Funds	47,322,748.12
Net Appre/Depre/FV-Bond Index	9,063,841.44
Net Apprec/Depr Clarion Fund	8,994,419.44
Hedge Funds	30,000,000.00

TOTAL INVESTMENTS

333,723,219.33

Collateral - Securities

34,581,221.84

TOTAL ASSETS

386,580,473.50

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LA CLERKS OF COURT RETIREMENT FUND

Balance Sheet

October 31, 2007

LIABILITIES AND EQUITY

OPERATING LIABILITIES

Accounts Payable	456,864.88	
Obligations - Securities	34,581,221.84	
Insurance Collected Payable	713.09	

TOTAL OPERATING LIABILITIES		35,038,799.81

FUND BALANCE

Annuity Reserve - Retirees	134,627,439.50	
Drop Equity Accumulative	11,260,354.43	
Annuity Savings - Members	52,165,978.88	
Employer Reserve	210,471,580.53	
Unfunded Actuarial-Present	60,902,615.00-	
Drop Equity Contrib.- YTD	826,064.39	
NET CHANGE - CURRENT YEAR	3,092,870.96	

TOTAL FUND BALANCE		351,541,673.69

TOTAL LIABILITIES & EQUITY

386,580,473.50

LA CLERKS OF COURT RETIREMENT FUND

Income Statement

October 31, 2007

	CURRENT PERIOD	%	YEAR TO DATE	%
Employees Contributions	514,042.43	141.70	2,133,955.26	69.00
Employer Contributions	738,248.74	203.51	3,372,213.85	109.03
Drop Employer Contributions	37,167.29	10.25	167,865.45	5.43
Revenue Sharing	.00	.00	781.00	.03
Interest Income-LAMP/DRW	31,043.31	8.56	128,041.84	4.14
Interest Income-LAMP/Cash	33,678.20	9.28	142,126.99	4.60
Dividend Income	44,992.25	12.40	224,448.65	7.26
Interest Income-Prepaid Refund	18,099.44	4.99	32,597.85	1.05
Interest Income-Investments	11,349.58	3.13	327,065.07	10.57
Transfer Fee Collected	160.00	.04	360.00	.01
Securities Lending Income	79,585.75	21.94	524,483.45	16.96
Transfer ER - Interest	38,784.85	10.69	383,435.10-	12.40-
Transfer EE - Contrib.	18,022.15	4.97	79,239.74-	2.56-
Re-Payment of Refund -EE	1,528.71-	.42-	6,009.80-	.19-
Deferred Revenue	19,162.12-	5.28-	170,478.28-	5.51-
Income - Clairon Fund	450,589.00	124.21	890,794.00	28.80
Gain/Loss on Sale of Invest.	123,665.64	34.09	2,979,200.10	96.32
	=====		=====	
TOTAL REVENUES	2,121,795.22	584.89	10,296,790.19	332.92
Annuity Benefits	1,262,646.33	348.06	5,030,565.43	162.65
Disability Benefits	9,744.13	2.69	38,484.75	1.24
Refund of Member Contributions	96,254.06	26.53	292,760.76	9.47
Drop Benefits Paid	105,306.75	29.03	639,803.54	20.69
Drop Annuity Payments	1,324.25	.37	6,385.40	.21
Reimbursement to Clerks Assn.	14,740.00	4.06	58,960.00	1.91
Actuary Fees	2,575.00	.71	10,300.00	.33
Legal Fees	1,800.00	.50	7,200.00	.23
Consultant Fee	.00	.00	25,000.00	.81
Custodial Fees	.00	.00	20,209.06	.65
Doctors' Fees	.00	.00	75.00	.00
Other Professional Fees	7,000.00	1.93	7,157.50	.23
Meeting Expense	.00	.00	1,116.05	.04
Investment Manager Fees	88,369.00	24.36	484,568.97	15.67
Seminar Expense	.00	.00	800.00	.03
Per Diem	.00	.00	1,200.00	.04
Securities Lending Expense	67,067.82	18.49	471,367.00	15.24
Travel Expense	1,829.29	.50	5,813.29	.19
Office Supplies	.00	.00	645.46	.02
Bank Charges	373.20	.10	1,507.32	.05
Misc. Other Expenses	.00	.00	.30-	.00
Transfer to Admin. Exp. Fund	100,000.00	27.57	100,000.00	3.23
	=====		=====	
TOTAL EXPENSES	1,759,029.83	484.89	7,203,919.23	232.92
NET PROFIT (LOSS)	362,765.39	100.00	3,092,870.96	100.00

Unaudited Financial Statement

LA CLERKS OF COURT RETIREMENT & RELIEF FUND
ADMINISTRATIVE EXPENSES
TWO YEAR COMPARISION
2007/2006

Period Ended October 31, 2007

	<u>Mth to Date</u> <u>2007</u>	<u>Mth to Date</u> <u>2006</u>	<u>Yr to Date</u> <u>2007</u>	<u>Yr to Date</u> <u>2006</u>
Reimbursement to Association	14,740.00	10,700.00	58,960.00	42,800.00
Programing Fees	-	358.33	-	1,433.34
Actuary Fees	2,575.00	2,110.00	10,300.00	8,440.00
Legal Fees	1,800.00	1,800.00	7,200.00	7,200.00
Doctor's Fees	-	75.00	75.00	150.00
Other Professional Fees	7,000.00	6,000.00	7,157.50	6,150.00
Meeting Expense	-	1,005.38	1,116.05	1,005.38
Seminar Expense	-	(37.50)	800.00	187.50
Board Per Diem	-	-	1,200.00	525.00
Travel Expense	1,829.29	253.67	5,813.29	847.79
Office Equipement Purchase	-	-	-	-
Office Supplies	-	29.00	645.46	29.00
Fiduciary Insurance Expense	-	-	-	-
Repair & Maintenance	-	-	-	-
Postage	-	-	-	-
Auto Usage Expense	-	50.00	-	200.00
Bank Charges	373.20	321.69	1,507.32	1,371.13
Misc. Other Expense	-	-	(0.30)	-
Total Administrative Expenses:	<u>28,317.49</u>	<u>22,665.57</u>	<u>94,774.32</u>	<u>70,339.14</u>

LA Clerks of Court Retirement Admin Exp
Balance Sheet
October 31, 2007

ASSETS

Current Assets		
Regular Checking Account	\$ 100,032.03	
Total Current Assets		100,032.03
Property and Equipment		
Total Property and Equipment		0.00
Other Assets		
Total Other Assets		0.00
Total Assets	\$ 100,032.03	

LIABILITIES AND CAPITAL

Current Liabilities		
Total Current Liabilities		0.00
Long-Term Liabilities		
Total Long-Term Liabilities		0.00
Total Liabilities		0.00
Capital		
Net Income	\$ 100,032.03	
Total Capital		100,032.03
Total Liabilities & Capital	\$ 100,032.03	

LA Clerks of Court Retirement Admin Exp
Income Statement
For the Four Months Ending October 31, 2007

	Current Month		Year to Date	
Revenues				
Interest Income	\$ 55.89	0.06	\$ 55.89	0.06
Transfer From Retirement Fund	100,000.00	99.94	100,000.00	99.94
Total Revenues	100,055.89	100.00	100,055.89	100.00
Cost of Sales				
Total Cost of Sales	0.00	0.00	0.00	0.00
Gross Profit	100,055.89	100.00	100,055.89	100.00
Expenses				
Bank Charges	23.86	0.02	23.86	0.02
Total Expenses	23.86	0.02	23.86	0.02
Net Income	\$ 100,032.03	99.98	\$ 100,032.03	99.98

For Management Purposes Only