

PROPOSED MINUTES

**LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
WEDNESDAY, NOVEMBER 29, 2023
NEW ORLEANS, LA
9:00 AM**

A meeting of the Louisiana Clerks of Court Retirement and Relief Fund Board of Trustees was held on Wednesday, November 29, 2023, at 9:00 am in New Orleans, LA.

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

MEMBERS PRESENT:

Kim Turlich-Vaughan
Louis Perret
Jeff Skidmore
David Dart
Rick Arceneaux
Mark Graffeo
Dot Lundin
Robin Hooter

OTHERS PRESENT:

Debbie Hudnall, Executive Director
Chris Brokaw, AndCo.
Sheri Morris, Attorney
Jason Montegut, Auditor
Michelle Cunningham, Auditor

ABSENT:

Annette Fontana
Senator Beth Mizell
Representative Alonzo L. Knox

GUESTS PRESENT:

Bridget Hanna, Erin Hebert, Connie Desselle, Andy Anders, Greg Brown, Gerard Hall, Randy Briggs, Shelly Salter, Shane LeBlanc, Chelsey Richard Napoleon, Alexandria Irvin, Dagmar Hebert, and Chris Kershaw.

PUBLIC COMMENTS: None

APPROVAL OF MINUTES:

Rick Arceneaux moved the minutes of the September 6, 2023, meeting be approved. Motion seconded by Robin Hooter. **MOTION CARRIED.**

FINANCIAL REPORT: (ON FILE IN OFFICE)

Controller Chris Kershaw reviewed the financial report as of September 30, 2023:

	September 2023	Fiscal Year-to-Date
Contributions	\$2,682,228	\$7,824,541
Other Additions	\$48,889	\$223,916
Investment Gain (Loss)	(\$21,592,035)	(\$17,889,179)
Investment Expenses	\$274,304	\$474,320
Deductions	\$4,973,701	\$14,859,196
Net Increase (Decrease)	(\$24,108,922)	(\$25,174,237)
Total Investments	\$649,179,248	
Total Assets	\$719,164,311	

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

MONEY MANAGER PRESENTATIONS:

Segall Bryant & Hamill (SBH): Clark Koertner with SBH provided a brief presentation of the firm with \$23.2 billion assets under management. Their active niche investment strategy is designed to deliver alpha in many of the most inefficient areas of the market. He reported no changes to their investment team or strategy. The Clerks' investment with SBH began in March 2018 and since inception have seen positive returns outperforming the Emerging Market benchmark 10 out of the past 11 quarters.

Thompson, Siegel & Walmsley (TS&W): Shelton Horsley with TS&W presented that TS&W's parent company had been acquired in January and the president would be retiring. He reported no other changes to the investment team and there are currently \$19.0 billion assets under management with a value-oriented focus. Since inception in 2016, the portfolio has underperformed the international large cap equity benchmark. The future outlook is extremely uncertain with the focus on interest rates.

Westfield Capital Management: Justin Moscardelli reported Westfield is a US Equity Large Cap Growth that has been a part of the Clerks portfolio since 2010. The total assets under management are \$14.5 billion. The firm is 100% employee owned and focuses on growth at a reasonable price strategy. He noted that the portfolio was up 37% in November and projects returns in the next year will be moderate as they continue to protect capital for their clients.

Orleans Capital Management: Emily Becker stated that Orleans had recently entered into a strategic partnership with Argent Financial Group that will be effective January 1, 2024. There will be no change to the investment team. As part of the Clerks Fixed Income Portfolio, Orleans has outperformed the benchmark since inception. She noted the recent outperformance is attributed to the shorter overall portfolio duration during a period of rising interest rates. Focus continues on yield to maturity. Emily also requested the Board consider signing the consent to continue the contract for the same terms.

INVESTMENT COMMITTEE: No report at this time.

