

## **APPROVED MINUTES**

### **LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND BOARD OF TRUSTEES MEETING TUESDAY, MARCH 24, 2015 BATON ROUGE, LOUISIANA 9:00 AM**

A meeting of the Louisiana Clerks of Court Retirement and Relief Fund Board of Trustees was held on Tuesday, March 24, 2015 at 9:00 AM in Baton Rouge, Louisiana.

The meeting was called to order by President Diane Meaux Broussard. Tammy Foster gave the invocation and Gary Loftin led the Pledge of Allegiance.

#### **MEMBERS PRESENT:**

President Diane Meaux Broussard  
Holli Vining  
David Dart  
Tammy Foster  
Cliff Dressel  
Gary Loftin  
Kay Bolding  
Stephanie Little, for Rep. J. Kevin Pearson

#### **OTHERS PRESENT:**

Debbie Hudnall, Executive Director  
Phineas Troy, Summit Strategies  
Greg Curran, Actuary

#### **GUEST PRESENT:**

Dot Lundin, John Olivier, Chris Kershaw

#### **PUBLIC COMMENTS:** None

#### **RESIGNATION OF BOARD MEMBERS**

Debbie Hudnall reported that she had received resignations from both Carl Broussard and Hart Bourque. Hart Bourque retired on February 1, 2015.

#### **OATH OF OFFICE**

David Dart was sworn in as 2<sup>nd</sup> Vice President. Debbie stated that David had completed the required educational hours for a Board Trustee.

#### **APPROVAL OF MINUTES:**

Cliff Dressel moved that the minutes of December 2, 2014 meeting be approved as presented. Motion seconded by Gary Loftin. **MOTION CARRIED.**

#### **COMMENTS BY PRESIDENT:**

President Broussard thanked everyone for their attendance at her final Retirement Board meeting as President. She reminded everyone to sign up for the upcoming conference.

**Louisiana Clerks of Court Retirement and Relief Fund**  
**Board of Trustees Meeting, March 24, 2015**  
**Page 2**

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

Controller Chris Kershaw reviewed the financial reports for December 2014 and January and February 2015.

<b>Dec. 2014 -</b>	Monthly Contributions	\$ 2,645,128
	Other Additions	\$ (92,098)
	Investment Gain (Loss)	\$ (1,328,965)
	Investment Expenses	\$ (189,667)
	Deductions	\$ (2,923,566)
	Net Income (Decrease)	\$ (1,889,168)
	<b>Total Investments</b>	<b>\$ 489,478,734</b>
	<b>Total Assets</b>	<b>\$ 517,414,476</b>
<b>Jan. 2015 -</b>	Monthly Contributions	\$ 9,475,573
	Other Additions	\$ 9,490
	Investment Gain (Loss)	\$ (4,566,520)
	Investment Expenses	\$ (307,501)
	Deductions	\$ (2,488,035)
	Net Income (Decrease)	\$ 2,123,006
	<b>Total Investments</b>	<b>\$ 484,818,038</b>
	<b>Total Assets</b>	<b>\$ 519,535,634</b>
<b>Feb. 2015 -</b>	Monthly Contributions	\$ 3,808,206
	Other Additions	\$ 187
	Investment Gain (Loss)	\$ 16,811,444
	Investment Expenses	\$ (207,102)
	Deductions	\$ (2,507,569)
	Net Income (Decrease)	\$ 17,905,166
	<b>Total Investments</b>	<b>\$ 501,484,037</b>
	<b>Total Assets</b>	<b>\$ 537,438,221</b>

Motion was made by Holli Vining to receive the financial reports. Motion seconded by David Dart. **MOTION CARRIED.**

**INVESTMENT COMMITTEE:**

Chairman Gary Loftin reported that the Committee holds conference calls once a month and further that the Committee had held a meeting that morning and had three recommendations that he would ask Phinney Troy to present to the Board.

