

APPROVED MINUTES

**LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
TUESDAY, MARCH 6, 2012
BATON ROUGE, LOUISIANA
9:00 AM**

A meeting of the Louisiana Clerks of Court Retirement and Relief Fund Board of Trustees was held on Tuesday, March 6, 2012, at 9:00 AM in Baton Rouge, Louisiana.

The meeting was called to order by President Mark Graffeo. Ann Ardoin gave the invocation and Gary Loftin led the Pledge of Allegiance.

MEMBERS PRESENT:

President Mark Graffeo
Lynn Jones –
Tammy Foster
Jim Martin
Louie Bernard
Gary Loftin
Cliff Dressel
Ann Ardoin
Margaret Corley for Senator Elbert Guillory

OTHERS PRESENT:

Debbie Hudnall, Executive Director
Jessica Portis, Consultant
Denise Akers, Attorney
Gary Curran, Actuary

GUEST PRESENT:

Carl Broussard

APPROVAL OF MINUTES:

Gary Loftin moved that the minutes of the December 7, 2011 meeting be approved. Motion seconded by Cliff Dressel. **Motion carried.**

COMMENTS BY PRESIDENT:

President Mark Graffeo welcomed everyone to the meeting and apologized for not being able to be at the December meeting. He understood that Lynn Jones did an admirable job in taking his place. He stated that this would be his last Board meeting as Chairman and that it had been his pleasure to serve as President and thanked everyone for serving with him.

FINANCIAL REPORTS: (ON FILE IN OFFICE)

Jim Martin presented the financial reports for November and December 2011 and January 2012.

NOV 2011-	Monthly Revenue	\$ 1,852,792
	Other Additions	\$ 11,819
	Monthly Deductions	\$ (2,094,510)
	Investment Gain (Loss)	\$ (3,571,418)
	Net Income (Decrease)	\$ (3,801,316)
	Total Investments	\$ 344,715,273
	Total Assets	\$ 361,652,123

**Louisiana Clerks of Court Retirement and Relief Fund
Board of Trustees Meeting, March 6, 2012**

Page 2

DEC 2011 -	Monthly Revenue	\$ 2,520,100
	Other Additions	\$ 133,076
	Monthly Deductions	\$ (2,049,681)
	Investment Gain (Loss)	\$ 2,295,691
	Net Income (Decrease)	\$ 2,899,186
	Total Investments	\$ 346,846,659
	Total Assets	\$ 364,551,995

JAN 2012 -	Monthly Revenue	\$ 8,740,102
	Other Additions	\$ (49,675)
	Monthly Deductions	\$ (2,104,055)
	Investment Gain (Loss)	\$ 12,603,117
	Net Income (Decrease)	\$ 19,189,489
	Total Investments	\$ 359,359,984
	Total Assets	\$ 383,653,607

Jim also presented the financial reports for the Retirement Administrative Fund for the months of November and December 2011 and January 2012.

NOV 2011 -	Total Fund Balance	\$ 226,493
	Monthly Revenue	125,092
	Monthly Expenses	141,888
	Net Income (Loss)	(16,796)

DEC 2011 -	Total Fund Balance	\$ 290,462
	Monthly Revenue	125,093
	Monthly Expenses	61,124
	Net Income (Loss)	63,969

JAN 2012 -	Total Fund Balance	\$ 273,987
	Monthly Revenue	125,116
	Monthly Expenses	141,591
	Net Income (Loss)	(16,475)

Motion was made by Ann Ardoin to receive the financial reports. Motion seconded by Tammy Foster. **Motion carried.**

INVESTMENT COMMITTEE REPORT:

Chairman Gary Loftin said he would defer his report to Summit Strategy.

**Louisiana Clerks of Court Retirement and Relief Fund
Board of Trustees Meeting, March 6, 2012
Page 3**

**SUMMIT STRATEGIES GROUP: (Reports on file in office)
PORTFOLIO AND MARKET UPDATE:**

Jessica reviewed the investment performance as of the end of the fourth quarter stating that the fund had performed well in comparison to the policy index and its' peer groups. She stated the fourth quarter was marked by uncertainty around the globe. She reported that economics did show some improvement. Jessica informed the Board that the Total Fund had a 6.2% return for the quarter, which out performed the policy index of 5.4% placing the fund about median compared to the peer group, and for 1 year the fund had a 1.58% return compared to the index of .31% placing the fund in 20th percentile of all public funds less than one billion dollars. She stated that having exposure to the US equity market was beneficial because the US equity market was up 11.35% compared to the International markets of 5.06%. The Master Limited Partnership investment was also beneficial with a return of 16.73%, the best return of the investments. The real estate investment with Clarion had a return of 19.23% for the calendar year placing those investments in the top 2% of the funds' peers. She advised that some of the managers who had struggled in the fourth quarter had rebounded in January. She said Summit was not advocating any changes to the lineup because they feel the managers are all still solid. Jessica said the Board should be very proud of the results that were generated for the past year because the work that was done in 2010 and 2011 came to fruition and the diversification helped the portfolio in an equity environment that had been tough.

