

**PROPOSED MINUTES**

**LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND  
BOARD OF TRUSTEES MEETING  
WEDNESDAY, NOVEMBER 30, 2022  
NATCHITOCHES, LA  
9:00 AM**

A meeting of the Louisiana Clerks of Court Retirement and Relief Fund Board of Trustees was held on Wednesday, November 30, 2022, at 9:00 am in Natchitoches, LA.

The meeting was called to order by First Vice President Kim Turlich-Vaughan. Mark Graffeo gave the opening prayer followed by the Pledge of Allegiance led by David Dart.

**MEMBERS PRESENT:**

Kim Turlich-Vaughan  
Louis Perret  
Annette Fontana  
David Dart  
Rick Arceneaux  
Mark Graffeo  
Bridget Hanna  
Dot Lundin

**OTHERS PRESENT:**

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

**ABSENT:**

Robin Hooter  
Beth Mizell  
John Illg, Jr.

**GUESTS PRESENT:**

Cherie Lott, Chelsey Richard Napoleon, Darren Lombard, Susan Racca, Connie Desselle, Jeff Skidmore, Stacey Hurst, Erin Hebert, Randy Deshotel, Andy Anders, Randy Briggs, Charles Jagneaux, Melissa Henry, Jason Harris, Chris Kershaw, and Dagmar Hebert.

**PUBLIC COMMENTS:** None

**APPROVAL OF MINUTES:**

Bridge Hanna moved the minutes of the August 30, 2022, meeting be approved. Motion seconded by Rick Arceneaux. **MOTION CARRIED.**

**FINANCIAL REPORT: (ON FILE IN OFFICE)**

Treasurer Annette Fontana reviewed the financial report for October 31, 2022:

	<b>October 31, 2022</b>	<b>Fiscal Year-to-Date</b>
Contributions	\$2,901,652	\$10,402,416
Other Additions	(\$18,393)	\$287,149
Investment Gain (Loss)	\$24,862,878	\$3,780,818
Investment Expenses	\$489,086	\$1,226,470
Deductions	\$5,064,154	\$18,001,118
Net Increase (Decrease)	\$22,092,898	(\$4,757,206)
<b>Total Investments</b>	<b>\$644,998,991</b>	
<b>Total Assets</b>	<b>\$688,512,863</b>	

A motion was made by Bridget Hanna to receive the financial report. Motion was seconded by David Dart. **MOTION CARRIED.**

**MONEY MANAGER PRESENTATIONS:**

**Principal – Bill Grayson & Todd White** presented a report on the private real estate portion of the Clerks portfolio. Principal began with the Clerks portfolio in January 2021 which was a well-timed entry into the private real estate market. Real Estate returns helped to dampen the volatility for the entire portfolio. Todd explained that dividends are reinvested back into the portfolio and there is a net operating income generating approximately 9% ahead of budget. He noted nice opportunities arising in the 2<sup>nd</sup> half of 2023. He also noted that Principal had consecutively outperformed the benchmark. There is an expectation of real estate write downs of approximately 3-5% at year end.

**EARNEST Partners – Aaron Kirchoff** provided a report on the Clerks investment in US Equity – Value oriented. EARNEST has been a part of the Clerks portfolio beginning September 2021 during a challenging market environment. He noted EARNEST's perspective of pursuing value where others may have missed it. He also reviewed the effects on returns caused by uncertainty of the Federal Reserve's next move and geopolitical issues. Aaron further commented on the fund's performance since inception at -9.41% as compared to the benchmark of -13.95%.

**Rothschild - Joe Shelly & Paul Roukis** noted that Rothschild is one of the longest serving money managers in the Clerks portfolio with inception beginning in September 2010. Joe provided an update on Rothschild's acquisition by Wintrust Financial and will merge with Great Lakes Advisors. He reported the acquisition should close in Q1 of 2023 with great continuity moving forward. Rothschild is a large cap value manager with 12% annualized return since inception with above the benchmark returns over time. Paul explained further how the large cap value space has changed over the years. Paul further reported that the market is macro driven as the stronger get stronger not purchasing the cheapest stocks but looking at reasonable priced stocks that can grow. He then reviewed the portfolio's top ten holdings.