**Louisiana Clerks of Court Retirement and Relief Fund**  
**Board of Trustees Meeting, March 24, 2015**  
**Page 3**

Phinney reported the Investment Committee convened via phone on January 21, 2015, February 4, 2015, and March 11, 2015 and in person that morning to discuss the following matters:

December's final performance

Economic review of 2015 and outlook of 2015

January and February preliminary performance

Replacement of emerging markets equity manager DFA

Rebalancing recommendations for the Fund

Phinney reported that it was recommended by Summit Strategies and the Investment Committee that DFA be terminated as emerging market equity manager and that AJO be retained to replace DFA.

Tammy Foster moved that DFA be terminated and AJO be retained on a performance bases to replace DFA after attorney, Denise Akers, reviews the contract and further authorized Debbie Hudnall to sign the contract. Motion seconded by David Dart.

**MOTION CARRIED.**

Summit Strategies along with the Investment Committee further recommended that the portfolio be rebalanced as follows:

Liquidate \$3.0 million from QMA

Liquidate \$2.5 million from Westfield

Liquidate \$2.0 million from Rothschild

Said proceeds from these liquidations to be used to purchase an additional \$3.0 million with AJO Emerging Markets Manger; an additional \$2.0 million with LSV International Value Equities and an additional \$2.5 million with Pyramis Core Plus Fixed Income.

Holli Vining moved that the Board approve the re-balancing of the Fund as recommended by Summit Strategies and the Investment Committee. Motion seconded by Gary Loftin. **MOTION CARRIED.**

**SUMMIT STRATEGIES: (Report on file in office)**

Phinney reviewed the economic perspective for the month ending February 2015 and gave a capital markets update. He then proceeded to discuss the portfolio performance as of February 2015.

**Louisiana Clerks of Court Retirement and Relief Fund**  
**Board of Trustees Meeting, March 24, 2015**  
**Page 4**

**PORTFOLIO PERFORMANCE**

	<b>2015</b>	<b>FYTD</b>	<b>CYTD</b>
<b>Total Funds</b>	\$ 535,623,192	2.98%	2.50%
<b>US Equity</b>			
QMA	\$ 56,380,576	9.28%	3.11%
Rothschild	\$ 31,262,609	4.62%	0.66%
Westfield	\$ 43,965,477	10.98%	4.12%
William Blair	\$ 18,064,956	2.52%	0.28%
Elk Creek	\$ 18,386,022	5.29%	3.92%
<b>Intl. Equity</b>			
Vontobel	\$ 37,685,116	0.25%	4.54%
LSV	\$ 32,892,437	-4.96%	6.97%
Mondrian	\$ 15,538,050	-4.43%	4.23%
William Blair	\$ 11,911,856	-5.38%	4.39%
DFA	\$ 21,085,405	-8.01%	2.72%
<b>Fixed Income</b>			
Pyramis	\$ 45,692,166	3.16%	1.64%
Pyramis (Tact)	\$ 23,781,861	3.10%	2.33%
SSgA Ag Bond	\$ 21,382,430	3.15%	1.15%
<b>Hedge Funds</b>			
Blackstone	\$ 22,135,727	3.56%	1.39%
Magnitude	\$ 22,507,692	7.19%	1.84%
UBP	\$ 1,065,696		
<b>Real Estate</b>			
Clarion	\$ 46,354,573	8.21%	
<b>MLP'S</b>			
Harvest	\$ 15,824,651	-4.44%	-0.03%
Tortoise	\$ 15,450,187	-7.43%	1.04%
<b>Whitney -Cash</b>	\$ 669,103		
<b>DROP FUNDS</b>	\$ 21,501,852		
<b>Cash Funds</b>	\$ 12,084,749		