THE ECONOMY: She informed the Board that the market environment had changed a bit since the end of the year. The unemployment rated showed continued improvement for a fourth month in a row ending at 8.3% in January. There had been an increase in payroll but a continued declining labor participation rate. She said the unemployment rate is the best since 2009 with 15 straight months of job growth. Jessica said that historically job growth had come from the government sector; however, now the government is not in a hiring mode. She said it was going to take Corporate America to step up to add the payrolls and Corporate America is a little reluctant to do so because of all of the potential tax law changes and other things going on. She stated the Feds left the lending rates unchanged and expects the level to remain the same for the next couple of years. The equity markets started 2012 strong with the best January since 1997. There were hints of optimism around the European debt crisis because of the talk of a potential debt deal.

**Louisiana Clerks of Court Retirement and Relief Fund
Board of Trustees Meeting, March 6, 2012**

Page 4

Jessica then gave the following report of the performance of the Clerks' Retirement portfolio stating the market value has continued to grow with a 3.62% rate of return for the month of January. The Real Estate return is not included in the January returns because they are only received quarterly, but she expects those numbers to boost the overall rate a little.

PORTFOLIO PERFORMANCE			
	January	1 Mo	FYTD
Total Investments	\$359,479,962	3.62%	-0.24%
US Equity			
QMA	\$ 35,558,168	5.28%	0.04%
Rothschild	\$ 20,353,107	4.17%	-1.55%
Westfield	\$ 28,073,523	6.75%	-4.69%
Ironbridge	\$ 28,335,706	5.94%	-4.59%
Intl. Equity			
Vontobel	\$ 46,152,945	2.55%	
Mondrian	\$ 8,122,568	6.53%	-9.89%
William Blair	\$ 7,779,165	5.73%	-11.67%
DFA	\$ 21,296,697	13.87%	-13.82%
Fixed Income			
Pyramis	\$ 59,182,052	1.56%	5.44%
SSgA Tips	\$ 12,605,182	2.29%	9.79%
Hedge Funds			
Blackstone	\$ 13,588,507	1.75%	- 1.00%
Magnitude	\$ 14,142,107	1.29%	.82%
UBP	\$ 4,355,220	-1.17%	- 3.26%
Real Estate			
Clarion	\$ 37,047,091		7.19%
MLP'S			
Harvest	\$ 10,748,724	3.07%	14.54%
Tortoise	\$ 10,654,513	1.40%	14.02%
Hancock Cash	\$ 1,484,689		

Asset Allocation Review: Jessica advised the Board that Summit envisions 2012 as continuing to be a difficult year and expects elevated volatility. They see what should be in favor is: liquidity where possible; managing liquidity needs in private assets, real assets complimenting financial ones and they see it as opportunistic to seek out depressed market segments. She said there are reduced return expectations and some Systems will focus on risk in order to earn returns. Summit does not believe the Fund will be able to earn an eight to ten percent rate of return. Jessica said that the return over a 20 year period has been 7%. Summit's broad themes focus on the risk inherent in the portfolio and less on the return seeking aspect. She said very few asset classes will provide a return in excess of 8%, with the exception of some alternatives. They do not expect high volatility portfolio allocations to produce high returns, but rather expect them to be very costly to portfolios. She said that knowing that a certain amount of risk must be taken in order to earn the target return, the current environment calls for very careful selection of risks. Summit prefers a defensive portfolio construction with heavy diversification and wants to win by not losing.

Louisiana Clerks of Court Retirement and Relief Fund

Board of Trustees Meeting, March 6, 2012

Page 5

They recommend reducing higher volatility long-equity and replacing it with substitutes or surrogates that are roughly return equivalent, but have demonstrated lower volatility, i.e. MLP's. She said the large cap looks fundamentally attractive on a global basis, and in order of attractiveness, they like emerging markets, US and then non-US developed. Jessica said that Summit will be doing a liability study of the plan to see if it directs how the portfolio should be structured in order to meet the goal of eight percent. Jessica said that Summit will be proposing some enhancements for the next year to the Investment Committee and then bring them forth to the full Board.

Jessica reported there were some exciting things going on at Summit and they would like to host a client conference sometime in September to give their clients the opportunity to meet some of the great talent that had been added at Summit.

