

APPROVED MINUTES

LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
TUESDAY, MARCH 7, 2023
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, March 7, 2023, 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 Louis Perret.

MEMBERS PRESENT:

Robin Hooter
Kim Turlich-Vaughan
Louis Perret
Annette Fontana
David Dart
Rick Arceneaux
Mark Graffeo
Dot Lundin
Representative Roy Daryl Adams

OTHERS PRESENT:

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

ABSENT:

Bridget Hanna
Beth Mizell

GUESTS PRESENT:

Cherie Lott, Chelsey Richard Napoleon, Darren Lombard, Susan Racca, Connie Desselle, Jeff Skidmore, Jason Harris, Joey David, Chris Kershaw, and Dagmar Hebert.

PUBLIC COMMENTS: None

APPROVAL OF MINUTES:

Rick Arceneaux moved the minutes of the November 30, 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 January 31, 2023:

	January 31, 2023	Fiscal Year-to-Date
Contributions	\$11,744,404	\$28,159,353
Other Additions	(\$37,215.00)	\$166,240
Investment Gain (Loss)	\$31,925,901	\$8,064,811
Investment Expenses	\$367,078	\$2,438,432
Deductions	\$4,755,656	\$32,473,643
Net Increase (Decrease)	\$38,510,356	\$38,677,890
Total Investments	\$682,698,760	
Total Assets	\$731,961,573	

A motion was made by Kim Turlich-Vaughan to receive the financial report. Motion was seconded by Mark Graffeo. **MOTION CARRIED.**

GASB 68 Audit Report (on file

Controller Chris Kershaw presented the GASB 68 audit report by Duplantier, Hrapmann, Hogan & Maher for the fiscal year ending June 30, 2022. This report provides the net pension liability for each parish Clerk's office that will be included on their audit reports. Chris explained that the Clerks received an unmodified opinion. The total net pension liability was \$242,376,677. There was an increase in the net pension liability for 2021 to 2022. Chris explained that GASB 68 does not affect the funding of the plan and that the Net Pension Liability will be very volatile since the market value of assets depends on a single year. A motion was made by Rick Arceneaux to approve the GASB 68 report as presented. The motion was seconded by Kim Turlich-Vaughan. **MOTION CARRIED.** Chris noted that the report would be posted to the Clerks Association website.

INVESTMENT COMMITTEE REPORT: No report.

ANDCO: Jon Breth reported on new staff additions in research in the year 2022 and he also informed the Board he became a partner at AndCo.

Q4 Report: Jon reported that the fourth quarter was the worst the US dollar faced versus other currencies. He explained that while inflations declined the Fed continued to increase interest rates. Tech companies were under pressure due to the interest rate environment. Commodities outperformed traditional stocks and there were higher returns for value stocks relative to growth. Real Estate was negative for the 4th quarter with appraisals under pressure and with higher interest rates it is harder to refinance.

Jon then highlighted performance for several managers including Hood River, who lagged in Q4 due to a peer-to-peer acquisition of one stock that the market did not like. Hood River removed stock from portfolio to help mitigate risk. He also noted that Rothschild and Westfield performed well in the large cap space. He noted that Infrastructure investments, example toll roads, are assets that adjust in a rising inflation environment.

January 2023 Market Update: Jon Breth provided the performance update as of January 31, 2023. He reported that the fiscal year to date return is 7.46% with fixed income significantly outperforming the benchmark. He discussed the unlikely possibility of the Feds cutting the interest rate at the end of 2023. He explained that companies are having to adjust to the higher interest rate environment and the increased aggressive use of debt, begins to display the separation between poorly run companies and well-run companies, who are more focused on quality with better balance sheets and cash flows.

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	January 31, 2023	FYTD
Total Funds Including Internal Cash	\$ 731,930,402	---
US Equity		
Fidelity S&P 500 Index	\$ 68,681,721	8.71%
Rothschild	\$ 58,623,966	12.38%
Westfield	\$ 57,708,341	9.92%
Earnest	\$ 47,571,537	19.71%
Hood River	\$ 32,704,659	13.75%
Int. Equity		
WCM	\$ 25,667,019	13.96%
TS&W	\$ 28,263,026	14.62%
LSV	\$ 28,864,512	14.64%
Driehaus	\$ 34,523,614	11.39%
Segall Bryant & Hamill	\$ 33,736,273	7.60%
Fixed Income		
FIAM Core Plus	\$ 79,988,236	1.55%
FIAM Tactical Bond Fund	\$ 40,882,555	3.88%
Orleans Capital	\$ 41,021,127	0.78%
Infrastructure		
IFM Global	\$ 33,348,067	5.02%
Hedge Funds		
Summit Solut.	---	
Real Estate		
Clarion	\$ 38,820,861	-4.56%
Principal	\$ 40,160,034	-5.44%
CASH – Hancock	\$ 765,765	
CASH - DROP	\$ 36,555,834	
CASH - General	\$10,043,255	

Asset Allocation Discussion: Jon Breth presented information regarding possible asset allocation and model expectations. He noted that the current allocation is diversified and that while nothing needs to be changed today the investment committee would review and discuss risk and return through 2023. There was no action taken on this item.