Mark Graffeo asked if AndCo. had any issues with TS&W on the news of the president's retirement. Chris Brokaw commented that AndCo. was aware of the retirement and TS&W confirms that portfolio management is not going to be affected.

Orleans Capital had asked for the consent of the Board to continue their contract. A motion was made by Rick Arceneaux to approve consent for continuing the contract with Orleans Capital. The motion was seconded by David Dart. **MOTION CARRIED.**

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ANDCO:

Performance review-Q3 2023 and October 2023:

	Sept 2023	Percentage		October 2023	Percentage
Total Funds Including Internal Cash	\$716,383,228	---		\$ 698,541,397	---
US Equity					
Fidelity S&P 500 Index	\$ 73,063,613	-3.27%		\$ 71,527,730	-5.30%
Great Lakes	\$ 53,395,514	-2.79%		\$ 51,509,246	-6.22%
Westfield	\$ 54,410,854	-2.68%		\$ 53,981,923	-3.45%
Earnest	\$ 34,324,514	-3.61%		\$ 32,918,642	-7.56%
Hood River	\$ 31,674,967	-8.44%		\$ 29,467,651	-14.82%
Int. Equity					
WCM	\$ 22,261,338	-8.64%		\$ 21,394,796	-12.06%
TS&W	\$ 23,837,564	-4.33%		\$ 22,970,386	-7.75%
LSV	\$ 24,946,948	1.05%		\$ 23,840,383	-3.44%
Driehaus	\$ 33,816,275	-2.36%		\$ 32,047,926	-7.71%
Segall Bryant & Hamill	\$ 34,851,680	0.48%		\$ 33,767,971	-2.73%
Fixed Income					
FIAM Core Plus	\$ 77,619,810	-2.61%		\$ 76,292,055	-4.28%
FIAM Tactical Bond Fund	\$ 39,469,889	-3.05%		\$ 38,791,809	-4.72%
Orleans Capital	\$ 39,609,103	-2.85%		\$ 38,994,260	-4.36%
Infrastructure					
IFM Global	\$ 34,726,998	0.68%		\$ 34,689,593	0.57%
Hedge Funds					
Summit Solut.	---				
Real Estate					
Clarion	\$ 33,706,509	-1.05%		\$ 33,398,784	-1.05%
Principal	\$ 36,960,999	-2.38%		\$ 36,960,999	-2.38%
CASH – Hancock	\$ 592,935			\$ 815,468	
CASH - DROP	\$ 36,915,387			\$ 30,607,609	
CASH - General	\$ 30,198,333			\$ 34,564,165	

Chris Brokaw provided the report on Q3 2023 and the portfolio as of October 31, 2023. He explained that while the portfolio was down in October, the month of November reversed course. There was discussion regarding the funds invested in LAMP. Louis Perret questioned if those funds should be invested elsewhere. Chris Brokaw stated that there was no compelling reason to move those funds to another investment avenue at this time as they will be used to help with cash flow for year-end benefit payments.

The meeting adjourned for lunch.

The meeting convened at 12:37 pm.

AUDIT REPORTS: Michelle Cunningham presented the audit report for 2022-2023. She commented on management and auditor's responsibilities. She 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. She explained the emphasis of matter paragraph regarding the increase in the pension liability based on actuarial assumptions from \$935,610,461 in 2022 to \$958,771,978 in 2023. Michelle further explained the reporting requirements of GASB 34, 40, 67, and 72 and the reasonable estimates 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. She then reviewed the required supplementary information.

Total Assets of \$745,902,406, Total Liabilities of \$2,255,004 with a net position restricted for pension benefits of \$743,647,402. Total additions for 2023 were \$105,690,773 with the biggest change due to investment income of \$60,388,034. She 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 – Lafourche, Livingston and 5th Circuit Court of Appeal. There were no findings. 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.