**Hood River – John Foust & Lance Cannon** presented a report on the small cap growth fund. Hood River has been a manager in the Clerks' portfolio since October 2020. John commented on the firm's continued addition of resources to the research team. He highlighted the strategy of searching out companies where there is an information gap between the markets and investors, having conversations with all players and wrangling that information together when selecting investments. Jon further commented on the current economic environment. Lance reported that there has been an excess return of 12% annualized over the 3-year period. He noted that the portfolio is underweight in the bio tech sector but Hood River has recently added a bio tech analyst to research the information gaps more closely. Lance commented on one selection in the portfolio, Celsius and how the information gap led to a better investment.

**INVESTMENT COMMITTEE REPORT:** No report.

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**Report for Q3:** Chris Brokaw provided the report for the 3<sup>rd</sup> quarter of 2022 explaining that both stocks and bonds were down 5%. He noted that this is the worst bond market since 1783. There has not been a wave of defaults, essentially seen a repricing affect. He reported the international market is underperforming the domestic market and the effect on the strength of the US dollar.

**Monthly Flash Report – October 2022:** Jon Breth provided the performance update as of October 31, 2022. He highlighted several managers including Westfield and WCM noting that value has outperformed growth but in the last quarter the rolls were reversed. He also noted that AndCo will be monitoring the recent acquisition of Rothschild by Great Lakes Advisors. He also explained the need for potential rebalancing within the portfolio classes and AndCo expects to take a closer look at allocation in the first quarter of 2023.

	<b>October 31, 2022</b>	<b>FYTD</b>
<b>Total Funds Including Internal Cash</b>	\$ 685,415,873	---
<b>US Equity</b>		
Fidelity S&P 500 Index	\$ 64,954,892	
Rothschild	\$ 55,189,528	5.80%
Westfield	\$ 54,363,922	3.55%
Earnest	\$ 41,027,295	12.45%
Hood River	\$ 32,661,612	13.60%
<b>Int. Equity</b>		
WCM	\$ 22,138,756	-1.89%
TS&W	\$ 23,619,500	-4.38%
LSV	\$ 23,918,865	-5.00%
Driehaus	\$ 29,898,701	-3.35%
Segall Bryant & Hamill	\$ 27,708,217	-11.62%
<b>Fixed Income</b>		
FIAM Core Plus	\$ 75,107,842	-4.65%
FIAM Tactical Bond Fund	\$ 38,198,489	-2.94%
Orleans Capital	\$ 38,543,032	-15.12%
<b>Infrastructure</b>		
IFM Global	\$ 32,274,535	---
<b>Hedge Funds</b>		
Summit Solut.	---	
<b>Real Estate</b>		
Clarion	\$ 41,265,065	0.60%
Principal	\$ 43,027,459	0.99%
<b>CASH – Hancock</b>	\$ 505,155	
<b>CASH - DROP</b>	\$ 36,613,037	
<b>CASH - General</b>	\$ 4,399,972	

**AUDIT REPORTS:** Jason Montegut with Duplantier, Hrapmann, Hogan and Maher presented the audit report for 2021-2022. He commented on management and auditor’s responsibilities. He informed the Board the Fund received the highest and cleanest opinion and the financial statements are materially presented. There were no significant deficiencies or material weaknesses in internal controls and the Fund was compliant with all laws and regulations. He explained the emphasis of matter paragraph regarding the increase in the pension liability based on actuarial assumptions from \$911,412,187 in 2021 to \$935,610,461 in 2022. Jason further explained the reporting requirements of GASB 34, 40, 67, and 72 and the reasonable estimates

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used in the audit report regarding the fair value of investments, receivables, payables, total pension liability, discount rate to measure total pension liability and long-term rate of return on investments. He then reviewed the required supplementary information.

Total Assets of \$694,624,610, Total Liabilities of \$1,390,526 with a net position restricted for pension benefits of \$693,234,084. Total additions for 2022 were \$(31,585,266) with the biggest change due to investment loss of \$(75,593,162). He noted increases in Benefit payments and refunds.