ACTUARY REPORT: Gary Curran stated that with the fund receiving an average rate of return of 7% over the past 20 years, achieving the 8% return in the future was not likely. Gary informed the Board that most state-wide plans have been averaging a return of 6.5% to 7.5% over the past 20 years. He said the best time to change the expected rate certainly is in good times. There was much discussion as to the need of reducing the rate and the cost thereof. Gary said they would be making a recommendation to the Board probably after the next actuarial report.

Gary reported that the Public Retirement Actuarial Committee had approved his actuarial report and although the employer rate could be reduced to 16.25% he recommended the rate be maintained at 17.25%. Cliff Dressel moved that the employer contribution rate be maintained at 17.25%. Motion seconded by Ann Ardoin. MOTION CARRIED.

BUDGET (Exhibit A)

Jim Martin presented an amended Administrative Budget for the fiscal year ending 2012. Jim Moved that the amended Administrative Budget be approved. Tammy Foster seconded the motion. **Motion carried.**

Jim Martin presented a proposed Budget for fiscal year ending 2013. Debbie pointed out that the proposed Budget amounted to \$10.35 per member per month as compared to the Assessor's cost of \$15.25 per member per month and the District Attorney's at \$19.34 per member per month. Jim moved that the Budget for fiscal year 2013 be approved. Motion seconded by Tammy Foster. **Motion carried.**

**Louisiana Clerks of Court Retirement and Relief Fund
Board of Trustees Meeting, March 6, 2012
Page 6**

APPLICATIONS AND REFUNDS: (On file in office)

Debbie reported there were 10 applications for DROP and 4 applications for regular retirement. Gary Loftin moved that the applications be approved. Motion seconded by Ann Ardoin. **Motion carried.**

Debbie further reported there had been 86 applications for refunds for the fiscal year in the amount of \$691,999.

REPORT OF EXECUTIVE DIRECTOR

Computer System: Debbie reported she and Chris had interviewed a computer company that is currently installing a new retirement system for the Assessors. She said CMA is a local company in Baton Rouge and the Assessor's program should be going live in March. Debbie stated she had received a proposal from CMA at a cost of \$30,000 to \$35,000. She stated that she would like to be authorized to move forward with this new system, if after continued due diligence it appeared to meet the needs of the Retirement System. After discussion, Cliff Dressel moved that Debbie be authorized to move forward. Motion seconded by Jim Martin. **Motion carried.**

Debbie informed the Board that she had received a request from Vernon Rodrigue that the Board rescind the mandate that retirement contributions be made by direct deposit because his bank would charge him around \$35.00 per month. She said Don Kelley had also sent a letter to her and several of the Board members asking they consider rescinding the mandate for the deposit and rescinding any penalties. After discussion, Cliff Dressel moved to rescind the mandate to make the direct deposit mandatory and moved it be made optional. Gary Loftin seconded the motion. **Motion carried.**

After further discussion and upon the advice of counsel, it was decided the penalty for the late payment would remain in affect in accordance with law. The Board asked that Don Kelley be advised that the Board was carrying out the procedures in accordance with law.

NEW ORLEANS UPDATE: Debbie stated that she was required to have Alan Breithaupt contact the City of New Orleans because they had failed to report the amount of taxes collected for 2011. She stated they subsequently received the report from New Orleans and would pursue the funds as set forth in the settlement documents.

**Louisiana Clerks of Court Retirement and Relief Fund
Board of Trustees Meeting, March 6, 2012
Page 7**

Debbie then gave a Legislative update on proposed retirement bills.

HB 5 Provides that designees of the Ex-Officio Members would be allowed to attend Executive Sessions -

Denise said the bill needed to be amended to insure that the designee would be required to follow the client-attorney privilege. Cliff Dressel moved that the Board support an amendment to the fact. Motion was seconded by Lynn Jones. **Motion carried.**

HB 9 A constitutional amendment that authorized the forfeiture of retirement benefits by public officials and employees who are convicted of felony acts associated with their positions.

Board stated bill should be monitored

HB 10 Same as HB 9

Board stated bill should be monitored.

HB 13 Provides relative to service credit in public retirement systems received by part-time public officials

Board stated bill should be monitored.

HB 14 Prohibits certain members who are reemployed after retirement from receiving retirement benefits or accruing

Jim Martin moved that the Board would not oppose the bill provided it is amended to allow retirees of the clerks system to work the 60 days as provided in current law.

Motion seconded by Gary Loftin. **Motion carried.**

HB 21 Constitutional Amendment - relative to HB 13

Board stated bill should be monitored.

HB 38 Provides relative to certain rehired retirees –

Motion was made by Cliff Dressel and seconded by Ann Ardoin to oppose HB 38.

Motion carried.

HB 41 Clerks Bill – relative to the federal tax qualification status of system

This is a Board bill.

HB 43 Provides relative to the forfeiture of pension benefits by public officials upon felony conviction for certain offenses

Board stated bill should be monitored.