Compliance Questionnaire: Debbie Hudnall presented the compliance questionnaire. A motion was made by Jeff Skidmore to approve the questionnaire as presented. The motion was seconded by Robin Hooter. **MOTION CARRIED.**

Statewide Agreed Upon Procedures (AUP) Audit Report and Policy Update: Michelle Cunningham then presented the Statewide AUPs report. After testing of the policies and procedures, there were no findings for the 2022-2023 fiscal year.

A motion was made by David Dart to accept the financial audit report, GASB 67 Census Audit, and the Statewide AUPs reports as presented. 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, 2023, noting a 4.4% actuarial rate of return. 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 2,022 active members and 112 DROP participants. There are 1,584 members receiving a benefit; 1,004 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 \$743,647,402 versus the actuarial value of assets of

\$767,642,054. The Plan is 81.46% 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 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 qualify to grant a COLA. He stated the minimum required employer contribution rate for the fiscal year end 2025 is 21.50%. Greg stated that the Board can set the employer rate once the report is approved by PRSAC, which is anticipated to meet early 2024. A motion was made by Robin Hooter to approve the Actuary report as presented for the fiscal year ended June 30, 2023, upon the approval of PRSAC. The motion was seconded by Jeff Skidmore. **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 last Board meeting there were 3 applications for DROP; 3 applications for regular retirement; 2 Post DROP retirement applications; and 1 disability application.

Robin Hooter moved the applications be approved. Motion was seconded by Jeff Skidmore. **MOTION CARRIED.**

Debbie stated there had been a total of 44 refunds in the amount of \$420,289 for the first 4 months of the 2023-2024 fiscal year.

REPORT OF EXECUTIVE DIRECTOR:

City of New Orleans – Resolution Ad Valorem (Exhibit A): Debbie Hudnall stated that the Board passes this resolution every year in the event that the City of New Orleans does not timely remit the Ad Valorem taxes. A motion was made by David Dart to approve the resolution as presented. The motion was seconded by Mark Graffeo. **MOTION CARRIED.**

Legislation: Debbie updated the Board on the Proposed Legislation for 2024.

- (1) Remove language “at the time of retirement” from Option 1. This option is seldom selected, and this legislation would clean up the designation of a beneficiary that coincides with this option. Debbie stated that an author will have to be found to draft the bill.
- (2) Definition of “Actively Contributing Member”. There was discussion on the exact definition of actively contributing as it relates to the disability section of retirement law. Changing the definition has the potential to increase costs to the system. Attorney Sheri Morris reviewed the definition of actively contributing member as found in other systems. This proposed legislation was deferred after discussion.
- (3) Definition of “Surviving Spouse” – “Married to and living with” language was discussed and the concern of situations of separate living, i.e., nursing homes could possibly raise

issues. A motion was made by Louis Perret to sponsor legislation to remove the “and living with” language with Attorney Sheri Morris researching to ensure no other conflict. The motion was seconded by David Dart. **MOTION CARRIED.** An author will have to be found to draft this bill.

Debbie reported she had received a letter from Gary Stanga regarding potential legislation allowing for a “pop up” option with the idea that you can alter your beneficiary. Greg Curran explained that the system does have a “pop up” option, which is Option 4, but this concept requires a larger reduction to your benefit to provide for the “pop up”. A motion was made by Mark Graffeo to oppose this legislation if filed and that any proposed retirement legislation should be brought before the Retirement Board before being introduced. The motion was seconded by Jeff Skidmore. **MOTION CARRIED.**

Software Update: Debbie reported the software is still under development with staff processing in both systems while testing the updated version and an expected go live date is January 1, 2024.

ATTORNEY: Attorney Sheri Morris stated the BREC litigation is at the 1st Circuit Court of Appeal and since pending there, nothing is moving forward awaiting the ruling of the appellate court. Another year of Ad Valorem taxes would be affected.