Jason Montegut then reviewed the census data testing required by GASB 67 noting an increase in retirees but a decrease in active membership. Jason reviewed the three parishes' census data testing – Jefferson, St. Charles, and 4<sup>th</sup> Circuit Court of Appeal. One finding was noted in 4<sup>th</sup> Circuit regarding one member's gender and this has subsequently been corrected. He stated that the next audit will be for GASB 68 which will audit the total pension liability determining the clerk proportionate share of the liability that each Clerks' office will include in their office's financial statements.

A motion was made by Rick Arceneaux to accept the financial audit report and GASB 67 Census Audit report as presented. The motion was seconded by Annette Fontana. **MOTION CARRIED.**

**Compliance Questionnaire:** Debbie Hudnall presented the compliance questionnaire. A motion was made by Mark Graffeo to approve the questionnaire as presented. The motion was seconded by Louis Perret. **MOTION CARRIED.**

**Statewide Agreed Upon Procedures (AUP) Audit Report and Policy Update:** Jason Montegut then presented the Statewide AUPs report noting that this audit had been suspended in previous years due to the pandemic. After testing of the policies and procedures, there was one finding regarding sexual harassment reporting and that the policy did not include the annual sexual harassment reporting requirement. The policy had since been updated and was presented to the Board for approval. A motion was made by Louis Perret to adopt the Association's work place harassment policy. The motion was seconded by Rick Arceneaux. **MOTION CARRIED.**

**ACTUARY REPORT: (on file in office):** Actuary Greg Curran presented the actuarial valuation report for fiscal year end June 30, 2022. He reported on the previous year's great return and the negative return for fiscal year ended June 30, 2022. Greg noted the assumed rate of return was 6.55% and well within the reasonable range. He also stated that actuarial smoothing avoids massive shifts in the employer contribution rate due to investment gains and/or losses. Based on the census data provided by the Retirement office, the plan has 2,011 active members and 123 DROP participants. There are 1,570 members receiving a benefit; 909 former members with contributions on deposit with 67 of those being vested participants due a benefit. He commented on the methods and actuarial assumptions used. He reported that the market value of plan net assets was \$693,234,084 versus the actuarial value of assets of \$745,089,408. The Plan is 81.03% funded. He stated that previously lowering risk to the plan by lowering the assumed rate of return was a sound Board decision. He reported on the unfunded accrued liability (UAL) with levelized payments to be paid off in 2029. Greg continued to review the excess contributions that were

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deposited into the Funding Deposit Account. The Funding Deposit Account can be used to pay down the UAL, offset increases in the required employer contribution rate or to pay for COLAs. The Fund does not qualify to grant a COLA. Greg noted a slightly negative non-investment cash flow due to contribution collections not enough to cover monthly benefit payments. He stated the minimum required employer contribution rate for fiscal year end 2024 is 21.75%. There was discussion regarding the clerks contributing above the required rate for fiscal year end 2022 and the excess amount that was added to the funding deposit account. Greg stated that the Board can set the employer rate once the report is approved by PRSAC, which is anticipated to meet early 2023. A motion was made by David Dart to approve the Actuary report as presented for the fiscal year ended June 30, 2022, upon the approval of PRSAC. The motion was seconded by Dot Lundin. **MOTION CARRIED.**

Greg Further provided the information for financial reporting which is provided to the auditors to perform the GASB 68 audit.

**APPLICATIONS AND REFUNDS: (On file in office)**

Debbie Hudnall reported since the August Board meeting there were 9 applications for DROP; 4 applications for regular retirement; and 13 Post DROP retirement applications.

Rick Arceneaux moved the applications be approved. Motion was seconded by Mark Graffeo. **MOTION CARRIED.**

Debbie stated there had been a total of 50 refunds in the amount of \$457,523 through October 2022.

**REPORT OF EXECUTIVE DIRECTOR:**

**Education Hours:** Debbie Hudnall stated that all members had completed the required hours provided the Trustees with a copy of the education hours report that was submitted to the Legislature for fiscal year 2021-2022.

