

PROPOSED MINUTES

**LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
TUESDAY, AUGUST 3, 2021
BATON ROUGE, LA
9:00 AM**

A meeting of the Louisiana Clerks of Court Retirement and Relief Fund Board of Trustees was held on Tuesday, August 3, 2021, at 9:00 am in Baton Rouge, LA.

The meeting was called to order by President Bridget Hanna. Mark Graffeo gave the opening prayer followed by the Pledge of Allegiance led by Randy Deshotel.

MEMBERS PRESENT:

President Bridget Hanna
Robin Hooter
Randy Deshotel
Rick Arceneaux
David Dart
Lynn Jones
Mark Graffeo
Brian Lestage

OTHERS PRESENT:

Debbie Hudnall, Executive Director
Jon Breth, AndCo
Rebecca Wisbar, Attorney
Greg Curran, Actuary

ABSENT:

Dot Lundin
Barry Ivey
Beth Mizell

GUESTS PRESENT:

Chelsey Richard Napoleon, Cherie Lott, Jeff Skidmore, Susan Racca, Dagmar Hebert, Chris Kershaw

PUBLIC COMMENTS: None

APPROVAL OF MINUTES:

David Dart moved that the minutes of the March 30, 2021, meeting be approved. Motion seconded by Rick Arceneaux. **MOTION CARRIED.**

FINANCIAL REPORT: (ON FILE IN OFFICE)

Treasurer Rick Arceneaux reviewed the preliminary financial report for June 2021:

	June 2021	Year-to-Date
Contributions	\$ 2,511,757	\$ 40,688,803
Other Additions	(\$ 116,574)	\$ 1,124,862
Investment Gain (Loss)	\$ 8,108,873	\$ 169,553,023
Investment Expenses	\$ 767,714	\$ 2,826,842
Deductions	\$ 4,102,727	\$ 52,035,650
Net Increase (Decrease)	\$ 5,633,616	\$ 155,456,432
Total Investments	\$ 736,696,382	
Total Assets	\$ 777,612,842	

Louisiana Clerks of Court Retirement and Relief Fund

Board of Trustees Meeting, August 3, 2021

Page 2

A motion was made by Mark Graffeo to receive the financial reports. Motion seconded by David Dart. **MOTION CARRIED.**

BUDGET PROPOSAL FY 2021-2022 (Exhibit A): Controller Chris Kershaw presented to the Board the Proposed Budget for fiscal year 2021-2022. He noted increase to the following administrative expenses: Bank Charges (due to new web portal accepting online payments), building insurance, building maintenance/fees, fiduciary insurance, legal fees, other professional fees, postage, and programming fees. He noted an increase in investment expense for custodial fees. Chris then reviewed the building rental income. He explained that the Association and Insurance had prepaid rent to the Retirement Fund when the building was built in 2013. In May 2021 all of the prepaid rent had been taken into income in the Retirement Fund. He explained that LCRAA had not been established at the time the initial entity allocations had been determined. After speaking with the Realtor on the current rate per sqft., the following income allocations by entity are presented: Association (10%) \$10,200/year; Insurance (10%) \$10,200/year; LCRAA 12% (\$12,000/year) effective July 1, 2021. Mark Graffeo asked how the allocation percentages were determined. Chris commented that the percentage is based on staffing and amount of work for each entity. Chris stated that the amount the Retirement fund reimburses the Association remained the same as the previous year. A motion was made by Robin Hooter to accept the 2021-2022 budget proposal as presented. The motion was seconded by Randy Deshotel. **MOTION CARRIED.**

INVESTMENT COMMITTEE REPORT:

Mark Graffeo reported that the investment committee had met in May 2021 reviewing small cap value money managers.

ANDCO:

Performance Review of Q2 2021: Jon Breth provided a review of the second quarter of 2021 performance. The domestic market large cap value led the way especially in June. There was market volatility due to interest rates and signs of inflation noting that the Federal Reserve will not likely act prematurely in raising interest rates. He noted a solid growth of return in the international market with developed markets up 5.2% and emerging markets up 5%. He also commented on corporate bonds sensitivity to the interest rates. Jon commented on the strong performance for real estate and large cap stocks. He also reported on decent performance in the fixed income markets.

Jon then reported on the performance of the Clerks portfolio reporting an approximate 29% return for the end of the fiscal year 2021, with the Clerks portfolio in the 16% percentile as compared to their peers. He noted good performance generated by Hood River. In the International allocation he stated that WCM was up 11% for the quarter showing that growth is coming back to the forefront. There was discussion regarding adding more weight to the international portfolio. TSW and LSW both lagged their benchmarks while no fee has yet to be paid to SBH as their fee is based on performance and they have not yet outperformed the benchmark. Jon updated the Board on the liquidation of the hedge funds with Mercer, noting that small sum of approximately

Louisiana Clerks of Court Retirement and Relief Fund
Board of Trustees Meeting, August 3, 2021
Page 3

\$55,000 in the Waterfall Eden Fund has a longer than expected time frame for liquidation of 24-36 months.

