

APPROVED MINUTES

LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
THURSDAY, MARCH 10, 2016
BATON ROUGE, LOUISIANA
9:00 AM

A meeting of the Louisiana Clerks of Court Retirement and Relief Fund Board of Trustees was held on Thursday, March 10, 2016 at 9:00 AM in Baton Rouge, Louisiana.

The meeting was called to order by President Holli Vining. Diane Meaux Broussard gave the invocation and Cliff Dressel led the Pledge of Allegiance.

MEMBERS PRESENT:

President Holli Vining
David Dart
Robin Hooter
Mark Graffeo
Cliff Dressel
Jim Martin
Diane Meaux Broussard
Kay Bolding

OTHERS PRESENT:

Debbie Hudnall, Executive Director
Phineas Troy, Summit Strategies
Julie Brannam, Summit Strategies
Denise Akers, Attorney
Gary Curran, Actuary

GUESTS PRESENT:

Frank Borne, Kim Turlich-Vaughan, Chris Kershaw and Dagmar Hebert.

PUBLIC COMMENTS: None

APPROVAL OF MINUTES:

Cliff Dressel moved that the minutes of December 10, 2015 be approved. Motion seconded by David Dart. **MOTION CARRIED.**

FINANCIAL REPORTS: (ON FILE IN OFFICE)

Treasurer Robin Hooter reviewed the financial reports for January 31, 2016.

Jan. 2015 -	Monthly Contributions	\$ 9,487,091
	Other Additions	\$ 0
	Investment Gain (Loss)	\$ (20,036,627)
	Investment Expenses	\$ (332,962)
	Deductions	\$ (2,753,967)
	Net Income (Decrease)	\$ (13,636,465)
	Total Investments	\$ 467,712,909
	Total Assets	\$ 504,998,836

Motion was made by Cliff Dressel to receive the financial reports. Motion seconded by Jim Martin. **MOTION CARRIED.**

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Investment Committee

Chairman Mark Graffeo reported that the Investment Committee had met that morning and would be recommending a rebalance between large cap domestic equity and international equity and asked Phinney Troy to give the report. Phinney reported that it was the recommendation of Summit Strategies and the Investment Committee to rebalance both the large cap domestic equity and international equity bringing it closer to target by liquidating \$5 million from Westfield (domestic large cap) and adding \$2.5 million to LSV (international developed) and \$2.5 million to William Blair (international developed). Motion was made by Mark Graffeo to approve the rebalance recommendation as presented by Summit Strategies and the Investment Committee. Motion seconded by Jim Martin. **MOTION CARRIED.**

Summit Strategies Group: (Report on file in office)

ECONOMIC UPDATE: Julie Brannam commented on the strong fourth quarter of 2015 and the volatility of January 2016. She also commented on the price of oil, Chinese economy, Federal Reserve interest rates, and job growth. She reported that large caps outperformed small caps in the international market, emerging markets declined 6% and MLPs were down 11% for January. Fixed income assets were positive for January as well as TIPS were up 1.5%. She further commented that January can be a very seasonal month.

Monthly Investment Performance Review: Julie Brannam then reviewed the composite Asset Allocation & Performance. She reported that one month performance can impact the portfolio results.

(Minutes continue on following page.)

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PORTFOLIO PERFORMANCE - January 31, 2016

	2016	1 Mo	FYTD
Total Funds	\$ 502,700,567	-4.13%	-6.60%
US Equity			
QMA	\$ 50,379,812	-5.17%	-4.52%
Rothschild	\$ 27,144,620	-5.62%	-7.08%
Westfield	\$ 38,435,674	-6.90%	-6.27%
William Blair	\$ 16,240,161	-5.80%	-11.17%
Elk Creek	\$ 15,256,323	-12.21%	-18.73%
Intl. Equity			
Vontobel	\$ 39,069,315	-3.34%	-2.61%
LSV	\$ 34,177,454	-7.54%	-13.11%
William Blair	\$ 19,051,015	-6.78%	-4.16%
AJO	\$ 17,736,662	-7.71%	-24.57%
Fixed Income			
Pyramis	\$ 47,559,082	0.44%	-0.43%
Pyramis (Tact)	\$ 22,827,115	-0.28%	-3.40%
SSgA Ag Bond	\$ 21,558,840	1.39%	2.07%
Hedge Funds			
Blackstone	\$ 22,343,916	-1.06%	-0.48%
Magnitude	\$ 23,170,957	-1.17%	1.51%
UBP	\$ 569,443		
Real Estate			
Clarion	\$ 51,598,548	0.00	6.81%
MLP'S			
	\$ 9,734,198	-11.88%	-35.61%
Tortoise	\$ 9,784,932	-12.79%	-32.43%
Whitney – Cash	\$ 946,656		
DROP FUNDS	\$ 22,829,635		
Cash Funds	\$ 12,286,208		

