

LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
WEDNESDAY, JULY 25, 2007
MONROE, LOUISIANA

President Jim Martin called the meeting to order at 1:00 P.M. Michael Thibodeaux gave the invocation followed by the Pledge of Allegiance by Robby Barousse.

Members Present: President Jim Martin, Michael Thibodeaux, Robby Barousse, Mark Graffeo, Felicia Ann Hendl, Hart Bourque, and Gary Loftin. Also in attendance: Acting Executive Secretary, Debbie Hudnall, Actuary, Greg Curran and Attorney Randy Zinna and Consultant Kari Creighton. Members absent: Cliff Dressel, Ann Ardoin, Rep. Pete Schneider and Sen. Butch Gautreaux. Visitor present: Allan Blanchard

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

COMMENTS BY PRESIDENT: President Martin thanked everyone for being in attendance and reported on the very informative and enlightening St. Louis trip attended by several of the Board Members. He thanked Kari for the hospitality extended to the Board by Summit Strategies Group.

FINANCIAL REPORTS: (Attachment 1) Treasurer Mark Graffeo presented the financial reports as of May 31, 2007. He reviewed the Balance Sheet, reporting \$334,080,848 in total assets and a total fund balance of \$315,404,261. He reported a net profit for the fiscal year as of May 31st of \$16.9 million. Motion by Felicia Ann Hendl and seconded by Robby Barousse to receive the financial reports. **Motion carried.**

APPLICATION FOR BENEFITS: After reviewing the applications for benefits, Mark Graffeo moved that the applications be approved. Motion seconded by Gary Loftin. **Motion carried.**

REFUNDS: Debbie informed the Board that 38 members were refunded a total of \$172,167.

Louisiana Clerks of Court Retirement and Relief Fund

Board of Trustees Meeting, July 25, 2007

Page 2

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

Kari Creighton, with Summit Strategies Group, gave a brief report on the economic and capital market highlights for the quarter ending June 30, 2007. She reported the second quarter GDP is expected to be in the range of 3.0% to 3.5%. She reported economic growth has been depressed by the deteriorating housing market, while consumer spending has remained strong, offsetting the declines. She further reported the consumer prices increased 2.7% over the last 12 months. She stated the volatility remains the same and depends greatly on energy. Unemployment was 4.5 % for each month of the second quarter. The Feds left the fed funds rate unchanged at 5.25% and remains focused on inflationary pressures.

(ATTACHMENT 2) Kari reported the allocation to equities was 62.6% at the quarter end close to the policy target. The fund returned 5.1% for the quarter which is 70 basis points behind the Allocation Index, ranking in the top quartile of the Total Fund Universe. The rate of return was 15.2% for the plan year, underperforming the Allocation index by 190 basis points, but outperforming the Policy index by 80 basis points. The return on the investment for the quarter was \$16.1 million and \$43.7 million for the last 12 months. She informed the Board that the fund had closely tracked the Allocation Index over the last 3-5 year period and ranked above the median compared to the Total Fund Universe. Kari was happy to report that over the trailing 10-years annualized, the Fund returned 8.5%, achieving the 8.0% actuarial rate of return and ranked in the top third of the Total Fund Universe.

Domestic Equity Managers

Capital Guardian

Capital Guardian continues to be a concern and watching closely. The portfolio outperformed for the quarter relative to the index, beating the S&P 500 index by 110 basis points and ranking in the top quartile versus peers. For the 12-month period, the account was 500 basis points behind the index and in the bottom quartile. Over the trailing 3 year annualized period, performance was 50 basis points below the index. Kari said she still has confidence in the product.

QMA

QMA outperformed the index by 20 basis points for the quarter, ranking near the top quartile and added 100 basis points above the index over the last 12 months, ranking in the top quartile.

Lotsoff

Lotsoff was funded in January, replacing Batterymarch with a small/mid cap product. They outperformed the index by 300 basis points for the quarter, ranking in the 5th percentile of the peer universe.

International Equity Mangers

Brandywine

Brandywine trailed the index and style peers by 110-140 basis points, ranking in the bottom quartile. For the year ended June 30, 2007, Brandywine returned 25.6% trailing the index by 190 basis points and ranking in the bottom quartile of the peer sample.

Fixed Income Mangers

Frolely Revy

Frolely Revy earned 4.4% for the quarter, outperforming the index by 40 basis points, but trailed the index by 140 basis points for the trailing 12 months. Performance for the annualized 2-3 year periods let the index by 170-190 basis points. Change in ownership structure to become employee owned a positive, but loss of assets a concern.