Performance Update as of June 2021:

	June 30, 2021	FYTD		June 30, 2021	FYTD
Total Funds Including Internal Cash	\$ 776,730,265				
US Equity			Hedge Funds		
QMA	\$ 83,821,696	40.03%	Summit Solut.	\$ 2,041,685	
Rothschild	\$ 54,018,913	45.04%	Real Estate		
Westfield	\$ 85,732,761	41.96%	Clarion	\$ 32,770,864	10.82%
iShares Russell 2000 Value	\$ 41,854,609		Principle	\$ 32,227,654	
Hood River	\$ 44,686,569				
Int. Equity			CASH – Hancock	\$ 287,275	
WCM	\$ 31,212,445				
TS&W	\$ 34,981,751	38.95%	CASH - DROP	\$ 34,814,014	
LSV	\$ 28,923,940	37.43%			
Driehaus	\$ 43,974,537	54.37%	CASH - General	\$ 3,669,476	
Segall Bryant & Hamill	\$ 42,597,354	44.32%			
Fixed Income					
Pyramis	\$ 88,026,534	4.05%			
Pyramis (Tact)	\$ 43,566,620	7.74%			
Orleans Capital	\$ 47,521,569	0.62%			

Discussion of Potential Rebalancing: Jon Breth reviewed a potential rebalance plan through the end calendar year 2021 noting the need for cash flow for the retirement office. Jon explained that no time frame has been sent yet for the potential IFM capital call likely to occur in 2021.

Review of small cap value search and recommendation: Jon reported that the investment committee had met and reviewed 4 proposed managers in the small cap value space to replace William Blair. The Investment Committee, based on AndCo’s recommendation, would recommend to the Board hiring EARNEST Partners. There was discussion regarding EARNEST’s fee which was 72 bases points. Debbie Hudnall explained that investment committee discussed whether to bring in managers for interviews but due to COVID concerns decided to bring AndCo’s recommendation of EARNEST Partners to the Board. A motion was made by Lynn Jones to hire EARNEST Partners and authorize Executive Director Debbie Hudnall to execute all necessary documentation to do so. The motion was seconded by Rick Arceneaux. **MOTION CARRIED.**

There was further discussion regarding the potential rebalance timeline and whether it maintains the targets as set forth in the Investment Policy. Jon Breth explained that it would be within the targets of the investment policy. A motion was made by Mark Graffeo to approve the estimated rebalance plan for cash flow needs and timeline through the end of calendar year 2021. The motion was seconded by David Dart. **MOTION CARRIED.**

Jon Breth finalized his report by stating that both QMA and SBH would continue to be monitored by AndCo even though both had experienced better performance in the previous quarter.

ACTUARY: Greg Curran presented to the Board a letter regarding the analysis of the system's assumed rate of return in preparation for the 2021 actuarial valuation. He noted that the current assumed rate is 6.75% which is within the acceptable range. Greg noted that the market rate of return for fiscal year 2021 as provided by AndCo was 29.94% and could provide the opportunity to lower the assumed rate of return by an estimated .20% without an increase in employer cost. There was discussion on how lowering the assumed rate of return affects the cost of the plan and how future investment returns/losses would be affected. Greg noted that this would be an opportunistic time to lower the rate in increments if it doesn't increase the employer contribution. PRSAC has suggested the assumed rate of return should be lower than the current 6.75%. After discussion, a motion was made by Mark Graffeo to authorize the actuary to lower the valuation interest rate for the 2021 valuation by an amount up to .20% in consultation with the Executive Director if the final outcome does not increase the employer contribution required for fiscal year 2022. The motion was seconded by Rick Arceneaux. **MOTION CARRIED.**

APPLICATIONS AND REFUNDS: (On file in office)

Debbie Hudnall reported that since the March Board meeting there were 23 applications for DROP; 14 applications for regular retirement; and 23 Post DROP retirement applications.

Robin Hooter moved the applications be approved. Motion was seconded by David Dart. **MOTION CARRIED.**

Debbie further reported there had been a total of 108 refunds in the amount of \$1,070,148 through the end of the fiscal year 2020-2021. She noted that the last year of refunds that exceed the million-dollar threshold was in 2015-2016. Higher refunds are typically noted at the end of the term for the Clerk's. She commented on the possibility of refunds due to the impacts of COVID.

Debbie informed the Board that a possible disability application had been received that could be problematic. The information has been sent to the physician for review.

