

PROPOSED MINUTES

**LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
TUESDAY, NOVEMBER 19, 2024
NATCHITOCHE, LA
9:00 AM**

A meeting of the Louisiana Clerks of Court Retirement and Relief Fund Board of Trustees was held on Tuesday, November 19, 2024, at 9:00 am in Natchitoches, LA.

The meeting was called to order by President Louis Perret. Randy Briggs gave the opening prayer followed by the Pledge of Allegiance led by Jeff Skidmore.

MEMBERS PRESENT:

Louis Perret
Jeff Skidmore
Randy Briggs
Jill Sessions
Mark Graffeo
Rick Arceneaux
Kim Turlich-Vaughan

OTHERS PRESENT:

Debbie Hudnall, Executive Director
Greg Curran, Actuary
Jon Breth, Consultant
Sheri Morris, Attorney

ABSENT:

Veronica Koclanes
David Dart
Senator Bob Owen
Representative Sylvia Taylor

GUESTS PRESENT:

Cherie Lott, Randy Deshotel, Chelsey Richard Napoleon, Susan Racca, Charles Jagneaux, Dana Benson, Darren Lombard, Diane Meaux Broussard, Laura Blanchard, Shane LeBlanc, Annette Fontana, Brian Lestage, Amanda Gross Thies, David Stamey, Dagmar Hebert, and Chris Kershaw.

PUBLIC COMMENTS: None

APPROVAL OF MINUTES:

Kim Turlich-Vaughan moved the minutes of the August 6, 2024, meeting be approved. Motion seconded by Jeff Skidmore. **MOTION CARRIED.**

FINANCIAL REPORT: (ON FILE IN OFFICE)

Treasurer Jill Sessions gave the financial report as of September 30, 2024:

	September 30, 2024	Fiscal Year-to-Date
Contributions	\$2,908,523	\$8,185,747
Other Additions	\$73	\$1,064,496
Investment Gain (Loss)	\$13,417,909	\$44,176,982
Investment Expenses	\$121,158	\$206,919
Deductions	\$4,897,692	\$16,304,187
Net Increase (Decrease)	\$11,307,655	\$36,916,120
Total Investments	\$794,268,544	
Total Assets	\$856,042,326	

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Rick Arceneaux made a motion to receive the financial report. Motion was seconded by Kim Turlich-Vaughan. **MOTION CARRIED.**

MONEY MANAGER PRESENTATIONS:

WCM: Ryan Quinn with WCM provided a brief presentation of the firm with \$95.5 billion of assets under management. The Clerks portfolio is in the focused growth international equity fund. He noted this fund is closed and has 35-40 stocks with a tilt towards growth. He noted the fund had out performed the benchmark by 6% in the last 12 months. He commented on the top holdings including luxury stocks, i.e. Ferrari. Ryan explained the portfolio walking back exposure in China. Ryan highlighted the company culture and the adaptability of the analysts.

CLARION: Rene Firman with Clarion presented information regarding the Clerks real estate portfolio. She commented on positive returns in quarter 3 that are in line with the benchmark. She noted the fund selling assets above appraised value. She noted the process of reducing the exposure in the office space sector. There are no hotel investments in the portfolio. Industrial assets average age is 14 years and there is exposure to strategic cluster markets in alternative types. She noted looking to grow a footprint in the sunbelt market with a focus on grocery anchored retail. Jon Breth also commented on the volatility in the real estate market.

FIDELITY: Sarah Weddleton and Christine Thorpe commented on the Active Diversified Strategies in the Fixed Income space. Performance on the Clerks Core Plus fund had a 5.89% return and the Tactical Fund had a 5.41% return as of September 30, 2024. They reported on the correlation between both strategies noting underweight in the US Treasury space but overweight in the tactical fund. There was an explanation of the types of bonds and the rating allocations. They both thanked the Board for the continued partnership.