Northern Trust

Northern Trust index is performing as expected and will consider replacing passive approach with core plus fixed income.

Real Estate Mangers

ING Clarion

ING Clarion earned 4.8% for the quarter, ranking in the top quartile. Trailing index for the 1 and 3 year annualized periods, but ranking median versus style pears, earning 15.7% and 17.1%, respectively.

(Hedge Fund Report on File in Office) Kari then further reported on the criteria for Hedge Funds Managers and presented information on four managers she recommended to the Board for consideration. Kari further said that it was her recommendation to replace Frolely Revy with Hedge Funds because they would remove some volatility and would be a better option than convertible bonds. After much discussion, Mark Graffeo moved that the Board meet on Wednesday, August 22, 2007, following the Clerks' Institute to interview the two Hedge Fund Money Managers recommended by Kari (Blackstone and UBP). Motion seconded by Michael Thibodeaux. **Motion carried.**

Kari also reported that when members of the Board met it St. Louis and interviewed the money managers for Core Plus Funds on June 19th, that those in attendance had recommended that Pyramis be hired as the money managers. Hart Bourque moved to accept the recommendation and the motion was seconded by Gary Loftin. **Motion carried.**

Louisiana Clerks of Court Retirement and Relief Fund
Board of Trustees Meeting, July 25, 2007
Page 4

COMMENTS BY ATTORNEY: Randy Zinna reported on Act 197 which allows Clerks of Courts in parishes affected by Hurricanes Katrina or Rita to reemploy a retiree for up to 180 working days without a reduction in benefits which became effective June 30, 2007. He briefly mentioned Act 230 which allows the Sheriffs' Pension and Relief Fund to provide for a four-year-back-drop for members with over 30 years of service.

Randy reported on Act 352 that provides for a Terror Free Index Fund which could require the Clerks Retirement and Relief Fund to fund about five million dollars. He informed the Board that there were certain deadlines the Board must meet. The Teachers Retirement Board is taking the lead with this legislation because they are putting up the most money for the Terror Free Index Fund. The first deadline is within 60 days of the effective date of the Act which is August 15th. He reported this deadline had already been met because LAPERS had met and had begun the communication with investment managers. The Act requires, within 120 days after the effective date – December 13th, each Retirement System to adopt and implement a corporate governance strategy of constructive engagement of each company, in which the system has a direct ownership of securities, having facilities or employees or both located in a prohibited nation. Such corporate governance strategy shall contain a plan of system action to cause any such company to remove facilities, employees or both from prohibited nation. The law also requires that within 180 days after the effective date – February 9th, each system having an investment strategy which includes allocation to international markets shall allocate a portion of its international investments to the Terror-free Index Fund.

Debbie reported that she had received an email today from the staff of Representative Schneider asking for a brief report from the Board of its effort to date. Randy said he would assist with this report.

Randy mentioned HSR 127 which asked that retirement handbooks be sent out to all new employees and to have all new employees sign an affidavit stating they understood the handbook. He also mentioned the resolution by Representative Trahan asking that all retirement systems meet semi-annually and share asset allocation strategy.

COMMENT BY ACTUARY: Greg Curran briefly discussed Back-Drop and informed the Board they would be happy to give a formal presentation to the Board on Back-Drop. He stated they were preparing to perform the annual actuarial report. He advised the Board that Evie Dodge always took great pride in being first to get all of the necessary information on the Clerks' retirement system to them in order to do the report.

Louisiana Clerks of Court Retirement and Relief Fund
Board of Trustees Meeting, July 25, 2007
Page 5

OTHER BUSINESS: Debbie informed the Board that two Disability Retiree's had failed to submit the "Annual Earnings Report" for the 2006 tax year after two notices had been sent to them. She reported one of the retirees is in a nursing home and the person seeing after him had contacted the Association Office stating that he had been in the hospital and had been unable to get to a notary, but they would try to get it taken care of. She advised the Board that the Office had heard nothing from Ms. Comeaux.

The Board advised Debbie to suspend Ms. Comeaux's disability retirement check as of July and to notify her by regular and certified mail of the suspension and the possibility of permanent revocation if she does not comply by December 31st.

Debbie reported that the LAPERS Annual Seminar would be held at the Marriott Hotel in New Orleans on September 23rd to September 26th and encouraged on Trustees to attend in order to complete the necessary education requirements.

Hart Bourque moved that the meeting be adjourned. Motion seconded by Felicia Hendl.

Respectfully submitted:

Debbie D. Hudnall
Executive Director