

APPROVED MINUTES

LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
TUESDAY, AUGUST 30, 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, August 30, 2022, at 9:00 am in Baton Rouge, LA.

The meeting was called to order by President Robin Hooter. Mark Graffeo gave the opening prayer followed by the Pledge of Allegiance led by David Dart.

MEMBERS PRESENT:

President Robin Hooter
Randy Deshotel
Kim Turlich-Vaughan
Annette Fontana
David Dart
Rick Arceneaux
Mark Graffeo
Bridget Hanna
Dot Lundin
Representative John Illg, Jr.

OTHERS PRESENT:

Debbie Hudnall, Executive Director
Jon Breth, AndCo
Chris Brokaw, AndCo
Denise Akers, Attorney
Stephen Brouillette, Curran Actuarial Consulting

ABSENT:

Beth Mizell

GUESTS PRESENT:

Connie Desselle, Cherie Lott, Susan Racca, Chelsey Napoleon, Jeff Skidmore, Joey David with House Retirement Committee, Emily Becker with Orleans Capital, Chris Kershaw, and Dagmar Hebert.

OATH OF OFFICE: President Robin Hooter administered the Oath of Office to Kim Turlich-Vaughan, 2nd Vice President and Rick Arceneaux, Clerk Member.

PUBLIC COMMENTS: None

APPROVAL OF MINUTES:

David Dart moved the minutes of the June 14, 2022, meeting be approved. Motion seconded by Kim Turlich-Vaughan. **MOTION CARRIED.**

FINANCIAL REPORT: (ON FILE IN OFFICE)

Treasurer Annette Fontana reviewed the financial report for June 30, 2022:

	June 2022	Fiscal Year-to-Date
Contributions	\$2,798,374	\$42,559,040
Other Additions	(\$9,394)	\$168,012
Investment Gain (Loss)	(\$35,631,254)	(\$69,654,118)
Investment Expenses	\$3,367,232	\$5,910,938
Deductions	\$4,278,239	\$52,287,165
Net Increase (Decrease)	(\$40,487,745)	(\$85,125,168)
Total Investments	\$650,456,785	
Total Assets	\$693,838,150	

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

INVESTMENT COMMITTEE REPORT: No report.

ANDCO:

Presentation from Orleans Capital: Emily Becker with Orleans Capital Management gave a brief presentation of the Clerks investment including highlights in the fixed income markets response to inflation and the extremely volatility with interest rates including discussion on recessions.

Performance update:

	June 30, 2022	FYTD		July 31, 2022	FYTD
Total Funds Including Internal Cash	\$ 691,513,077	---	Total Funds Including Internal Cash	\$ 723,811,014	---
US Equity			US Equity		
Fidelity S&P 500 Index	\$ 63,178,449		Fidelity S&P 500 Index	\$ 69,003,701	
Rothschild	\$ 52,166,339	-3.43%	Rothschild	\$ 55,342,048	6.09%
Westfield	\$ 55,951,002	-21.92%	Westfield	\$ 62,475,703	11.66%
Earnest	\$ 36,483,900	---	Earnest	\$ 40,400,465	10.74%
Hood River	\$ 28,752,044	-27.91%	Hood River	\$ 32,478,099	12.96%
Int. Equity			Int. Equity		
WCM	\$ 22,627,950	-26.84%	WCM	\$ 24,888,638	10.06%
TS&W	\$ 29,175,666	-15.98%	TS&W	\$ 30,478,896	4.53%
LSV	\$ 25,177,784	-12.95%	LSV	\$ 25,699,062	2.07%
Driehaus	\$ 30,850,889	-27.12%	Driehaus	\$ 32,755,265	6.11%
Segall Bryant & Hamill	\$ 31,352,267	-20.34%	Segall Bryant & Hamill	\$ 31,580,203	0.73%
Fixed Income			Fixed Income		
FIAM Core Plus	\$ 78,768,138	-10.52%	FIAM Core Plus	\$ 80,921,253	2.73%
FIAM Tactical Bond Fund	\$ 39,356,875	-9.69%	FIAM Tactical Bond Fund	\$ 40,628,275	3.23%
Orleans Capital	\$ 40,704,700	-10.57%	Orleans Capital	\$ 41,866,891	2.86%
Infrastructure			Infrastructure		
IFM Global	\$ 32,192,966	---	IFM Global	\$ 32,172,307	-0.06%
Hedge Funds			Hedge Funds		
Summit Solut.	\$ 28,546		Summit Solut.	\$ 28,546	
Real Estate			Real Estate		
Clarion	\$ 41,598,509	31.39%	Clarion	\$ 41,354,033	---
Principal	\$ 42,427,007	33.15%	Principal	\$ 42,427,007	---
CASH – Hancock	\$ 126,745		CASH – Hancock	\$ 374,994	
CASH - DROP	\$ 35,439,849		CASH - DROP	\$ 36,372,412	
CASH - General	\$ 5,153,450		CASH - General	\$ 2,563,215	