Phinney commented that the markets began to rebound in February 2016 as investors focused on stability of the underlying fundamentals and the likelihood of a recession continues to fall. Phinney reported on the difference between market correction and market recession. He then presented a case study on value asset allocation of undervalued and overvalued assets. Phinney reported on the value of MLPs and the correlation between MLPs and stocks. There was discussion regarding MLPs and natural gas.

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Phinney presented to the Board an investment policy change at the request of Tortoise Capital Advisors:

F. Master Limited Partnerships (MLP):

- 1. Investments in MLPs shall be made primarily ~~only~~ in interests of limited liability partnership vehicles comprised primarily of investments in: domestic midstream and energy infrastructure, MLPs publicly traded on U.S. equity exchanges, including domestic energy-related exchanged traded funds (ETFs).**

Summit Strategies and the investment committee recommend adopting this requested policy change. Motion by Jim Martin to approve the adoption of the policy change saying "Investments in MLPs shall be made primarily in interested of limited liability partnerships...". Motion seconded by Mark Graffeo. **MOTION CARRIED.** Jim asked how the word primarily would be defined. Phinney stated that there was a discussion regarding a hard cap number but the small percentage this makes up overall would not be significant and Attorney Denise Akers commented on the frequent use of the word primarily in contracts.

Phinney updated the Board on an announcement from International Money Manager, Vontobel, that their CEO, Rajiv Jain, would be leaving Vontobel to start his own investment firm. Summit Strategies will continue to review benchmarks and will have additional information in the coming months.

ACTUARY: Gary Curran presented to the Board a list of mortality assumptions (Exhibit A) to bring the factors in line with the current valuation. There was discussion regarding how these factors figure into retirement calculations of male vs. female members and federal regulations. Motion made by Jim Martin to approve the tables as presented by the Actuary. Motion seconded by David Dart. **MOTION CARRIED.**

Debbie commented on Board sponsored legislation, HB 54 recommended by the Actuary regarding amortization payments of the remaining Frozen Unfunded Accrued Liability. This legislation proposes level payments as opposed to current payments scheduled to increase by 4.75% each year. This reduces risk to the plan in the future. Gary commented on the cross over point where this payment would be less than the current payments with the percentage increases. There was discussion regarding the effect on employer contribution rates. He stated that this would ultimately be a cost savings to the fund. Debbie commented that the bill had been filed by Rep. Foil and a fiscal note was requested. The projection prepared by the Actuary was presented to the Board.

SB 19 – Debbie commented on SB 19, which was a bill filed on behalf of three parishes establishing Back DROP. President Holli Vining commented that she had been

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informed by the Clerk in one of the parishes included that the bill was going to be pulled, but as of the previous day it had not been pulled. Debbie asked for direction from the Board on how to proceed. Gary Curran commented on the cost to the system with having multiple systems within the system. Cliff Dressel moved that the Retirement Board oppose SB 19 and take what action necessary to oppose the bill if it is not pulled. Cliff commented that the Association voted to oppose the bill at the last Clerks Only Meeting. Motion seconded by Jim Martin. **MOTION CARRIED.**

David Dart asked Gary about his thoughts on Clerks payroll and future growth. Gary commented that was one of the considerations when suggesting the level amortization payments. There was discussion regarding the offices replacement of pension eligible employees to those who are part-time non pension eligible. David suggested that the Board look at this annually and Jim Martin asked about tracking the trends of Active members and payroll in order that the Board can be proactive on any future actions.

There was further discussion regarding a policy on direct contact with employed professionals of the respective Boards. There was no further action taken on that matter. Robin Hooter questioned if other systems experience the same issue.

APPLICATIONS AND REFUNDS: (On file in office)

Debbie reported that since the December Board meeting there were 19 applications for DROP; 17 applications for regular retirement; 19 Post DROP retirement applications. Mark Graffeo moved that the applications be approved. Motion was seconded by Cliff Dressel. **MOTION CARRIED.**

Debbie further reported there had been 12 refunds in the amount of \$90,878 and a total of \$656,435 for the year.

