

APPROVED MINUTES  
LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND  
BOARD OF TRUSTEES MEETING  
TUESDAY, MARCH 11, 2014  
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 11, 2014, at 9:00 AM in Baton Rouge, Louisiana.

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

**MEMBERS PRESENT:**

President Tammy Foster  
Diane Meaux Broussard  
Carl Broussard  
Mark Graffeo  
Gary Loftin  
Hart Bourque  
Cliff Dressel  
Kay Bolding

**OTHERS PRESENT:**

Debbie Hudnall, Executive Director  
Jessica Portis, Summit Strategies  
Gary Curran, Actuary  
Denise Akers, Attorney

**GUEST PRESENT:**

John Olivier, Dot Lundin, Louise Bond, Connie Couvillon, Chris Kershaw and Dagmar Hebert were also present.

**APPROVAL OF MINUTES:**

Gary Loftin moved that the minutes of December 12, 2013 be approved as presented. Motion seconded by Cliff Dressel. **MOTION CARRIED.**

**COMMENTS BY PRESIDENT:**

President Foster thanked everyone for their attendance. She also thanked the Board for their support during her Presidency. She thanked those members who attended the educational seminar the prior day.

**RESIGNATION OF TRUSTEE:**

President Foster reported that Bill Hodge, Retired Clerk Member had submitted his resignation due to health issues. Louise Bond reported that Bill had back surgery and is now in a rehabilitation facility recovering. President Foster stated that she had appointed Kay Bolding to serve as the Retired Clerk Member and asked for the Board's approval. Mark Graffeo moved the Board accept Bill Hodge's resignation and approve the appointment of Mrs. Kay Bolding as Retired Clerk Member. Motion seconded by Gary Loftin. **MOTION CARRIED.**

**OATH OF OFFICE**

Tammy Foster then administered the Oath of Office to Kay Bolding. Debbie reported that Kay had met the educational hours required to vote.

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

Financial Reports were distributed for the months of November and December 2013 and January 2014. Treasurer Mark Graffeo reviewed the financial reports for January 2014.

<b>JANUARY 2014 -</b>	Monthly Revenue	\$ 10,668,763
	Other Additions	\$ ( 8,702)
	Investment Gain (Loss)	\$ ( 7,216,214)
	Investment Expenses	\$ ( 191,979)
	Deductions	\$ ( 2,787,609)
	Net Income (Decrease)	\$ 464,259
	<b>Total Investments</b>	<b>\$ 451,419,736</b>
	<b>Total Assets</b>	<b>\$ 482,635,445</b>

Mark pointed out that the administrative expenses were \$269,882 year to date compared to \$282,067 the prior year.

Motion was made by Hart Bourque to receive the financial reports. Motion seconded by Gary Loftin. **MOTION CARRIED.**

**INVESTMENT COMMITTEE REPORT:**

Gary Loftin reported that the Investment Committee continues to hold monthly conference calls and would defer that report to Jessica. He did report to the Board that he had asked Summit that if the Board approved transferring thirty million to a new money manager that they try to devise a way to limit the cost in the transition period. He also said Debbie had pointed out in the investment committee meeting that retirement payroll is currently exceeding contribution revenue and asked that Gary Curran or Summit comment on that issue.

Jessica reported that the Investment Committee had discussed several topics including the preliminary performance of December and January, economic update, fixed income, and a review of Vontobel. She stated that Summit recommends that the Board retain Vontobel in the international equity portfolio, but proposed splitting the position in half and supplementing with an additional international developed large cap manager with historically higher up market capture and less tracing error compared to the benchmark. She said the Investment Committee had approved redeeming thirty million from Vontobel and transferring those funds to a new manager, LSV Asset Management's International Large Cap Value portfolio in which the transition would take place in April if approved by the Board. She said that the Vontobel fund had a once per month liquidity and Vontobel has 10 days to provide us with the cash and LSV had agreed to be flexible on when they would accept the monies. Carl Broussard moved that the recommendation of the Investment committee to transfer thirty million dollars from Vontobel to LSV be approved. Motion seconded by Hart Bourque. **MOTION CARRIED.**