**ACTUARY REPORT:**

Greg Curran stated that the current employer contribution rate of the Fund is 19% and that the actuarial required rate for fiscal year 2016 is 17.25% and that it had been approved by PRSAC at their February meeting. He advised the Board that they have the option of maintaining the rate higher and any additional funds would be deposited in the Funding Deposit Account. Those funds can be used in the future to lower employer contributions or to help pay down the unfunded liability or with future legislation to help fund COLA's. Greg further stated if any way possible, they recommend maintaining it at the higher rate. David Dart moved that the employer contribution rate be maintained at 19%. Motion was seconded by Gary Loftin. **MOTION CARRIED.**

**Louisiana Clerks of Court Retirement and Relief Fund**  
**Board of Trustees Meeting, March 24, 2015**  
**Page 5**

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

Debbie reported there were 14 applications for DROP; 17 applications for regular retirement; 17 for post drop retirement applications and 1 application for a survivor. Gary Loftin moved that the applications be approved. Motion was seconded by Cliff Dressel. **MOTION CARRIED.**

Debbie further reported there had been 72 refunds through February 2015 in the amount of \$565,980. Debbie further reported that the number of retirees continue to increase along with the amount of work to process the applications. She stated that Evie Dodge would be entering DROP in the near future and it would be important to bring a new employee in the new future to begin the training to take her position.

**EXECUTIVE DIRECTOR REPORT:**

**Insurance** – Debbie informed the Board that she had asked Arthur J. Gallagher Insurance to review all of the insurance policies for all of the Boards. They discovered a few issues, and after speaking with Mark Graffeo she had proceeded to issue a letter naming Arthur J. Gallagher Insurance as Agent of Record so policies could be in place as soon as possible.

**Contribution Issues** – Debbie reported that they continue to have issues in collecting monthly contributions from Tensas Parish who is now 5 months delinquent. After discussion, Cliff Dressel moved that attorney Denise Akers send a letter to the Clerk giving him 30 days to pay all of his retirement contributions plus legal interest or that his membership in the retirement system would be suspended and further that he would become personally liable. David Dart seconded the motion. **MOTION CARRIED** – with Diane Meaux Broussard voting Nay.

Debbie also reported an issue with an employee of the Supreme Court's Clerk's office who had been paying retirement when she was not eligible to be in the system, but the clerk did not want the money refunded. Debbie said the clerk has now removed her from the system. The Board authorized Debbie and Denise to work the issue out with the Clerk in accordance with policy.

**DROP FUNDS** – The Executive Director informed the Board as a point of interest that there was currently \$21 million Dollars in DROP funds of which \$12.5 million is for employees who are DROP return to work and \$9 million who have retired and actually gone home.

**Legislative Proposals** – Debbie gave a Legislative update stating that HB 27 had been filed which was clean up legislation to amend the law that anyone hired after January 1, 2011, who defers their retirement must be age 60 in order to retire.

**New Orleans Ad Valorem** – Debbie reported that they had received the New Orleans Ad Valorem taxes without having to go through the State Revenue Sharing.

**Louisiana Clerks of Court Retirement and Relief Fund  
Board of Trustees Meeting, March 24, 2015  
Page 6**

**RETIREMENT PORTAL** – Debbie said they continue to work on the Retirement Portal and hoped to have it running shortly.

**ATTORNEY – (EXHIBIT A)**

Denise Akers reported that she along with the Currans and Association staff had held several meetings and spent numerous hours trying to develop a policy for calculating retirement benefits. After discussion, Holli Vining moved that the Board adopt the proposed "Policy for Calculating the Final Average Compensation and Creditable Service" as presented by Denise Akers. Motion seconded by Cliff Dressel. **MOTION CARRIED**

John Olivier - prospective litigation vs. LCCRF – In Re: FAC

Tammy Foster moved that the Board go into Executive Session to discuss prospective litigation. Motion seconded by Cliff Dressel. **MOTION CARRIED.**

Gary Loftin moved that the Board return to regular session. Motion seconded by Cliff Dressel. **MOTION CARRIED.**

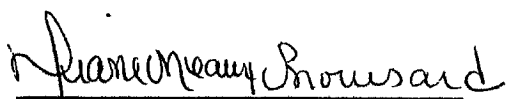
**OTHER BUSINESS:** No other business.

