

APPROVED MINUTES

**LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
WEDNESDAY, JUNE 13, 2018
BATON ROUGE, LOUISIANA
9:00 a.m.**

A meeting of the Louisiana Clerks of Court Retirement and Relief Fund Board of Trustees was held on Wednesday, June 13, 2018 at 9:00 a.m. in Baton Rouge, Louisiana.

The meeting was called to order by President Steve Andrews. Bridget Hanna gave the invocation and Lynn Jones led the Pledge of Allegiance.

MEMBERS PRESENT:

President Steve Andrews
Brian Lestage
Bridget Hanna
Randy Deshotel
Mark Graffeo
Cliff Dressel
Lynn Jones
Louie Bernard
Rick Arceneaux

OTHERS PRESENT:

Debbie Hudnall, Executive Director
Phineas Troy, Summit Strategies
John Lake, Summit Strategies
Denise Akers, Attorney
Greg Curran, Actuary

GUESTS PRESENT:

Kim Turlich-Vaughan, Annette Fontana, Connie Couvillon, Jeff Skidmore, Louis Perret and Dagmar Hebert

Debbie Hudnall reported that Bridget Hanna had completed the required educational requirements in order to vote as a new member of the Board of Trustees.

PUBLIC COMMENTS: None

APPROVAL OF MINUTES:

Cliff Dressel moved that the minutes of March 19, 2018 be approved. Motion seconded by Louie Bernard. **MOTION CARRIED.**

FINANCIAL REPORT: (ON FILE IN OFFICE)

Treasurer Randy Deshotel reviewed the financial report for April 30, 2018:

Apr. 2018 -	Monthly Contributions	\$ 2,095,467
	Other Additions	\$ 227,635
	Investment Gain (Loss)	\$ 3,813,364
	Investment Expenses	\$ 337,269
	Deductions	\$ (3,673,120)
	Net Income (Decrease)	\$ 2,126,078
	Total Investments	\$ 592,849,281
	Total Assets	\$ 630,136,330

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A motion was made by Cliff Dressel to receive the financial reports. Motion seconded by Brian Lestage. **MOTION CARRIED.**

2018-2019 BUDGET PROPOSAL (Exhibit A)

Debbie Hudnall presented the Proposed Budget for Fiscal Year 2018-2019. She pointed out increases in the budgeted amounts for Actuary Fees, Building Maintenance, Meeting Expense, Postage and Travel/Seminar expenses. She noted a decrease in programming fees due to the completion of the benefit calculation software. She commented on the increase in custodial fees however consultant fees and Investment Manager fees are budgeted without a change from the previous year. She stated that contributions are not included in the budget only the administrative side of the Fund. A motion was made by Bridget Hanna to approve the 2018-2019 Budget as presented. Motion was seconded by Rick Arceneaux. **MOTION CARRIED.**

INVESTMENT COMMITTEE REPORT

Mark Graffeo stated that there was no report at this time. Phineas Troy added that the transfer to the new Hedge Fund with Summit Strategic Solutions had taken place. Also the termination of AJO and the move to Segall, Bryant & Hammill had been completed.

SUMMIT STRATEGIES GROUP: (Report on file in office)

Phinney reported on the positive US strength and stabilization in the markets with positive earnings growth for S&P companies. The unemployment rate of 3.9% is the lowest in 17 years. He commented that from a returns standpoint, growth was much more muted or flat as compared to the strong returns in the market for 2017 where there was not one down month for in the S&P. He commented on the political rhetoric adding volatility to the market. MLP's were up over 8% however, bond prices have fallen slightly as interest rates have risen.

Monthly Investment Performance Review: Phinney reported on the Clerks' portfolio having a defensive tilt in order to perform better in down markets. The portfolio is up 7.2% for the current fiscal year which is one full percentage point over the benchmark. He stated that almost all of the individual classes have outperformed their benchmarks for the year. There was discussion regarding MLPs and the effect of oil prices and natural gas. Phinney reported on the hedge fund portfolio now with Summit Strategies stating that it is outperforming the benchmark but do not yet have a full quarter of performance to report.

