

LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND  
BOARD OF TRUSTEES MEETING  
THURSDAY, MAY 17, 2007  
BATON ROUGE, LOUISIANA

President Jim Martin called the meeting to order at 9:00 A.M. Ann Ardoin gave the invocation followed by the Pledge of Allegiance by Mark Graffeo.

Members Present: President Jim Martin, Michael Thibodeaux, Robby Barousse, Mark Graffeo, Felicia Ann Hendl, Hart Bourque, Cliff Dressel, and Ann Ardoin. Also in attendance: Acting Executive Secretary, Debbie Hudnall, Actuary, Gary Curran and Attorney Randy Zinna. Members absent: Gary Loftin, Rep. Pete Snyder and Sen. Butch Gautreaux. Visitor present: Malise Prieto and Beverly Gordon

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

**COMMENTS BY PRESIDENT:** President Martin thanked everyone for being in attendance and thanked them for the opportunity to serve as President.

**FINANCIAL REPORTS:** (Attachment 1) Treasurer Mark Graffeo presented the financial reports as of March 31, 2007. He reviewed the Balance Sheet, reporting \$332,072,911 in total assets and a total fund balance of \$313,396,625. He reported a net profit for the fiscal year of \$14.9 million. Motion by Cliff Dressel and seconded by Michael Thibodeaux to receive the financial reports. **Motion carried.**

(Attachment 2) Mark then presented the Proposed Budget for 2007-2008 for the Retirement Board to reimburse the Louisiana Clerks of Court Association. The reimbursement amount would increase from \$10,700 to \$14,740. The increase is due to including the computer maintenance, computer programming, and auto expense into the reimbursement rather than being paid separately. Additionally, the actual expenses had been prorated to better reflect the actual expenses to the different Boards. Motion by Cliff Dressel and seconded by Robby Barousse to approve the reimbursement from the Retirement and Relief Fund to the Louisiana Clerks of Court Association. **Motion carried.**

**APPLICATION FOR BENEFITS:** After reviewing the applications for benefits, Mike Thibodeaux moved that the applications be approved. Motion seconded by Robby Barousse. **Motion carried.**

**REFUNDS:** Debbie informed the Board that 29 members were refunded a total of \$109,433.95.

**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 March 31, 2007. She reported that the growth had softened for the quarter due to the homebuilding slump although consumer spending has remained strong. She further reported unemployment was positive for the quarter matching a 5 year low. The Fed left the fed funds rate unchanged at 5.25% and are not expecting any changes until the end of the year.

She reported the allocation to equities was 61.5% at the quarter end. The fund returned 1.4% for the quarter which is 50 basis points behind the Allocation Index, ranking in the bottom quartile of the Public Fund Universe. For 12 months, the return was 9.1% underperforming the Allocation Index by 240 basis points and the median public fund by 180 basis points ranking in the bottom quartile for the period. The return on the investment was close to \$4.4 million for the quarter and \$26.3 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 median compared to other public funds.

**Domestic Equity Managers**  
**Capital Guardian**

Capital Guardian continues to be a concern and watching closely. The portfolio has underperformed for the quarter relative to the index trailing the S&P 500 Index by 110 basis points and ranking in the bottom quartile. For the 12-month period, the account was 440 basis points behind the index and in the bottom quartile. Over the trailing 2 year annualized period, performance was 90 basis points below the index. Kari said she still has confidence in the product.

**QMA**

QMA outperformed the index by 70-80 basis points for the quarter, ranking in the top quartile and 70 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 are trailing the index by 240 basis points since inception, but they have had a nice comeback in April.

**International Equity Managers**  
**Brandywine**

Brandywine's portfolio trailed the index by 60-70 basis points ranking below median. For the year ended march 31, they returned 17.8% trailing the index by 290 basis points

Louisiana Clerks of Court Retirement and Relief Fund  
Board of Trustees Meeting, May 17, 2007  
Page 3

ranking in the 66<sup>th</sup> percentile. The annualized 2 year performance remained 100 basis points ahead of the index, ranking above median.

**Fixed Income Managers**

**Froley Revy**

Froley Revy earned 2.4% for the quarter, outperforming the index by 50 basis points, but trailed the index by 80 basis points for 12 months. Longer term performance remained good leading the index by 60-160 basis points. Change in ownership structure and loss of assets is a concern. We need to review this one at the June meeting.