**Proposed Legislation:** None

**Madoff Victim Fund:** Debbie reported that a total of \$1.3 million had been received in repayments. The original loss to the Fund was \$1.5 million.

**City of New Orleans – Resolution Ad Valorem - (Attachment A):** Debbie informed that Board that in previous years the Board has adopted a resolution if the City of New Orleans does not remit the Ad Valorem payment timely, the resolution will then be filed with the State Treasurer to recoup those funds out of their State Revenue Sharing. A copy of the resolution was presented to the Board. A motion was made by David Dart to adopt the resolution as presented. The motion was seconded by Louis Perret. **MOTION CARRIED.**

**Software Update:** Debbie reported that the software is still under development with the expected go live date of January 2023 but she is hesitant that will happen.

**Senate Appointment Letter:** A letter from Senator Ed Price was presented appointing Alana Perrin and Laura Gail Sullivan as authorized attendees at any executive sessions.

**ATTORNEY:**

A motion was made by David Dart to enter Executive Session for the purpose of discussion

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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 a disability application. The motion was seconded by Rick Arceneaux. **MOTION CARRIED.**

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

A motion was made by David Dart to authorize the Executive Director and Legal counsel to make decisions regarding the Clerks Retirement’s response to the litigation and authorizing the Executive Director to decide on the attorney fees that may be paid not to exceed \$350 per hour. The motion was seconded by Bridget. **MOTION CARRIED.**

**DISABILITY APPLICATION:**

A motion was made by Bridget Hanna to adopt a Board Policy for the administrative procedure to review disability applications authorizing the Executive Director to review the applications for statutory requirements and if approved by physician, benefit payments can begin and subsequently brought to the Board for approval at the next meeting. The motion was seconded by Dot Lundin. **MOTION CARRIED.**

**OTHER BUSINESS:** None

**COMMENTS BY BOARD TRUSTEES:** None

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

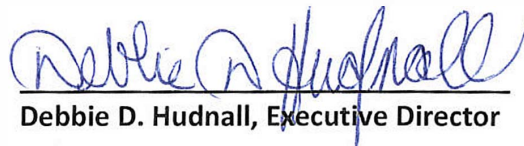
**MEETING ADJOURNED.**

Approved:



Kim Turlich-Vaughan, First Vice President

Respectfully submitted,



Debbie D. Hudnall, Executive Director

The following resolution was offered by \_\_\_\_\_ and seconded by \_\_\_\_\_;

RESOLUTION

A resolution making demand upon the Treasurer of the State of Louisiana pursuant to Louisiana Revised Statutes §11:1561.B that he deduct from revenue sharing funds of Orleans Parish and the City of New Orleans a certain sum due to the Louisiana Clerks' of Court Retirement and Relief Fund under §11:1561.A, as further clarified by a Consent Judgment dated April 26, 2011, and then remit such funds to the Fund forthwith and prior to any distribution of revenue sharing funds to the City of New Orleans or Orleans Parish.

WHEREAS the Louisiana Clerks' of Court Retirement and Relief Fund is entitled to receive, from taxes shown to be collectible by the tax rolls in Orleans Parish, a contribution of a certain percentage of such taxes, which amount is to be remitted periodically and at the same time as disbursement of such taxes to the tax recipient bodies in Orleans Parish;

WHEREAS the City of New Orleans and Orleans Parish are co-terminous and has a consolidated city/parish government, as recognized in *City of New Orleans v. Louisiana Assessors' Retirement and Relief Fund*, No. 2005-2548 (La. 10/1/07), 986 So.2d 1, fn. 14;

WHEREAS no such contribution was received for many years by the Louisiana Clerks' of Court Retirement and Relief Fund from the taxes shown to be collectible by the tax rolls in Orleans Parish;

WHEREAS the City of New Orleans disputed the constitutionality and amount of any contributions directed to be made to the Louisiana Clerks' of Court Retirement and Relief Fund pursuant to §11:1561;