SB 2 Provides for attendance of legislative staff at certain executive sessions.

This bill to be amended to provide for the attorney/client privilege.

**Louisiana Clerks of Court Retirement and Relief Fund
Board of Trustees Meeting, March 6, 2012
Page 8**

SB 10 Provides for clarification of valuation method application
Board stated the bill should be monitored.

SB 16 Provides for education for trustees
Board stated the bill should be monitored.

SB 33 Requires employers to continue contributing to retirement systems during
DROP participation
Our system already contributes during the DROP period.

SB 44 Provides relative to authority to grant cost-of-living adjustments
Jim Martin moved that the Board support SB 44. Motion seconded by Gary Loftin.
Motion carried.

ATTORNEY: Denise Akers reported to the Board that on the issue whether or not a Clerk was contributing to the Retirement Fund on the Supplemental Pay had been resolved because Debbie had received a letter from the Clerk indicating the amount reported was the full salary received.

Secondly, the Clerk, who had been over stating his income, had sent some documentation but that it could not be reconciled to his monthly retirement reports. Debbie had spoken to him again and was in the process of trying to obtain the necessary information.

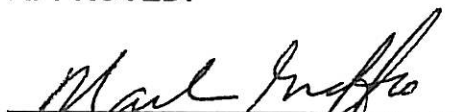
OTHER BUSINESS:

Mark reported that at the last two Strategic Planning meetings the need of a new Association building had been discussed. He wanted to let the Board know a Realtor would be attending the Association Board meeting to give the Board a brief overview of the Real Estate market in Baton Rouge. The Board could then decide if they wanted to pursue this matter.

There being no further business to come before the Board, Cliff Dressel moved that the meeting be adjourned. Motion seconded by Jim Martin.


MEETING ADJOURNED.

APPROVED:



Mark Graffeo, President

Respectfully submitted,



Debbie D. Hudnall, Executive Director

Louisiana Clerks' of Court Retirement Admin Fund 2012-2013

Budget

EXHIBIT A

	7/1/2011	3/6/2012 Proposed	3/6/2012 Proposed	7/1/2012
	Adopted BUDGET	Amended Budget Adjustments	Amended Budget	PROPOSED BUDGET
	2011-2012	2011-2012	2011-2012	2012-2013
RECEIPTS:				
Mo. Transfer - Retirement Fund \$125,000/\$130,000	\$ 1,500,000.00		\$ 1,500,000.00	\$ 1,560,000.00
Interest Income	3,600.00	4,400.00	8,000.00	8,000.00
Total Receipts	\$ 1,503,600.00	4,400.00	\$ 1,508,000.00	\$ 1,568,000.00
Administrative Expenses				
Actuary Fees	\$ 36,000.00		\$ 36,000.00	\$ 40,000.00
Advertising	500.00		500.00	500.00
Archival	1,500.00		1,500.00	2,000.00
Auditing Fees	17,500.00		17,500.00	18,000.00
Bank Charges			0.00	4,500.00
Depreciation			0.00	2,500.00
Doctors Fees	1,800.00	(600.00)	1,200.00	1,200.00
Fiduciary Insurance	22,000.00	(3,000.00)	19,000.00	20,000.00
Legal Fees	30,000.00		30,000.00	36,000.00
Meeting Expense	6,000.00		6,000.00	7,500.00
Miscellaneous	500.00		500.00	500.00
Office Equipment	2,400.00		2,400.00	2,400.00
Office Supplies and Printing	3,800.00		3,800.00	3,000.00
Other Professional Fees	1,200.00		1,200.00	1,200.00
Per Diem	3,500.00		3,500.00	4,000.00
Postage	2,000.00		2,000.00	2,000.00
Programming Fees	9,000.00	(3,000.00)	6,000.00	12,000.00
Reimbursement to Assoc.	300,000.00		300,000.00	300,000.00
Travel and Seminar	9,000.00		9,000.00	9,600.00
Administrative Expenses	\$ 446,700.00	(6,600.00)	\$ 440,100.00	\$ 466,900.00
Investment Expenses:				
Consultant Fees	\$ 105,000.00		\$ 105,000.00	\$ 105,000.00
Custodial Fees	40,000.00		40,000.00	40,000.00
Investment Managers	1,400,000.00	200,000.00	1,600,000.00	1,800,000.00
Total Investment Expenses	\$ 1,545,000.00	200,000.00	\$ 1,745,000.00	\$ 1,945,000.00
TOTAL EXPENSES	\$ 1,991,700.00	193,400.00	\$ 2,185,100.00	\$ 2,411,900.00
NET INCOME (Loss)	\$ (488,100.00)	(189,000.00)	\$ (677,100.00)	\$ (843,900.00)