**Northern Trust**

Northern Trust index is performing as expected.

**Real Estate Managers**

**ING Clarion**

ING Clarion ranked in the top quartile for the quarter. They are trailing the index for the 1 and 3 year annualized periods, but ranking median. They earned 14.4% and 16.2% respectively.

(Attachment 3) Kari then reported on the performance of the fund for April, showing the fund was up 3% just for the month of April. All three of the Equity managers also outperformed the index. Brandywine was the only manager that slightly underperformed for the month of April.

Kari said that for the next report she would be showing the fiscal year to date rather than the calendar year because she felt it would mean more to the Board.

(Report on file in office) Kari then introduced the representatives from QMA, Aline Pinto, who is in client servicing and Stacey Mintz, who is the portfolio manager. Aline reported they had picked up 19 new clients last year and there were no departures in the investment team. She informed the Board that QMA managed \$61 billion in assets as of March 31, 2007. Stacey reported the Clerks' Retirement Fund has \$21 million in their fund with returns of 6.04% year to date, 16.11% for 1 year and 14.75% since inception of April 13, 2005. She said their objective is to achieve total return of 1.0 to 1.5% over S&P 500. She said they evaluate stocks daily and trade every 2 weeks. For the market outlook, Stacey reported that stocks look attractive relative to other investments given today's low interest rate and the low inflation environment. She reported they were cautiously optimistic for the remainder of 2007.

Louisiana Clerks of Court Retirement and Relief Fund  
Board of Trustees Meeting, May 17, 2007  
Page 4

**COMMENTS BY ATTORNEY:** Randy Zinna reported that target ratio legislation would not be moving this session. The Clerk's Retirement system had been able to grant a COLA this year and the Clerks' system had met our target by about 1.3% so our system is not desperate like some of the other systems. Gary Curran said it could be a problem as time goes on as the target ratio continues to climb. The COLA the Clerks granted will have an impact on the system almost a full percent so he said he would not be surprised to see us under the target ratio next year. He said the rate of return will have a big affect. Randy reported that other systems are begging for legislation to at least be able to give a 13<sup>th</sup> check as a COLA. Randy said he would at least like to come out of this session with a study on the target ratio. The other retirement legislation the Clerks have this year, is to extend the 60 days retirees are allowed to work to 180 days for those parishes in the hurricane areas.

Debbie briefly reported on other legislation that could affect clerks. Debbie also reported that we had received a copy of the amended Attorney General's opinion that allows for Clerks to pay the employee's portion of the Clerk's retirement, although it did say we would need legislation in the future.

**COMMENT BY ACTUARY:** Gary Curran reported there was concern on the terrorist's legislation dealing with investments in terrorists nations. He said they hoped to get them to back off of that legislation a little.

**OTHER BUSINESS:** Debbie informed the Board that the Retirees had received the retroactive COLA and the COLA was in their April benefits they received. She also informed the Board they had received numerous notes and phone calls thanking the Board for the increase.

Debbie reported that a letter had been sent out to all of the Disability Retirees requesting they submit the "Annual Earnings Report". She informed the Board that all but seven of the retirees had responded and that she needed the Board's guidance in what they wanted her to do. Randy suggested that she send a second letter giving them until July 1st or their benefits will be stopped until they complied. Gary informed the Board that they can earn up to their final average compensation.

President Jim Martin appointed the following Disability Legislation Committee to draft legislation for next year to improve our Disability Retirement Benefits: Mike Thibodeaux, Chairman; Felicia Hendl; Gary Loftin; and Debbie Hudnall.

Louisiana Clerks of Court Retirement and Relief Fund  
Board of Trustees Meeting, May 17, 2007  
Page 5

Debbie presented the Audit Proposal from Duplantier, Hrapmann, Hogan & Maher. Michael Thibodeaux moved that we accept their proposal which was seconded by Cliff Dressel. Motion carried.

(Presentation of file in office) Maris E. LeBlanc made a presentation to the Retirement Board on:

**Ethics & Disclosure Requirements and Fiduciary Responsibilities.**

Ann Ardoin moved that the meeting be adjourned. Motion seconded by Felicia Hendl.

Respectfully submitted:

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Debbie D. Hudnall  
Acting Secretary