EXECUTIVE DIRECTOR REPORT:

City of New Orleans: Debbie informed the Board that the City of New Orleans did not notify the Board of the tax amount. Debbie contacted Attorney Allen Breithaupt and asked that he forward the Resolution adopted by the Board to the State Treasurer to intercept Revenue Sharing Funds of the City. The required tax monies in the amount of \$805,903 were subsequently received from the city and the Resolution was withdrawn.

Employee Policy Change: Debbie reminded the Board of the probationary policy the Board adopted at the last meeting and reported that the signed affidavits from Orleans Civil had all been received.

House and Senate Retirement Appointment: Debbie presented the Board with letters from both the House and Senate appointing, Stephanie Little, Margaret Corely, Laura Blackwell and Laura Gail Sullivan to serve as representatives at Executive Sessions.

IRS Determination Letter: Debbie further reported that a letter had been received stating that the application for a "determination letter" had been received by the IRS.

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Legislation: Debbie commented on several other retirement bills that the office is monitoring: HB 14 (House Retirement Committee Appointments), HB 63 (regarding one of the required education hours be presented by the Legislative Auditor), HB 64(quarterly filings requiring additional listing of money managers), HB 78 (Executive Director of Retirement System be required to file a financial disclosure), and HB 162 (open meetings law and texting).

Retirement Portal: Debbie reported that there are approximately 300 members participating in the retirement portal.

Credit Card Policy (on file in office): Debbie presented a proposed credit card policy to the Board. There was discussion regarding authorized users. Attorney Denise Akers provided the following wording regarding additional authorized users:

The Executive Director may grant permission to another employee use of the credit card for Retirement business purposes in accordance with the policy guidelines on a case by case basis.

Cliff Dressel moved to adopt the credit card policy as presented with the additional authorized user language. Motion seconded by Robin Hooter. **MOTION CARRIED.**

Debbie reported to the Board that one Clerk who retired early had not yet received the first retirement benefit because the retirement office has had to request further payroll and tax documents. This will delay the payment of the first retirement benefit; however, it will be retroactive to the retirement date.

ATTORNEY: Denise Akers had no matters to report at this time.

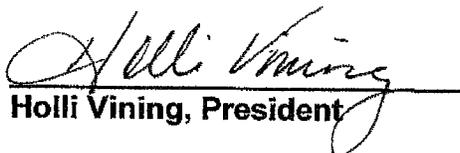
OTHER BUSINESS: None

COMMENTS BY BOARD MEMBERS: No comments.

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

MEETING ADJOURNED.

Approved:


Holli Vining, President

Respectfully submitted,


Debbie D. Hudnall, Executive Director

System: Clerks of Court Retirement and Relief Fund

Effective Date: July 1, 2016

Category	Male Mortality Table	Female Mortality Table	Interest Rate	Annuity Type	Unisex / Sex Distinct	% Male
Transfers / Purchases	Male Mortality as stated in the 2015 Actuarial Valuation Report	Female Mortality as stated in the 2015 Actuarial Valuation Report	7.00%	Immediate	S/D	N/A
Disability Award Lifetime Equivalences	RP-2000 Disabled Lives Mortality Table for Males	RP-2000 Disabled Lives Mortality Table for Females	7.00%	Immediate	U	15%
Single Life Option Factors	RP-2000 Combined Healthy Male Table Set Forward 1 year	RP-2000 Combined Healthy Female Table	7.00%	Immediate	U	15%
Joint & Survivor Option Factors	RP-2000 Combined Healthy Male Table Set Forward 1 year	RP-2000 Combined Healthy Female Table	7.00%	Immediate	U	30%
Drop Balance Life Annuity Conversions	RP-2000 Healthy Annuitant Male Table set forward 1 year and Projected to 2030	RP-2000 Healthy Annuitant Female Table Projected to 2030	*	Immediate	U	15%
Drop Balance Annuity Certain Conversions	N/A	N/A	*	Immediate	N/A	N/A

* Lesser of valuation interest rate or Moody's seasoned AAA rate as of the last date of the preceding fiscal year (as published in the Federal Reserve statistical release)

To be reviewed at Board meeting on March 10, 2016