

APPROVED MINUTES

**LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
TUESDAY, JUNE 14, 2022
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, June 14, 2022, at 9:00 am in Baton Rouge, LA.

The meeting was called to order by President Bridget Hanna. Dot Lundin gave the opening prayer followed by the Pledge of Allegiance led by Rick Arceneaux.

MEMBERS PRESENT:

President Bridget Hanna
Robin Hooter
Randy Deshotel
Rick Arceneaux
David Dart
Lynn Jones
Mark Graffeo
Brian Lestage
Dot Lundin
Representative John Illg, Jr.

OTHERS PRESENT:

Debbie Hudnall, Executive Director
Jon Breth, AndCo
Chris Brokaw, AndCo
Denise Akers, Attorney
Greg Curran, Actuary

ABSENT:

Beth Mizell

GUESTS PRESENT:

Erin Hebert, Mike Spence, Cherie Lott, Susan Racca, Annette Fontana, Chelsey R. Napoleon, Kim Turlich-Vaughan, Melissa Henry, Jeff Skidmore, Joey David with House Retirement Committee and Chris Kershaw, Davis Silk, and Dagmar Hebert.

PUBLIC COMMENTS: None

APPROVAL OF MINUTES:

Robin Hooter moved the minutes of the April 12, 2022, meeting be approved. Motion seconded by Brian Lestage. **MOTION CARRIED.**

FINANCIAL REPORT: (ON FILE IN OFFICE)

Treasurer Rick Arceneaux reviewed the financial report for April 2022:

	April 2022	Fiscal Year-to-Date
Contributions	\$3,266,982	\$36,932,504
Other Additions	\$36,074	(\$786,113)
Investment Gain (Loss)	(\$ 42,302,025)	(\$36,877,140)
Investment Expenses	\$ 118,863	\$ 1,953,972
Deductions	\$ 4,365,759	\$ 43,870,274
Net Increase (Decrease)	(\$43,483,592)	(\$46,554,995)
Total Investments	\$ 687,203,119	
Total Assets	\$ 731,892,871	

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A motion was made by Randy Deshotel to receive the financial report. Motion was seconded by Robin Hooter. **MOTION CARRIED.**

BUDGET PROPOSAL FOR FISCAL YEAR 2022-2023 (Exhibit A): Controller Chris Kershaw presented the proposed budget for the 2022-2023 fiscal year. He noted increases in the following administrative expenses: Auditing Fees, Bank Charges, Building Insurance, Building Maintenance, Insurance-Fiduciary & Cyber, Miscellaneous and Programming Fees (due to Retirement Software updates). He noted decreases in Depreciation and Legal Fees. There was an increase in investment expense for custodial fees and a decrease in the investment manager fees. A motion was made by Rick Arceneaux to approve the 2022-2023 budget proposal as presented. The motion was seconded by Mark Graffeo. **MOTION CARRIED.**

INVESTMENT COMMITTEE REPORT: No report.

ANDCO: Chris Brokaw provided a performance review for the end of Q1 noting an CPI-U (inflation) of 8.6%, the highest since 1982. He commented on factors affecting inflation: Energy costs, Russian invasion of Ukraine and the EU approved embargo on Russian oil. He noted that the Fed is expected to raise interest rates. He explained that GDP was down in the first quarter but that consumer spending was up 2%. There was a decline in equities in the first quarter however the yield was up in the bond market 3.6% compared to 1.5% at the beginning of the year. Value outperformed growth stocks. Real Estate and Infrastructure helping to play defense in the portfolio during a time when stocks and bonds are experiencing losses.

Jon Breth then gave the performance update as of April 30, 2022:

	April 30, 2022	FYTD		April 30, 2022	FYTD
Total Funds Including Internal Cash	\$ 729,442,894	---			
US Equity			Hedge Funds		
QMA	\$ 69,505,389	-0.80%	Summit Solut.	\$ 126,755	
Rothschild	\$ 55,956,133	3.59%	Real Estate		
Westfield	\$ 63,387,575	-11.54%	Clarion	\$ 38,850,610	22.42%
Earnest	\$ 39,717,305	---	Principal	\$ 40,475,267	26.66%
Hood River	\$ 31,916,288	-19.98%			
Int. Equity			CASH – Hancock	\$ 533,135	
WCM	\$ 24,939,705	-19.50%			
TS&W	\$ 31,969,540	-8.05%	CASH - DROP	\$ 35,481,050	
LSV	\$ 27,323,997	-5.53%			
Driehaus	\$ 34,197,152	-19.76%	CASH - General	\$ 6,466,885	
Segall Bryant & Hamill	\$ 34,237,168	-13.01%			
Fixed Income					
Pyramis	\$ 80,849,483	-8.15%			
Pyramis (Tact)	\$ 41,080,328	-5.71%			
Orleans Capital	\$ 41,022,126	-9.88%			
Infrastructure					
IFM Global	\$ 31,407,003	---			

