

APPROVED MINUTES

LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
TUESDAY, JUNE 20, 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, June 20, 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
Bridget Hanna
Representative Alonzo L. Knox

OTHERS PRESENT:

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

ABSENT:

Beth Mizell

GUESTS PRESENT:

Cherie Lott, Chelsey Richard Napoleon, Darren Lombard, Susan Racca, Connie Desselle, Shelly Salter, Jeff Skidmore, Chris Kershaw, and Dagmar Hebert.

PUBLIC COMMENTS: None

APPROVAL OF MINUTES:

Kim Turlich-Vaughan moved the minutes of the June 20, 2023, meeting be approved. Motion seconded by Dot Lundin. **MOTION CARRIED.**

FINANCIAL REPORT: (ON FILE IN OFFICE)

Treasurer Annette Fontana reviewed the financial report for April 30, 2023:

	April 30, 2023	Fiscal Year-to-Date
Contributions	\$2,731,240	\$38,603,263
Other Additions	\$200,535	\$362,700
Investment Gain (Loss)	\$6,165,812	\$46,339,269
Investment Expenses	\$398,722	\$3,727,796
Deductions	\$4,482,456	\$45,860,406
Net Increase (Decrease)	\$4,216,409	\$35,717,030
Total Investments	\$682,818,406	
Total Assets	\$729,011,348	

Rick Arceneaux made a motion to receive the financial report. Motion was seconded by Mark Graffeo. **MOTION CARRIED.**

AUDIT PROPOSALS: Debbie Hudnall presented the Financial Audit Proposal for a 3-year term with Duplantier, Hrapmann, Hogan & Maher. The proposed rate is \$37,950, or a 3% increase from the prior year. The proposal for the Statewide Agreed Upon Procedures is for a 1-year term in the amount of \$3,500. The GASB 67 proposal was for a 3-year term at \$12,400 and the GASB 68 was also a 3-year term at \$6,750 or a 3.5% increase over the prior year. A motion was made by David Dart to approve the proposals as presented. Kim Turlich-Vaughan seconded the motion. **MOTION CARRIED.**

2023-2024 BUDGET PROPOSAL (Exhibit A): Controller Chris Kershaw presented the budget proposal for fiscal year 2023-2024 highlighting a 12% increase in administrative expense driven by increased legal fees due to pending litigation and an increase to the Association Reimbursement. He explained that the reimbursement has remained the same for the last three years. Chris also stated there was an increase to the investment manager fees. After discussion, David Dart made a motion to adopt the 2023-2024 budget as proposed. The motion was seconded by Mark Graffeo. **MOTION CARRIED.**

INVESTMENT COMMITTEE changes: Mark Graffeo reported the committee met and discussed the asset allocation change with a slight move to fixed income and cash with a reduction in equities.

ANDCO:

Performance review-Q1 2023: Jon Breth commented on the volatility in the market and a strong jobs report in February 2023. The Federal Reserve was not in a hurry to cut interest rates. Two large banks were taken over by the FDIC in March. There was recovery in the large cap growth stocks and US fixed income was up about 3.0%. He commented on the reverse of the strengthening US dollar as a tailwind to underlying performance. He noted that the Clerks portfolio was in line with the market summary and highlighted the following managers: Westfield slightly behind the benchmark; WCM showed outperformance when compared to the benchmark; LSV was the lowest performer; Driehaus is a growth manager but not growth at any costs; SBH outperformed 8 of the last 9 quarters with the strategy of high-quality companies trading at lower valuations. Regarding fixed income, managers are moving out of the riskier debts i.e., leverage loans with the change of interest rates. He explained Orleans Capital's conservative strategy in not taking on the risk in the bond market which led to outperformance due to interest rate exposure, however with a lag. He noted that with increased air travel, airports have been the top performer in the infrastructure space while there was a decline in ports. There was discussion on the exposure difference in the two real estate managers, Clarion and Principal.

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	March 31, 2023	FYTD
Total Funds Including Internal Cash	\$ 724,229,923	---
US Equity		
Fidelity S&P 500 Index	\$ 69,462,616	8.06%
Rothschild	\$56,373,248	12.38%
Westfield	\$ 59,834,450	13.97%
Earnest	\$ 38,650,600	11.30%
Hood River	\$ 31,910,679	10.99%
Int. Equity		
WCM	\$ 26,038,468	15.76%
TS&W	\$ 28,264,418	14.77%
LSV	\$ 28,872,875	14.68%
Driehaus	\$ 33,952,302	10.05%
Segall Bryant & Hamill	\$ 33,160,097	5.77%
Fixed Income		
FIAM Core Plus	\$ 79,665,269	1.14%
FIAM Tactical Bond Fund	\$ 40,741,288	3.52%
Orleans Capital	\$ 40,936,398	0.57%
Infrastructure		
IFM Global	\$ 33,941,209	6.89%
Hedge Funds		
Summit Solut.	---	
Real Estate		
Clarion	\$ 36,751,476	-9.41%
Principal	\$ 38,921,169	-8.07%
CASH – Hancock	\$ 774,512	
CASH - DROP	\$ 37,010,142	
CASH - General	\$ 8,968,709	

Review of Asset Allocation: Jon Breth presented information regarding asset allocation and model expectations. The investment committee reviewed the model asset allocation mixes looking at increasing fixed income with a decrease in the equity portfolio. The Sharpe estimate is used to quantify the return you will earn for the additional risk to achieve that return. The investment committee has reviewed Mix 4, which increases fixed income & cash from 25% to 30%; reduces US Equity from 38% to 35%; reduces international equity from 22% to 20%. Jon noted this would be a strategic move and a good next step for the portfolio as the plan looks to adjust long-term asset allocations. There was discussion regarding the asset allocation to LAMP instead of Orleans Capital as LAMP was over 5% return. Jon noted that the US Bond return is 4.7% and historically Orleans has yielded a premium over the aggregate which is about 5%. Cash is less volatile than bonds and he does see room for an increased footprint in LAMP especially with potential year end cash flow issues.