Policy – ADA Meeting Accommodations (Exhibit B): Attorney Sheri Morris presented to the Board a policy proposal regarding remote participation for disabled persons as required by Act 363 of the 2023 Regular Legislative Session. A motion to approve the policy as presented was made by Rick Arceneaux. The motion was seconded by Robin Hooter. **MOTION CARRIED.**

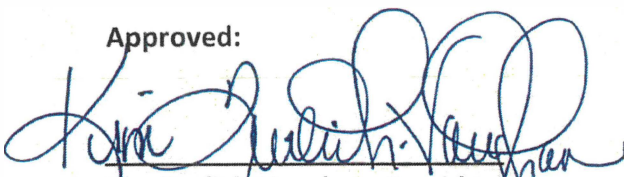
OTHER BUSINESS: Debbie Hudnall brought before the Board a proposal for A/V upgrades in the Board room to replace antiquated recording capture equipment and to provide the necessary remote participation ability as required by Act 363. A motion was made by Louis Perret to approve the A/V upgrades in the Boardroom up to an amount of \$50,000. The motion was seconded by Rick Arceneaux. **MOTION CARRIED.**

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.**

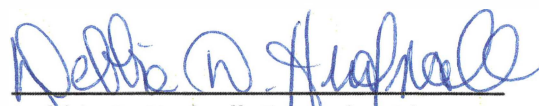
MEETING ADJOURNED.

Approved:



Kim Turlich-Vaughan, President

Respectfully submitted,



Debbie D. Hudnall, Executive Director

The following resolution was offered by David Dart and seconded by Mark Graffeo;

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 19th 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 2023, 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 2023 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 2023 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 2023 total \$500,000,000, then the contribution required for the 2023 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 2023. This additional contribution shall also be due from the first revenue sharing dollars appropriated for delivery in 2024 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 2023, 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: Turlich Vaughan, Perret, Skidmore, Dart, Arceneaux, Graffeo, Lundin, Hooter

NAYS: None

ABSENT: Fontana

And the resolution was declared adopted on this, the 29th day of November, 2023.

_____, Secretary

_____, Chairman

CLERKS' RETIREMENT AND RELIEF FUND POLICY FOR REMOTE PARTICIPATION

Purpose:

To comply with La.R.S. 42:14(E) allows any member of the public with a disability recognized by the Americans with Disabilities Act (ADA), or a designated caregiver of such a person, to participate in the meetings of public bodies, including the Clerks' Retirement and Relief Fund via teleconference or videoconference, if the person requests that accommodation prior to the meeting and complies with the rules, regulations, and procedures adopted by Clerks' Retirement and Relief Fund for such participation. A list of disabilities recognized by the ADA is available at:

<https://lla/la.gov/resources/legal-assistance/legal-faq>

Procedures:

1. Clerks' Retirement and Relief Fund shall post its agendas on its website at least 24 hours prior to each meeting.
2. Each agenda shall include information requesting remote participation.
3. Clerks' Retirement and Relief Fund shall maintain on its website <https://www.laclerksofcourt.org/retirement/remote-participation-retirement> a Request for Remote Participation Form ("Form") and shall provide a copy of the Form via fax, mail or email to anyone who requests the Form via email to meetings@laclerksofcourt.org in writing or requests the Form by contacting Clerks' Retirement and Relief Fund via phone at: 225-293-1162 or 800-256-6660 (Toll free)
4. If any person with a disability recognized by the ADA, or a caregiver of a person with a disability recognized by the ADA submits a completed Request for Remote Participation to meetings@laclerksofcourt.org, a member of Clerks' Retirement and Relief Fund's staff will contact the requester with further information on how to participate in the Board meeting remotely.
5. This Policy for Remote Participation and any amendments shall be published as a rule within 12 months of approval by the Clerks' Retirement and Relief Fund Board.
6. This Policy for Remote Participation shall be available on Clerks' Retirement and Relief Fund's website, <https://www.laclerksofcourt.org/retirement/remote-participation-retirement>