EXECUTIVE DIRECTOR REPORT

Education Hours: Debbie reminded the Board that the education requirements for 2020-2021 had not been waived and that she had a list of the remaining hours that each trustee needed to complete.

Proposed Legislation – Retirees Return to Work: Debbie brought to the Board's attention of how some other systems administer retirees who return to work as a percentage of their benefit and not by the number of hours worked. Debbie stated that approximately 5% of retirees in the Clerks system return to work. There was discussion as to how the required employer contribution on these rehires has helped the system. Attorney Rebecca Wisbar noted the needs for the tax attorney to review any potential changes and the affect on the plan's qualification status. Actuary Greg Curran noted that rehired retirees are not necessarily good for the system, however, he understands the benefits to the Clerk's offices. He noted that changing how the

system accounts for those retirees whether on a percentage of pay or hour basis may potentially save money but felt comfortable with the system's requirement that clerks pay the employer contribution on those rehired retirees. There was no action taken by the Board.

ATTORNEY

Contract: Attorney Rebecca Wisbar presented a contract renewal with an increase from \$240 to \$250 per hour. A motion was made by Lynn Jones to accept the contract as presented and authorize Executive Director Debbie Hudnall to sign the contract. The motion was seconded by Randy Deshotel. **MOTION CARRIED.**

Belinda Lassalle vs. Louisiana Clerks' of Court Retirement and Relief Fund: At this time a motion was made by David Dart to enter into Executive Session. The motion was seconded by Randy Deshotel. **MOTION CARRIED.**

A motion was made by Mark Graffeo to return to the Regular Meeting. The motion was seconded by Lynn Jones. **MOTION CARRIED.**

OTHER BUSINESS: Debbie Hudnall informed the Board that LAPERS was scheduled to be held in New Orleans on September 12-14 at the Marriott.

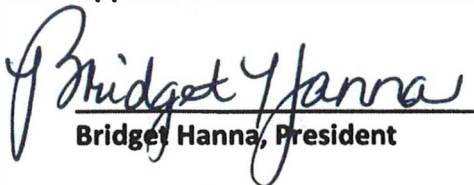
President Bridget Hanna informed the Board that the Clerks Winter Meetings would be held at the Beau Rivage in Mississippi on December 7-9, 2021. The Retirement meeting would be held the morning of Wednesday, December 8th.

COMMENTS BY BOARD TRUSTEES: None.

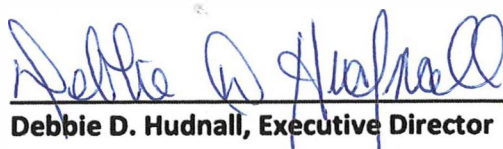
There being no other business, Rick Arceneaux moved the meeting be adjourned. Motion seconded by David Dart. **MOTION CARRIED.**

MEETING ADJOURNED.

Approved:


Bridget Hanna, President

Respectfully submitted,


Debbie D. Hudnall, Executive Director

Louisiana Clerks of Court Retirement Fund Budget

	7/1/2020	7/1/2021	
	ACTUAL BUDGET	PROPOSED BUDGET	BUDGET Difference
	2020-2021	2021-2022	
Administrative Expenses			
Actuary Fees	90,000	90,000	0
Advertising	500	500	0
Auditing Fees	55,000	55,000	0
Bank Charges	12,000	15,000	3,000
Building Insurance	7,000	8,000	1,000
Building Maintenance / Fees	20,000	25,000	5,000
Depreciation (non-cash)	30,000	30,000	0
Doctors Fees	4,000	4,000	0
Fiduciary Insurance	23,000	25,000	2,000
Legal Fees	30,000	40,000	10,000
Meeting Expense	10,000	10,000	0
Miscellaneous	1,200	1,200	0
Office Equipment	0	0	0
Office Supplies and Printing	2,000	2,000	0
Other Professional Fees	2,500	3,000	500
Per Diem	3,375	3,375	0
Postage	3,000	3,500	500
Programming Fees	18,000	20,000	2,000
Reimbursement to Assoc.	498,000	498,000	0
Travel and Seminar	18,000	18,000	0
Administrative Expenses	827,575	851,575	24,000
Investment Expenses:			
Consultant Fees	135,000	135,000	0
Custodial Fees	60,000	70,000	10,000
Investment Managers	3,250,000	3,250,000	0
Total Investment Expenses	3,445,000	3,455,000	10,000
TOTAL EXPENSES	4,272,575	4,306,575	34,000
Rental Income:			
Association	0	10,200	10,200
Insurance	0	10,200	10,200
LCRAA	0	12,000	12,000
Total Investment Expenses	0	32,400	32,400

Budget Adopted on this date: _____