WHEREAS the Louisiana Clerks' of Court Retirement and Relief Fund and the City of New Orleans reached a compromise in that certain matter styled "Louisiana Clerks' of Court Retirement and Relief Fund versus City of New Orleans, et al," Cause No. 415,496 on the docket of the 19<sup>th</sup> Judicial District Court in and for the Parish of East Baton Rouge, which compromise is memorialized by a Consent Judgment signed by the Court on April 26, 2011 and provided previously to the Treasurer of the State of Louisiana;

WHEREAS the Louisiana Clerks' of Court Retirement and Relief Fund desires to enforce its right pursuant to Louisiana Revised Statutes §11:1561.A, as further clarified by the aforementioned Consent Judgment, to collect such contributions from Orleans Parish taxes;

WHEREAS Louisiana Revised Statutes §11:1561.B and the Consent Judgment authorize and empower the board of trustees of the Louisiana Clerks' of Court Retirement and Relief Fund to submit a resolution to the state treasurer making demand that the monies due to the Fund be deducted from revenue sharing dollars that would otherwise be distributed within Orleans Parish;

WHEREAS Louisiana Constitution Article 7, §26 provides that the revenue sharing funds distributed to Orleans Parish shall be distributed in said Parish by the city treasurer of New Orleans and revenue sharing appropriations to be distributed in Orleans Parish are directed to the City of New Orleans:

Section 1. BE IT RESOLVED that the Louisiana Clerks' of Court Retirement and Relief Fund does hereby demand, pursuant to Louisiana law (including without limitation Louisiana Revised Statutes §11:1561), that the Treasurer of the State of Louisiana deduct the sums calculated as set forth hereinbelow and any additional sums that the authorized representative identified below may subsequently certify on behalf of the board of trustees from any revenue sharing dollars that would otherwise be distributed to the City of New Orleans or Orleans Parish in 2022, particularly including without limitation those revenue sharing dollars to be distributed to the city treasurer of New Orleans; and, that such sums be paid to the Louisiana Clerks' of Court Retirement and Relief Fund forthwith and prior to any distribution of revenue sharing funds during 2022 to the City of New Orleans or within Orleans Parish.

Section 2. BE IT FURTHER RESOLVED that the Louisiana Clerks' of Court Retirement and Relief Fund does hereby certify, pursuant to Louisiana Revised Statutes §11:1561.B, that an additional contribution will be due from the *ad valorem* taxes shown to be collectible for 2022 by the tax rolls located in Orleans Parish in an amount to be calculated by applying a contribution rate of .250% (.00250) to a certain portion of *ad valorem* tax collections, namely forty-five (45%) of the total *ad valorem* tax collections, made by the CITY OF NEW ORLEANS for said year. By way of example, and to illustrate such calculation, if *ad valorem* tax collections during 2022 total \$500,000,000, then the contribution required for the 2022 calendar-tax year shall be \$562,500. The aforementioned calculation method is set forth in the April 26, 2011 Consent Judgment, including without limitation the provisions and example contained in Item #5 of Paragraph FIRST of the Consent Judgment, and shall be applied to the actual tax collections made during 2022. This additional contribution shall also be due from the first revenue sharing dollars appropriated for delivery in 2023 to the City of New Orleans or Orleans Parish. The calculation method will change in future years as set forth in the Consent Judgment.

Section 3. BE IT FURTHER RESOLVED that the Louisiana Clerks' of Court Retirement and Relief Fund does hereby authorize and empower Deborah D. Hudnall, its Executive Director, to forward this resolution to the State Treasurer at an appropriate time to ensure timely collection of all sums due; to certify on behalf of the board of trustees of the Louisiana Clerks' of Court Retirement and Relief Fund the precise amount of the additional contribution sum due from taxes collected by the City of New Orleans in 2022, with said amount to be based on collection information obtained from the City of New Orleans pursuant to the procedure set forth in the April 26, 2011 Consent Judgment; and, to take all other action reasonably necessary to enforce its right to collect these sums and to require remittance of these funds by the State Treasurer from revenue sharing funds.



This Resolution having been submitted to a vote, and the vote thereon was as follows:

YEAS:

NAYS:

ABSENT:

And the resolution was declared adopted on this, the \_\_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
\_\_\_\_\_, Secretary

\_\_\_\_\_  
\_\_\_\_\_, Chairman