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PORTFOLIO PERFORMANCE – April 30, 2018

	2018	1 Mo	FYTD
Total Funds	\$ 593,018,246	0.67%	7.19%
US Equity			
QMA	\$ 62,516,211	0.26%	11.87%
Rothschild	\$ 34,654,764	0.14%	9.87%
Westfield	\$ 37,626,327	0.51%	16.28%
William Blair	\$ 21,766,225	0.53%	5.36%
Elk Creek	\$ 22,236,600	2.50%	9.91%
Intl. Equity			
TS&W	\$ 49,158,128	2.10%	9.23%
LSV	\$ 50,239,127	2.32%	12.17%
William Blair	\$ 32,922,596	-0.29%	13.42%
Segall Bryant	\$ 35,185,709	-2.86%	
Fixed Income			
Pyramis	\$ 56,077,841	-0.50%	0.25%
Pyramis (Tact)	\$ 30,689,497	0.24%	1.65%
SSgA Ag Bond	\$ 26,036,755	-0.75%	-0.96%
Hedge Funds			
Summit Solut.	\$ 47,799,709	0.27%	
Holdback Cash	\$ 1,231,652		
Real Estate			
Clarion	\$ 52,347,129	0.00%	6.90%
MLP'S			
Harvest	\$ 16,071,273	7.79%	-4.68%
Tortoise	\$ 16,060,812	7.44%	-5.30%
Hancock – Cash	\$ 397,889		
DROP FUNDS	\$ 25,986,267		
Cash Funds	\$ 9,296,463		

John Lake provided the capital market update as of May 31, 2018. There was volatility in the international markets due to the outcome of the Italian elections and the European central bank reduction of bond buying program. He commented that volatile markets are an opportunity for active money managers even though it presents a challenge to fixed income portfolios because of reduced bond purchases. Debbie questioned the forecast of the portfolio with the fiscal year end approaching and the effect of the talks with North Korea. John stated that the market is benign with short term reactions and adjustments not having the panic around uncertainty as in the previous ten years.

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ACTUARY

Actuary Contract – Greg Curran presented to the Board the proposed contract for 2018-2019 with a slight increase in the retainer to \$71,820 for the year. He commented that there was one change to the contract to explain. An experience study is usually done every 5 years and was not billed separately in previous years but will now be billed as a separate fee.

He also commented on the need for Board approval for their office to work with Legislative Auditor (LLA) regarding the evaluations. The LLA will be running valuations on all the systems this year and it will require the Curran's to rerun the 2017 valuation. He stated that a report will be provided on a monthly basis tracking the time spent working with the LLA. He estimated that expense to be an additional \$3,000 - \$5,000. After discussion, a motion was made by Mark Graffeo to approve the 2018-2019 Actuary contract as presented and to authorize G. S. Curran to work with the Legislative Auditor along with the additional expense incurred. Motion was seconded by Bridget Hanna. **MOTION CARRIED.**

Debbie brought to the Board's attention her concern with the LLA estimates to decrease the required rate of return. She stated that there had been a meeting of the statewide systems. The Clerks current rate is 7% and has been reduced by increments over the last several years. She stated that each decrease in the required rate of return has an offset increase to the minimum required employer contribution rate. There was further discussion on the assumptions and the PRSAC committee. Greg noted that the Curran's have a conservative approach and fee that the Clerks required rate of 7% is the middle of the range and that a review will be done before the 2018 valuation and analysis will be brought to the Board prior to finalizing the valuation.

APPLICATIONS AND REFUNDS: (On file in office)

Debbie reported that since the March Board meeting there were 10 applications for DROP; 7 applications for regular retirement; and 8 Post DROP retirement applications and 3 Survivor benefit applications. Rick Arceneaux moved that the applications be approved. Motion was seconded by Cliff Dressel. **MOTION CARRIED.**

Debbie further reported there had been 85 refunds in the amount of \$562,555 for the fiscal year.