DRIEHAUS: David McElroy provided a presentation on Driehaus and the Clerks portfolio in the International Small Cap Growth space. Driehaus is a boutique firm located in Chicago with 86 employees with \$19.4 billion under management. He noted that the international markets have been a tough environment. He explained that the firm philosophy capitalizes on persistent market inefficiency. He reported on the firm's investment process and that since inception in mid-2019 the Clerks fund has a return of 8.12%.

INVESTMENT COMMITTEE: No report at this time.

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MARINER:

Performance review – September 30, 2024:

	Sept 30, 2024	Percentage (FYTD)		Sept 30, 2024	Percentage (FYTD)
Total Funds Including Internal Cash	\$852,863,001	---			
US Equity			Fixed Income		
Fidelity S&P 500 Index	\$ 99,602,929	5.88%	FIAM Core Plus	\$ 87,739,452	5.43%
Great Lakes	\$ 69,300,449	8.84%	FIAM Tactical Bond Fund	\$ 44,611,993	5.41%
Westfield	\$ 78,445,402	3.17%	Orleans Capital	\$ 44,382,861	5.12%
Earnest	\$ 42,668,974	8.21%	Infrastructure		
Hood River	\$ 48,318,584	11.24%	IFM Global	\$ 36,939,933	3.79%
Int. Equity			Real Estate		
WCM	\$ 28,801,967	4.93%	Clarion	\$ 29,715,579	0.24%
TS&W	\$ 29,467,464	8.97%	Principal	\$ 35,678,606	0.84%
LSV	\$ 30,453,649	7.68%			
Driehaus	\$ 42,059,502	6.84%	CASH – Hancock	\$ 63,751	
SB&H	\$ 45,911,006	4.82%	CASH - DROP	\$ 38,404,131	
			CASH – General	\$ 20,296,768	

Jon Breth commented on the quarter ending September 30, 2024, noting Small and Mid-Cap Stocks leading the way. The bond market was also up. He commented on the dollar appreciation and the balance between US Stocks and International. Jon highlighted Hood River’s stock selection as the driving factor of the 18% return since inception in 2020. Jon noted no significant need for rebalancing for the calendar year-end approaching. He noted the investment committee will begin to review asset allocation. He commented on the good start to the fiscal year with a first quarter fund return of 5.74%. There was discussion about the fixed income managers.

AUDIT REPORT: Michelle Cunningham presented the audit report for 2023-2024. She commented on management and auditors’ 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 total pension liability from \$958,771,978 in 2023 to \$984,190,431 for fiscal year end 2024. 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 and pension liability. She then reviewed the supplementary information.

Total Assets of \$821,285,386, Total Liabilities of \$3,477,815 with a net position restricted for pension benefits of \$817,807,571. Total additions for 2024 were \$132,775,568 with the biggest

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change due to investment income of \$85,334,808. She noted an increase in benefit payments but a decrease in refunds.

Michelle then reviewed the census data testing required by GASB 67 noting an increase in retirees but a decrease in active membership. There were four parishes census data tested – East Baton Rouge, St. Martin, Desoto and 3rd Circuit Court of Appeal. There was a finding in Desoto parish where contributions had been remitted on overtime wages. The issue had been corrected, and Debbie Hudnall reminded the Board that retirement contributions are to be submitted on regular salary only. Michelle commented the next audit will be for GASB 68, and the net pension liability and the schedule of pension amounts by employer. The Employers' net pension liability has decreased from \$215,124,576 to \$166,382,860. She noted the proportionate share picked up by each parish is less than the previous year.

Michelle also commented on the Statewide Agreed upon Procedures (AUP) audit required by the Legislative Auditor. There were no findings in any of the areas tested. Because there were no findings, these procedures will not need to be audited next fiscal year. There will be savings in audit fees.