Draft of IPS Update: Jon Breth provided a red lined Investment Policy Statement. Section VII Investment Guidelines, D. Asset Allocation, Item 3 revised as follows:

US Large Cap	Target 25%	Range 20-30%
International Large Cap	Target 10%	Range 5-15%
Core Fixed	Target 11.25%	

After discussion, Kim Turlich-Vaughan made a motion to adopt the changes to the Investment Policy as presented and increase the Range for Cash to 0%-5%. The motion was seconded by David Dart. **MOTION CARRIED.**

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ACTUARY: Stephen Brouillette with Curran Actuarial Services was present. Debbie Hudnall presented the service agreement for actuarial services for 2023-2024 with a modest increase to \$80,400 per year. A motion was made by Rick Arceneaux to approve the agreement as presented. The motion was seconded by Mark Graffeo. **MOTION CARRIED.**

APPLICATIONS AND REFUNDS: (On file in office)

Debbie Hudnall reported since the last Board meeting there were 15 applications for DROP; 2 applications for regular retirement; and 11 Post DROP retirement applications and 1 application for survivor retirement.

Mark Graffeo moved the applications be approved. Motion was seconded by Annette Fontana. **MOTION CARRIED.**

Debbie stated there had been a total of 114 refunds in the amount of \$1,115,835 through May 2023.

REPORT OF EXECUTIVE DIRECTOR:

City of New Orleans – Resolution Ad Valorem: Debbie informed the Board that the Resolution had been filed with the State Treasurer’s office and the Ad Valorem taxes for Orleans had been received out of the revenue sharing. Subsequently, the City of New Orleans also remitted the ad valorem tax. Staff is still working on a resolution of these funds.

Executive Session Appointment Letter: Debbie reported a letter for the Louisiana Legislative Auditor’s Actuary to have permission to attend Executive Sessions had been received.

Lassalle Update: Debbie stated in September the Fund will have been made whole in the Lassalle matter and her benefit would be reinstated.

Legislation: Debbie reported there was no legislation affecting retirement. The annual resolution regarding GPO and WEP made more movement in Congress but nothing final.

Software Update: Debbie reported the software is still under development. The go live date has been extended to September.

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 Mark Graffeo. **MOTION CARRIED.**

David Dart made a motion to return to Regular Session. The motion was seconded by Kim Turlich-Vaughan. **MOTION CARRIED.**

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Debbie informed the Board that both Denise Akers and Rebecca Wisbar would be retiring as of June 30, 2023. Debbie had been contacted by three attorneys of which, two provided proposals. Bob Tarcza, current tax attorney, sent an email proposal with fee structure of \$40,000 annually for the first year and \$48,000 for the second year for attendance at Board Meetings and general issues. Tax issues would be billed at the LASERS rate. He does not contract on an hourly basis.

The second proposal is from Sheri Morris. Sheri is the current Attorney for the LCRAA Board, Association and Insurance. Her firm Daigle, Fisse, Kessenich also represents other retirement systems. Her proposal was based on hourly rates and is negotiable.

Laura Gail Sullivan, current attorney for Senate Retirement called and expressed interest but did not submit a proposal.

After discussion, Kim Turlich-Vaughan made a motion to retain Sheri Morris as legal counsel effective July 1, 2023. The motion was seconded by Bridget Hanna. **MOTION CARRIED.**

Debbie then presented Rebecca Wisbar a small token of appreciation for her years of service.

LAPERS Seminar will be September 10-12, 2023, at The Roosevelt in New Orleans. Staff will send information and make hotel arrangements.

Clerks Winter Meetings will be November 28-30 in New Orleans.

President Robin Hooter gave remarks as this was her last retirement meeting as President, and she thanked the Board for their service.

OTHER BUSINESS: None

COMMENTS BY BOARD TRUSTEES: None

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

MEETING ADJOURNED.

Approved:



Robin Hooter, President

Respectfully submitted,



Debbie D. Hudnall, Executive Director

Louisiana Clerks of Court Retirement Fund

Budget

	7/1/2022	7/1/2022	
	ACTUAL	PROPOSED	
	BUDGET	BUDGET	BUDGET
	2022-2023	2023-2024	Difference
Administrative Expenses			
Actuary Fees	90,000	85,000	(5,000)
Advertising	500	500	0
Auditing Fees	58,000	65,000	7,000
Bank Charges	20,000	20,000	0
Building Insurance	10,000	10,000	0
Building Maintenance / Fees	35,000	35,000	0
Depreciation (non-cash)	15,000	15,000	0
Doctors Fees	4,000	4,000	0
Fiduciary Insurance	30,000	30,000	0
Legal Fees	25,000	100,000	75,000
Meeting Expense	10,000	12,000	2,000
Miscellaneous	1,500	1,500	0
Office Equipment - Generator	0	25,000	25,000
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	60,000	50,000	(10,000)
Reimbursement to Assoc.	498,000	510,000	12,000
Travel and Seminar	18,000	18,000	0
Administrative Expenses	886,875	992,875	106,000
Investment Expenses:			
Consultant Fees	135,000	135,000	0
Custodial Fees	70,000	70,000	0
Investment Managers	3,000,000	4,000,000	1,000,000
Total Investment Expenses	3,205,000	4,205,000	1,000,000
TOTAL EXPENSES	4,091,875	5,197,875	1,106,000

Budget Adopted on this date: _____