**SUMMIT STRATEGIES: (Report on file in office)** Phineas Troy presented the economic review for 2013 and reported that the portfolio performed much better than anticipated. In discussing the global equity markets, Phinney said that most countries would have to have major returns to get back to where they were before the recession and the US would have to have a negative return to get back where we were before the recession. He also reported that interest rates have fallen for the last 30 years and that quantitative easing has kept interest rates artificially low since the onset of the global financial crisis. He said they would continue to look at other fixed income markets. Jessica discussed the performance of the different asset classes going back to 1992. Phinney pointed out that for the calendar year ending December 2013, the Fund was 2.71 ahead of the bench mark with a 16.31% return and ranked at the 66 percentile with our peer group. He said the reason the fund was ranked at the 66 percentile was because of the asset allocation compared to our peers. The Clerks' fund had 33.88% in US equities while the median was 48.89%. It was pointed out that since inception the fund was ranked in the 56 percentile, but in the last 3 years ranked in the 30 percentile. Jessica said in the last couple of years the Board has moved forward with more diversification so that the fund has been able to compound at less risk and more return than the median peers. Phinney then reviewed the Flash Report as of February 2014 for the fund and individual money manager's performances.

**PORTFOLIO PERFORMANCE**

	<b>FEB 2014</b>	<b>1 MO</b>	<b>FYTD</b>
<b>Total Funds</b>	\$496,065,930	3.41%	11.78%
<b>US Equity</b>			
QMA	\$ 50,723,916	4.66%	18.70%
Rothschild	\$ 29,173,092	5.12%	20.13%
Westfield	\$ 39,997,758	5.47%	26.26%
William Blair	\$ 16,984,523	4.65%	
Elk Creek	\$ 17,298,820	6.57%	
<b>Intl. Equity</b>			
Vontobel	\$ 65,497,255	6.68%	10.36%
Mondrian	\$ 12,650,361	5.38%	18.57%
William Blair	\$ 12,802,242	5.05%	21.91%
DFA	\$ 20,417,538	2.22%	-4.93%
<b>Fixed Income</b>			
Pyramis	\$ 67,945,744	0.73%	3.77%
SSgA Tips	\$ 12,335,611	0.45%	1.08%
<b>Hedge Funds</b>			
Blackstone	\$ 21,074,917	1.75%	7.32%
Magnitude	\$ 20,789,013	0.96%	4.43%
UBP	\$ 1,688,778	0.00%	1.37%
<b>Real Estate</b>			
Clarion	\$ 42,625,788	0.00%	6.01%
<b>MLP'S</b>			
Harvest	\$ 16,475,659	2.43%	12.48%
Tortoise	\$ 16,411,152	3.15%	15.59%
<b>Whitney -Cash</b>	\$ 2,098,190		
<b>DROP FUNDS</b>	\$ 18,798,203		
<b>Cash Funds</b>	\$ 10,277,369		

**ACTUARY REPORT:**

Gary Curran reported that PRSAC had met and approved the actuary report for 2013. He did tell the Board that for the first time in 20 years PRSAC did not approve reports submitted by two systems.

Debbie reminded the Board that based on the Actuarial Report being approved, the Board had previously voted to grant a cost of leaving adjustment to the retirees as recommended by the actuary and based on R.S. 11:241 which is  $\$X \times (A+B)$  where X is \$1 and "A" represents the number of years of credited service accrued at retirement or at death of the member or retiree and "B" is equal to the number of years since retirement or since death of the member or retiree. She further reminded them that in order to fund the COLA, the Board had voted to increase the employer contribution from 18.5% to 19% effective July 1, 2014. Debbie said the staff had been working on preparing the COLA's and hoped to have them included in the March payroll.

Mark Graffeo asked if with the 5 year smoothing, would the negative year come off for the next actuarial report and Gary Curran responded that it would.