A motion was made by Jeff Skidmore to accept the financial audit report, GASB 67 Census Audit and the Statewide AUP reports as presented. The motion was seconded by Kim Turlich-Vaughan.
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 Rick Arceneaux. **MOTION CARRIED.**

ACTUARY REPORT (on file in office): Actuary Greg Curran presented the actuarial valuation report for fiscal year end June 30, 2024, noting a 6.3% actuarial rate of return. Based on the census data provided, the plan has 2,106 active members and 110 DROP participants. There are 1,613 members receiving a benefit; 1,092 former members with contributions on deposit with 78 of those being vested participants due a benefit. He commented on the methods and actuarial assumptions used. He explained that an experience study is slated to be done in 2025 to review the assumptions. The market plan value of assets for the year ended June 30, 2024 was \$817,807,571 versus the Actuarial Value of Assets of \$804,232,341. The plan is 83.1% funded. The Board had chosen to maintain the employer contribution rate at 23% above the minimum rate of 21.50% and those excess funds were deposited in the Funding Deposit Account. The minimum required rate for the fiscal year end 2026 is 19.25% . The Board can set the employer rate once the report is approved by PRSAC, which is anticipated to meet early 2025. A motion was made by Kim Turlich-Vaughan to approve the Actuary report as presented and based on PRSAC's approval. The motion was seconded by Mark Graffeo. **MOTION CARRIED.**

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True Life Annuity

Debbie Hudnall brought to the Board an issue with a member who had recently retired and elected to purchase a true life annuity with a partial sum of the member's DROP funds. The member has subsequently requested to rescind that decision and cash out the annuity. Debbie explained that retirement elections are irrevocable and had asked the actuary and attorney to look into the issue. Greg Curran commented on the calculation of the annuity and the additional work that it would entail to ensure the actuarial soundness if the rescission was granted and had not previously allowed to rescind. Attorney Sheri Morris noted the need to review the contract language. After further discussion and based on both the actuary and attorney's recommendation, a motion was made by Louis Perret to deny the member's request for rescission of the member's true life annuity. The motion was seconded by Jeff Skidmore.

MOTION CARRIED.

APPLICATIONS AND REFUNDS: (On file in office)

Debbie Hudnall reported since the last Board meeting there were 14 applications for DROP; 12 applications for regular retirement; 11 Post DROP retirement applications; no disability applications; and 4 True Life Annuity applications.

Randy Briggs moved the applications to be approved. Motion was seconded by Jeff Skidmore.

MOTION CARRIED.

Debbie stated there had been a total of 60 refunds in the amount of \$896,732 through September 2024.

REPORT OF EXECUTIVE DIRECTOR:

City of New Orleans – Resolution Ad Valorem (Exhibit A) Debbie Hudnall presented the resolution regarding the City of New Orleans and the Ad Valorem Tax. Historically, the Board has adopted this resolution in order to pursue receipt of the Ad Valorem taxes if the City fails to remit them timely. A motion was made by Jeff Skidmore to adopt the resolution as presented. The motion was seconded by Mark Graffeo. **MOTION CARRIED.**

ATTORNEY

Executive Session: A motion was made by Jeff Skidmore to enter into Executive Session for discussion on Litigation – *The Recreation and Park Commission for the Parish of East Baton Rouge v. Sid J. Gautreaux, III* and *Sid J. Gautreaux v. The City of BR/Parish of EBR*. The motion was seconded by Randy Briggs. **MOTION CARRIED.**

A motion was made by Randy Briggs to return to regular session. The motion was seconded by Jeff Skidmore. **MOTION CARRIED.**

OTHER BUSINESS: The next retirement meeting is scheduled for February 4, 2025 in Baton Rouge, LA.

COMMENTS BY BOARD TRUSTEES: None

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

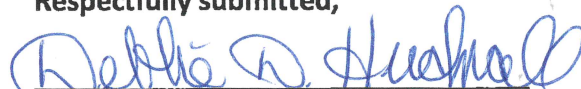
MEETING ADJOURNED.

Approved:



Louis Perret, 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 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 2024, 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 2024 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 2024 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 2024 total \$500,000,000, then the contribution required for the 2024 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 2024. This additional contribution shall also be due from the first revenue sharing dollars appropriated for delivery in 2025 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 2024, 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 _____.

_____, Secretary

_____, Chairman