ACTUARY REPORT: Greg Curran informed the Board that PRSAC had approved the valuation for the fiscal year ended June 30, 2022. He explained to the Board that any amount collected above the minimum required employer contribution would be placed into the funding deposit account, which can be used to reduce the employer contribution rate, pay COLAs. He noted that the Board is not eligible to issue a COLA this year but possible next year with an estimate cost of \$ 6 million. He reminded the Board that the frozen unfunded accrued liability (UAL) is set to be paid off in 2029. Greg explained that with the UAL paid off, it is possible to see a reduction in the ER rate by 9.4%. He provided a forecast assuming the fund earns the assumed rate of return of 6.55%, factoring the negative return from 2022, costs on this one basis projected forward would be 1.96%, 1.39%, 2.17% and 2.9%. New Members to the system decrease cost. He noted that cost increases are more likely than decreases. If the Board maintains the rate at 22.25% that would only ½ percent above the minimum.

There was discussion regarding the election year cycle, revenue numbers down in Clerk’s offices, inflation and the future of COLAs. A motion was made by Mark Graffeo to increase the employer contribution rate to 23.00% effective July 1, 2023. The motion was seconded by Annette

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Fontana. A substitute motion was made by David Dart to set the rate at 22.75%. After discussion, David Dart withdrew his substitute motion. **Motion Carried.**

APPLICATIONS AND REFUNDS: (On file in office)

Debbie Hudnall reported since the last Board meeting there were 10 applications for DROP; 11 applications for regular retirement; and 14 Post DROP retirement applications and 1 application for disability retirement.

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

Debbie stated there had been a total of 86 refunds in the amount of \$844,721 through February 2023.

REPORT OF EXECUTIVE DIRECTOR:

City of New Orleans – Resolution Ad Valorem: Debbie informed the Board that the City of New Orleans is to report to the system the amount of taxes they have collected by January 15th. They have not done so. In December 2022, the Board adopted a resolution, and if the City does not pay, the system can file the resolution with the State Treasurer's office to be paid out of the revenue sharing. Chris has made several attempts to contact the City of New Orleans and it has been difficult to receive a response. The Resolution has been filed with the Treasurer's office.

Software Update: Debbie reported the software is still under development. The software developer has come back with a request for additional funds to complete the project. The original proposal was for \$100,000 to be split between the 3 systems working on the upgrade. The additional request is for another \$100,000 to be divided between the 3 systems. David Dart asked for the timeline on implementation. Debbie noted that there is a possibility for April 1st but that is hopeful, not guaranteed.

ATTORNEY:

A motion was made by David Dart to enter Executive Session for the purpose of discussion regarding Litigation – *The Recreation and Park Commission for the Parish of East Baton Rouge vs. Sid J. Gautreaux, III, in his capacity as Sheriff of East Baton Rouge Parish and Sid J. Gautreaux, III, in his capacity as Sheriff of East Baton Rouge Parish v. The City of Baton Rouge/Parish of East Baton Rouge et. al.* The motion was seconded by Kim Turlich-Vaughan. **MOTION CARRIED.**

A motion was made by Mark Graffeo to return to Regular Session. The motion was seconded by Kim Turlich-Vaughan. **MOTION CARRIED.**

Debbie Hudnall asked the Board return to the Software Update Item under Executive Director Report. A motion was made by Annette Fontana to approve up to an additional \$50,000 to complete the software upgrade. The motion was seconded by Kim Turlich-Vaughan. **MOTION CARRIED.**

OTHER BUSINESS: None

COMMENTS BY BOARD TRUSTEES: None

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

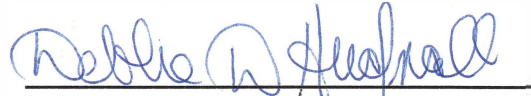
MEETING ADJOURNED.

Approved:



Robin Hooter, President

Respectfully submitted,



Debbie D. Hudnall, Executive Director