**COMMENTS BY BOARD MEMBERS:** No comments.


There being no other business; motion made by Tammy Foster to adjourn. Motion seconded by David Dart. **MOTION CARRIED.**

**MEETING ADJOURNED.**

**Approved:**

  
Diane Meaux Broussard, President

**Respectfully submitted,**

  
Debbie D. Hudnall, Executive Director

**Proposed Policy for Calculating the Final Average Compensation  
and Creditable Service**

- I. From 1/1/2015, LCCR will accept contributions on behalf of employees, and grant them creditable service for the month, only if that member averaged over 20 hours/week for the month. We will no longer post contributions and give partial credit for the month, excising out days that were leave without pay. Either the person gets credit for the entire month, or gets no credit. The employer shall certify on the Contribution Report that the person averaged over 20 hours/week for the month. If LCCR determines that the pay was obviously less than this, LCCR will contact the employer, verify, and refund the contributions.
- II. For the period prior to 1/1/2015, LCCR will determine whether a member averaged over 20 hours/week for the month by using the procedure on attached Exhibit A.
- III. For creditable service calculations that extend back prior to 1/1/2015, LCCR will utilize two methods:
  - A) First, LCCR will use the new on/off rule, so that a member gets full credit for the months for which the member worked over 20 hours/week/month and no credit for the other months, in computing FAC and total creditable service. This calculation stands unless the deletion of months caused the creditable service to drop below sufficient months for retirement, and this person is retiring or terminated employment prior to receiving the 2015 estimate of benefits.
  - B) For those people who drop below sufficient months for retirement using the calculation in #I above, and were relying on the system statement of benefits received for the year 2014 to compute they had sufficient creditable service to retire, then LCCR will use either the creditable service estimated on the 2014 statement of benefits or will recalculate the creditable service prior to January 1, 2015 by using the methodology for computing creditable service prior to January 1, 2015, if the actuary feels there is sufficient grounds to recalculate.

## Exhibit A

- The retirement fund will rely on reasonable information from employers to determine service credit whenever it is available and provided in writing.
- A standard methodology will be applied for all periods prior to January 1, 2015 when such reasonable, written information is not available from the employer.
- For all months other than the initial month of employment, months where dates of entry and termination are certified in writing by the employer, or the month in which membership is terminated, service will be granted for the entire month if the salary reported to the retirement fund for that month reasonably indicates that such employee should have been a member for the month in question. Otherwise, no credit will be granted for the month in question.
- No partial service credit will be granted, unless dates of entry or termination are certified in writing by the employer.
- Prior to August 1, 1991, full service will be granted for any full month in which a member earned at least \$500.00.
- Between August 1, 1991 and December 31, 2014, full service will be granted for any month in which the member worked an average of more than 20 hours per week, determined on the following basis:
  1. A full month of service credit will be granted if the salary reported in a month is greater than one-half of the average salary for the comparison period. No service will be granted if the salary reported is less than or equal to one-half of the average salary for the comparison period.
  2. All salary will be reviewed on a cash basis as shown on the retirement fund's computer system, regardless of whether a member is paid on an hourly or salaried basis, is paid monthly, semi-weekly, biweekly, or on any other frequency.
  3. No service credit will be granted prior to the original date of enrollment, certified by the employer, or after the final date of termination, certified by the employer.
  4. With the exception of the first five full months of salary, the comparison period will be determined based on an average of the salary from the most recent past five months in which full service was granted.
  5. For the first five full months of salary, the comparison period will be determined based on an average of the salary for the first available five full months that are posted (excluding the month being tested).
  6. Service will be granted for months on or after January 1, 2015 based upon the Board's recent policy which requires the employer to certify whether their employees meet the requirement for membership on a monthly basis. Therefore, service credit will be given for any month in which contributions were accepted.