Gary Loftin asked if other systems were similar to the Clerks' system in that the benefits being paid out are beginning to exceed contributions. Gary Curran responded that they were. Debbie pointed out that although benefits exceed contributions, that currently ad valorem and revenue sharing funds covered any shortfalls and were not currently having to pull from investments.

Debbie reported at this time the City of New Orleans had sent their ad valorem check even though it did require a little nudging from our attorney.

**ATTORNEY:**

Denise Akers reported that legislation has been introduced - HB 80 that addresses issues that other statewide retirement systems have had with investments. Denise has reviewed the bill along with Jessica Portis and would like to propose some language changes. She commented that LASERS has stated that they will oppose this bill. Cliff Dressel made the motion to authorize Debbie, Jessica and Denise to propose and negotiate changes to the bill. Motion was seconded by Hart Bourque. **MOTION CARRIED.**

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

Debbie reported there were 9 applications for DROP; 5 applications for regular retirement; 8 for post drop retirement; and 1 survivor application. Gary Loftin moved that the applications be approved. Motion was seconded by Cliff Dressel. **MOTION CARRIED.**

Debbie further reported there had been 55 refunds for the fiscal year in the amount of \$463,782.

## **EXECUTIVE DIRECTOR REPORT:**

**Computer System Upgrade** – Debbie reported that as of January 1, 2014 the staff is working solely on the new computer system. 1099's were processed through the new software and over 1200 were distributed. All of the retirement statements have not been issued and the staff continues to work with the programmers on cleaning up the statement presentation.

**Legislation** - Debbie commented that Greg Curran had sent a letter regarding the new hire legislation that was passed in 2011. There is one part of the statute that will need to be amended but there is plenty of time next year to make that correction. R.S. 11:1528 needs to be corrected to reflect the age of 60 instead of 55. There should be no issue in making that clean up in 2015.

**Summit Strategies Client Conference** - Debbie brought to the Board's attention that Summit will once again host a Client Conference on September 10-11, 2014 in St. Louis. Jessica commented that it will be an educational opportunity and save the date notices have been sent.

## **COMMENTS BY BOARD MEMBERS**

Kay Bolding, Retired Clerk Member stated that she is glad to be involved again in the Clerks activities. She has learned a lot in her first meeting and looks forward to serving on the Board.

Hart Bourque – No Comment

Gary Loftin commented on the great conference room in the new Association building. He asked that the incoming President consider hosting the Board Meetings at various locations throughout the state. He asked that President Foster initiate that discussion item at the Association Board Meeting later that afternoon.

Debbie responded that in selecting the meeting locations with the incoming President they take into consideration that the attorney and actuary have travel expenses and fees that are incurred when the meetings are not located in Baton Rouge. Debbie commented on the importance of having the Retirement Board meetings at the Association office because they are public meetings and have to follow the Open Meetings Law. Debbie suggested the possibility of splitting the Retirement meeting from the Association and Insurance meetings.

Gary Loftin stated that he feels strongly about having the meetings in various locations through the state and that the additional expense should not be a hindering factor.

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Cliff Dressel commented that he agrees with Gary about having the meetings in various locations other than Baton Rouge and would ask the incoming President to consider reviewing the upcoming 2014 meeting locations.

Lynn Jones, Past President commented that this would be his last Board Meeting as Past President and has enjoyed serving on the Board.

Diane Meaux Broussard, 1<sup>st</sup> Vice President stated that she would look into the meeting locations for the upcoming 2014 meetings.

Carl Broussard, 2<sup>nd</sup> Vice President stated that the Retirement Board was in good hands and commented on the Board's and Summit's continued vigilance in regards to investments.

Mark Graffeo, Treasurer welcomed Kay Bolding to the Board as Retired Clerk Member.

President Foster also gave her appreciation to the guests in attendance.

There being no other business; motion made by Cliff Dressel to adjourn. Motion seconded by Diane Meaux Broussard. **MOTION CARRIED.**

**MEETING ADJOURNED.**

**Approved:**

  
**Tammy Foster, President**

**Respectfully submitted,**

  
**Debbie D. Hudnall, Executive Director**