EXECUTIVE DIRECTOR REPORT:

Empower Amendment – Debbie informed the Board that DROP funds can be invested in LAMP or self-directed with Empower. The majority of the funds with Empower are in the fixed guaranteed fund currently paying 1.6%. When the fund started in 2008, it was paying 4%. Debbie has been in discussions with Empower regarding the rate because LAMP is now paying 1.9%. Empower presented an amendment to reduce their fee by 25 basis points which would in turn raise the rate on the fixed fund to 1.85%, which is more in line with LAMP. Debbie has reached out to another system about the possibility of pooling funds and is waiting on a response from Empower. The reduction in basis points is across the board and not just for the fixed fund.

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A motion was made by Cliff Dressel to accept the amendment with the 25 basis point reduction in fees as offered by Empower. Motion was seconded by Lynn Jones.
MOTION CARRIED.

Legislation – Debbie reviewed the following Acts from the 2018 Legislative Session:
Act 108 (HB 8) – 630 Rehire Retirees – effective July 1, 2018 - a letter and new contribution form has been sent to all the Clerks.
Act 342 (SB 6) – TRSL Exception
Act 344 (SB 11) – IRS Qualification

Madoff Victim Fund: Debbie reported that a payment had been received a second check in the amount of \$227,634 from the recovery fund. This brings the total recovery received to approximately 40% of the reported loss. It is a possibility that additional funds will be received in the future.

ATTORNEY: No report.

OTHER BUSINESS: No other business.

COMMENTS BY BOARD TRUSTEES:

Louie Bernard recognized Debbie for the job she does in handling the business of the Retirement Fund.

Debbie then presented two thank you notes from retirees regarding the Cost of Living Adjustment received in April.

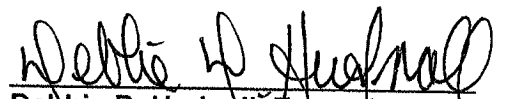
There being no other business, Cliff Dressel moved that the meeting be adjourned. Motion seconded by Rick Arceneaux. **MOTION CARRIED.**

MEETING ADJOURNED.

Approved:


Steve Andrews, President

Respectfully submitted,


Debbie D. Hudnall, Executive Director

**Louisiana Clerks' of Court Retirement Fund
Budget**

	7/1/2017	7/1/2018	
	ACTUAL	PROPOSED	
	BUDGET	BUDGET	BUDGET
	2017-2018	2018-2019	Difference
Income			
Rental Income - Association	21,900	22,300	400
Rental Income - Insurance	11,000	11,150	150
Interest Income	40,000	120,000	80,000
Total Receipts	72,900	153,450	80,550
Administrative Expenses			
Actuary Fees	75,000	80,000	5,000
Advertising	500	500	0
Auditing Fees	50,000	50,000	0
Bank Charges	12,000	12,000	0
Building Insurance	6,500	6,500	0
Building Maintenance / Fees	12,000	15,000	3,000
Depreciation (non-cash)	30,000	30,000	0
Doctors Fees	4,000	4,000	0
Fiduciary Insurance	22,000	22,000	0
Legal Fees	20,000	20,000	0
Meeting Expense	8,000	10,000	2,000
Miscellaneous	1,200	1,200	0
Office Equipment	0	0	0
Office Supplies and Printing	2,000	2,000	0
Other Professional Fees	2,500	2,500	0
Per Diem	3,375	3,375	0
Postage	2,500	3,000	500
Programming Fees	50,000	15,000	(35,000)
Reimbursement to Assoc.	420,000	420,000	0
Travel and Seminar	12,500	18,000	5,500
Administrative Expenses	734,075	715,075	(19,000)
Investment Expenses:			
Consultant Fees	135,000	135,000	0
Custodial Fees	55,000	60,000	5,000
Investment Managers	3,250,000	3,250,000	0
Total Investment Expenses	3,440,000	3,445,000	5,000
TOTAL EXPENSES	4,174,075	4,160,075	(14,000)
NET INCOME (Loss)	(4,101,175)	(4,006,625)	94,550

Budget Adopted on this date: _____