Jon Breth commented that the portfolio's decline in the current fiscal year comes on the heels of the best year end in fiscal 2020-2021. Smoothing last year's great return and the lowering of the discount rate have helped to mitigate the tough year. The Fund positioned itself to add value and help offset the losses.

Jon stated that AndCo will be looking at opportunities in the next 6-9 months that arise from stressful market environments. Debbie Hudnall pointed out that since inception the Fund is still performing over the current discount rate. Jon further commented that AndCo would like to do an asset allocation study during the 1st quarter of 2023. He noted no rebalancing actions needed at this time but looks toward future cash flow needs at the end of the calendar year.

Debbie Hudnall explained the AndCo contract for a three-year term had been approved at the previous meeting and after review by legal counsel would be executed.

ACTUARY:

Debbie Hudnall presented a contract proposal for the 2022-2023 fiscal year for actuarial services noting a modest increase. A motion was made by David Dart to approve the contract as presented. The motion was seconded by Randy Deshotel. **MOTION CARRIED.**

Greg Curran provided estimated projections for plan cost based on the performance of the investments. He estimates that the Fund could sustain a loss of 2.21% without an increase to the employer rate. But that estimate also assumes that new members will be added to the plan and the experience for the year as it relates to percentages of payroll increases compared to what is assumed. He also explained that the updated reasonable range on the assumed rate of return is 5.82%-6.94% and the Clerks' rate of 6.55% is within that range. Greg also noted it is unlikely they will make any changes to the inflation assumption.

Debbie referenced a memo she had received from the Curran's office regarding an additional file for data analysis. Greg explained that the Clerks' data is clean and while the memo is not directed towards any particular system, this report would be helpful in finding issues with members' status based on monthly salaries when reviewing the data. There was discussion regarding this programming and the timing/cost of implementation during the update of the retirement software.

APPLICATIONS AND REFUNDS: (On file in office)

Debbie Hudnall reported that since the April Board meeting there were 6 applications for DROP; 2 applications for regular retirement; 7 Post DROP retirement applications; and 1 Disability application.

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

Debbie further stated there had been a total of 100 refunds in the amount of \$1,000,832 through May 2022.

EXECUTIVE DIRECTOR REPORT

Audit Engagement Letter-Agreed Upon Procedures: Debbie stated that for the previous two fiscal years the Louisiana Legislative Auditor had suspended the required agreed upon procedures audit. The requirement has not been suspended for this fiscal year. A motion was made by Rick Arceneaux to approve the engagement letter as presented. The motion was seconded by Robin Hooter. **MOTION CARRIED.**

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Education Hours: Debbie reported the prior day's education session was well attended and additional hours would be made available to fulfill the Board's required education for 2021-2022. Incoming Board Member Mike Spence attended and achieved the hours required to vote at the first Retirement meeting of the new term beginning July 1, 2022.

City of New Orleans –Ad Valorem: Debbie reported the City of New Orleans had not informed the system of the tax collection as required to do by January 15th. She reminded the Board of the resolution passed at the December meeting that if the ad valorem taxes are not remitted by the City of New Orleans, the Retirement Fund could submit the resolution to the State Treasurer to receive those funds from the State Revenue Sharing. Debbie explained that after the April meeting, funds were received from the City of New Orleans but nothing accompanied the ACH to confirm the actual amount collected or how the funds received were calculated. Debbie stated that the funds received were less than the previous year and asked that the Board authorize the attorney to verify the amount collected by the City of New Orleans to determine if what was remitted was correct. A motion was made by Randy Deshotel to authorize the Executive Director and Attorney to inquire and follow up with the City of New Orleans for the information needed to confirm the amount of the funds received by the Retirement System.

