

**APPROVED MINUTES**

**LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND  
BOARD OF TRUSTEES MEETING  
WEDNESDAY, SEPTEMBER 12, 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, September 12, 2018 at 9:00 a.m. in Baton Rouge, Louisiana.

The meeting was called to order by President Steve Andrews. Mark Graffeo gave the invocation and Brian Lestage 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  
Denise Akers, Attorney  
Greg Curran, Actuary

**GUESTS PRESENT:**

Kim Turlich-Vaughan, Annette Fontana, Connie Couvillon, Jeff Skidmore, Dagmar Hebert, and Chris Kershaw.

**PUBLIC COMMENTS:** None

**APPROVAL OF MINUTES:**

Cliff Dressel moved that the minutes of June 13, 2018 be approved. Motion seconded by Brian Lestage. **MOTION CARRIED.**

A motion was made by Randy Deshotel to amend the agenda moving the Actuary report to after the Investment Report. Motion was seconded by Bridget Hanna. **MOTION CARRIED.**

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

Treasurer Randy Deshotel reviewed the financial report for June and July 2018:

<b>June 2018 -</b>	Monthly Contributions	\$ 2,304,109
	Other Additions	\$ (2)
	Investment Gain (Loss)	\$ (3,875,875)
	Investment Expenses	\$ 770,161
	Deductions	\$ 3,294,704
	Net Income (Decrease)	\$ (5,636,633)
	<b>Total Investments</b>	<b>\$ 593,722,349</b>
	<b>Total Assets</b>	<b>\$ 629,657,164</b>

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<b>July 2018 -</b>	Monthly Contributions	\$ 2,062,821
	Other Additions	\$ 61,522
	Investment Gain (Loss)	\$ 12,714,088
	Investment Expenses	\$ 28,485
	Deductions	\$ 3,496,778
	Net Income (Decrease)	\$ 11,313,169
	<b>Total Investments</b>	<b>\$ 604,908,327</b>
	<b>Total Assets</b>	<b>\$ 640,107,817</b>

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

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

Debbie reported that since the June Board meeting there were 14 applications for DROP; 5 applications for regular retirement; and 15 Post DROP retirement applications.

A motion was made by Rick Arceneaux to enter into Executive Session. The motion was seconded by Brian Lestage.

A motion was made by Cliff Dressel to return to the regular meeting. The motion was seconded by Bridget Hanna.

A motion was made by Randy Deshotel to add one additional name to the list of regular retirement applications: Barry Bacon, Retirement Date of 09/01/18, Retirement Benefit of \$1,079.89. Motion was seconded by Cliff Dressel. **MOTION CARRIED.**

Bridget Hanna moved that the applications be approved. Motion was seconded by Brian Lestage. **MOTION CARRIED.**

Debbie further reported there had been 25 refunds in the amount of \$197,433 for the fiscal year.

**SUMMIT STRATEGIES GROUP**

**Summit Status Update**

Phineas Troy reported that Summit had been purchased by Mercer and the deal is set to close October 15, 2018. Mercer will not continue the consulting services including investment policies and asset allocations for pension funds as Summit has managed for the Retirement Fund. The hedge funds currently with Summit Solutions can be continued with Mercer.

Summit has recommended AndCo as an interim consultant for their current clients. Attorney Denise Akers stated that Assessor's Retirement and ROVERS both have AndCo as their investment consultant.

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Debbie Hudnall reported to the Board that she had spoken with Dan Holmes from Summit and provided to the Board a copy of the letters received regarding the merger with Mercer and the recommendation of AndCo.

There was discussion regarding the current contract with Summit Strategies being a two-fold contract both for the investment consulting portion and the hedge fund investments. There would need to be a division of the contract in order to assign the consulting portion to AndCo and the hedge fund investment to Mercer.

Phinney informed the Board of his intention to remain involved in this transition period.