Chris Brokaw commented on the performance of the portfolio as of June 30, 2022, with fear in the market due to rising interest rates; however, there was a reversal of that fear in July. The economy beginning to slow down with 2 quarters of negative growth. He noted the movement of the dollar with the dollar appreciating over the last 15 years. Infrastructure and real estate out performed the other classes of assets. Jon Breth stated that LSV has the potential to be a driver of returns in the future.

Jon Breth reported that the biggest factor that drove returns in July was the expectation that the Fed would slow the interest rate increases. Bonds outperformed in the FIAM Core Plus. He noted the cash flow needs through the year-end with withdrawals from Westfield.

Jon stated that there would be no manager actions needed or recommendations on asset allocations. AndCo looks to perform an asset allocation study in early 2023.

ACTUARY: Stephen Brouillette with Curran Actuarial Consulting presented a letter from Greg Curran regarding the minimum employer (ER) contribution rate and the expected impact of investment gains and losses along with the other factors.

- Changes in Valuation Interest Rate – Current interest rate is within the reasonable range with no recommendation to change that rate for the 2022 valuation.
- Change in other plan assumptions- No change in assumptions. Next experience study would be in 2024.
- Asset Experience- Estimated fiscal year market rate of return is -9.86%. The estimated actuarial rate of return would be 4.89% which is below the assumed rate of return of 6.55%. Projected increase to cost of 1.24%.
- Liability Experience – average estimate for the past five year is 0.32%.
- New Member gains and losses – projected similar savings as previous year at 0.75%
- COLAS – no impact for 2022 as no COLAs were granted.

Stephen commented there are other factors that calculate into the cost of the plan but an early projection of the minimum required employer contribution rate would be an increase of approximately 0.75%.

The minimum required ER rate was 21.25% for 2023. The Board elected to maintain the rate at the current 22.25%. Even with the estimated increase of 0.75%, the current rate would still be higher than the minimum required rate. The Board will be setting the ER rate for fiscal year 2024 after the first of the year.

Stephen reminded the Board about the actuarial smoothing and the unknown impact of future years. There was also discussion on the unfunded accrued liability (UAL) set to be paid off in the year 2029. Levelized payments are being made annually to pay down the UAL.

ATTORNEY: Attorney Denise Akers commented that nothing had been filed yet on the potential litigation with BREC and the East Baton Rouge Sheriff's office regarding Ad Valorem taxes.

APPLICATIONS AND REFUNDS: (On file in office)

Debbie Hudnall reported since the June Board meeting there were 4 applications for DROP; 4 applications for regular retirement; 5 Post DROP retirement applications; and 1 Survivor application.

Bridget Hanna moved the applications be approved. Motion was seconded by Kim Turlich-Vaughan. **MOTION CARRIED.**

Debbie stated there had been a total of 19 refunds in the amount of \$203,211 through August 2022. She noted refunds are lower than the same month last year.

DISABILITY APPLICATION: A motion was made by Bridget Hanna to enter into Executive Session. The motion was seconded by Rick Arceneaux. **MOTION CARRIED.**

A motion was made by Annette Fontana to return to Regular Session. The motion was seconded by David Dart. **MOTION CARRIED.**

A motion was made by Annette Fontana to authorize Executive Director Debbie Hudnall to hire the appropriate doctor to comply with the legal obligations for the disability application. The motion was seconded by David Dart. **MOTION CARRIED.**

REPORT OF EXECUTIVE DIRECTOR: Debbie updated the Board on the progress of the new software as the Clerks' system works with State Police and Assessor's Retirement on the new software. The projected go-live date is January 1, 2023.


OTHER BUSINESS: 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: Jon Breth reported TSW's parent company, Pendel Group, was to be sold to an investment firm based in Australia. AndCo does not project any impact with the Clerks investment in TSW.

There being no other business, Rick Arceneaux moved the meeting be adjourned. Motion seconded by Kim Turlich-Vaughan. **MOTION CARRIED.**


MEETING ADJOURNED.

Approved:



Robin Hooter, President

Respectfully submitted,



Debbie D. Hudnall, Executive Director