Software Update: Debbie reported on the progress of the retirement software update having had several meetings working with the other systems involved in this upgrade to develop the new enhancements to the current software including workflow discussions and specific needs of each system.

ATTORNEY

Legislation: Attorney Rebecca Wisbar reported that there was no legislation impacting the Clerks Retirement Fund. They will continue to monitor legislation that was introduced but did not pass which may be brought again in the future including investing in companies that required diversity, no investments in companies that invest in oil and gas. Debbie noted that she had received a letter from the State Treasurer regarding companies that invest in fossil fuels. There was also discussion on ESG (environmental social governance). Jon Breth noted that none of the current strategies require that mandate and there is no evidence to support it provides higher rates of return.

New Orleans Ad Valorem Tax – Potential Litigation: A motion was made Rick Arceneaux to enter Executive Session. The motion was seconded by Robin Hooter. **MOTION CARRIED.**

A motion was made by Rick Arceneaux to return to the regular meeting. The motion was seconded by Brian Lestage. **MOTION CARRIED.**

A motion was made by Mark Graffeo to recommend that the Executive Director and General Counsel be authorized to file an intervention on behalf of the Clerks in the event that a suit is filed by BREC or another entity seeking a judgment of the court stating that the sheriff could not take part of the ad valorem tax funds and distribute to an entity not authorized to receive those funds. The motion was seconded by Robin Hooter. **MOTION CARRIED.**

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OTHER BUSINESS: Debbie informed the Board that LAPERS is scheduled for September 18th-20th at the New Orleans Marriott and she encouraged the Board Members to attend for the educational hours.

COMMENTS BY BOARD TRUSTEES: President Bridget Hanna stated that it was her last meeting as President and thanked the Board for their support and dedication.

Debbie explained to the Board that per diem payments could now be paid via ACH.

Debbie provided an update on the generator as approved by the Board at a prior meeting. The quote had been received at \$47,000, which was less than the Board approved amount. The lead time to receive and install the generator is extremely long.

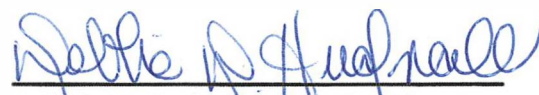
There being no other business, Rick Arceneaux moved the meeting be adjourned. Motion seconded by David Dart. **MOTION CARRIED.**

MEETING ADJOURNED.

Approved:


Bridget Hanna, President

Respectfully submitted,


Debbie D. Hudnall, Executive Director

Louisiana Clerks of Court Retirement Fund Budget

	7/1/2021	7/1/2022	
	ACTUAL BUDGET	PROPOSED BUDGET	BUDGET Difference
	2021-2022	2022-2023	
Administrative Expenses			
Actuary Fees	90,000	90,000	0
Advertising	500	500	0
Auditing Fees	55,000	58,000	3,000
Bank Charges	15,000	20,000	5,000
Building Insurance	8,000	10,000	2,000
Building Maintenance / Fees	25,000	35,000	10,000
Depreciation (non-cash)	30,000	15,000	(15,000)
Doctors Fees	4,000	4,000	0
Insurance - Fiduciary & Cyber	25,000	30,000	5,000
Legal Fees	40,000	25,000	(15,000)
Meeting Expense	10,000	10,000	0
Miscellaneous	1,200	1,500	300
Office Equipment	0	0	0
Office Supplies and Printing	2,000	2,000	0
Other Professional Fees	3,000	3,000	0
Per Diem	3,375	3,375	0
Postage	3,500	3,500	0
Programming Fees	20,000	60,000	40,000
Reimbursement to Assoc.	498,000	498,000	0
Travel and Seminar	18,000	18,000	0
Administrative Expenses	851,575	886,875	35,300
Investment Expenses:			
Consultant Fees	135,000	135,000	0
Custodial Fees	60,000	70,000	10,000
Investment Managers	3,250,000	3,000,000	(250,000)
Total Investment Expenses	3,445,000	3,205,000	(240,000)
TOTAL EXPENSES	4,296,575	4,091,875	(204,700)
Rental Income:			
Association	10,200	10,200	0
Insurance	10,200	10,200	0
LCRAA	12,000	12,000	0
Total Investment Expenses	32,400	32,400	0

Budget Adopted on this date: _____