There was discussion regarding the hedge fund portion. Louie Bernard questioned the advantage of allowing Mercer to continue with that investment. Phinney stated that AndCo does not handle that type of investment fund and that the team from Summit currently handling the hedge funds are all continuing with Mercer.

Discussion continued regarding the Board's due diligence and the time frame of the choice of the interim consultant and the request for proposals to seek out a new consultant for the long term.

**ANDCO PRESENTATION**

Mike Welker and Dan Johnson with AndCo joined the meeting and provided information on the employee owned company based out of Orlando, Florida with 90 employees along with other offices around the country. Mike explained the company's process on how investment managers are vetted and chosen to present to the Board. Approximately 60% of AndCo's business are public funds similar in size to the Clerks Fund. Recommendations are based on the best interest of the client. Mike explained that John Breth along with co-consultant Chris Brokaw would be the leads on the Clerk's account. AndCo uses the same reporting program as Summit so the transition of historical data could easily be transferred. Debbie asked about the time frame of the transition. Mike commented that once consent is given, the work would begin. Summit would also work to make sure the information is transferred and reconciled. Mike stated that there others funds managed by Summit that have already consented to transition to AndCo. After their presentation, the AndCo representatives left the meeting.

There was discussion regarding the ownership structure of AndCo and comments by Greg Curran regarding the other systems that currently have AndCo as their consultant.

**EXECUTIVE DIRECTOR REPORT:**

**Contract Termination and Assignment-** Debbie presented to the Board the assignment documentation. Mark Graffeo questioned the fees. Phinney explained that the fees would be the same with AndCo as the consultant and Mercer managing the hedge funds. There would still be the 30 day termination clause with AndCo as there is currently with Summit.

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A motion was made by Lynn Jones to approve the division of the current contract with Summit Strategies Group, separating the consulting piece from the hedge fund investment and to approve the assignment of the consulting services to AndCo on an interim basis, to approve the assignment of the hedge fund investment to Mercer and to authorize the Executive Director and Attorney to review and execute the appropriate documentation in order to do so. The motion was seconded by Cliff Dressel. **MOTION CARRIED.**

**Request for Proposal (RFP)** – Debbie Hudnall presented to the Board a draft version of the RFP and asked that the draft copies be returned at the end of the meeting. Louie Bernard asked how this document was compiled. Debbie explained that she reviewed several other systems' RFPs and worked to generate the document to conform to the Clerks fund and also had the attorney to review the RFP. Lynn Jones questioned if the Clerks were required by law to do an RFP. Attorney Denise Akers stated that there is an Attorney General's opinion and that it is not required by statute, but that from a fiduciary standpoint it is important to do so.

Debbie reviewed the proposed timeline of the RFP and with who the advertisements would be placed including the national publication, Pension & Investments and the local newspaper, The Advocate. The document would be available on the Association website. There was discussion of the RFP and how the proposals received would be ranked and reviewed.

There was further discussion regarding the time allowed for the review of the proposals and the interview dates. After discussion, a motion was made by Rick Arceneaux to approve the RFP as presented but with the date changes to be announced on the time line for the Ranking of Respondents, Interviews and Selection and Selection of Consultants. The motion was seconded by Mark Graffeo. **MOTION CARRIED.**

Steve Andrews invited Mike Welker and Dan Johnson with AndCo to rejoin the meeting. Steve informed them that the Board had approved the transition to AndCo as the Investment Consultant on an interim basis. Mike thanked the Board for the opportunity and looks forward to working with the Clerks.

### **INVESTMENT COMMITTEE REPORT**

Mark Graffeo stated that there was no report at this time.

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

Phinney reported on key highlights in the market. The Fund finished the fiscal year strong well above the discount rate. July 2018 had been a positive month and August was strong as well. He commented on the geopolitical issues that have increased in 2018 i.e. tariffs. Global stocks are positive but US stocks are leading the way with tech names driving performance.

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**Monthly Investment Performance Review:** Phinney reported on the Clerks portfolio having a great start to the new fiscal year.

**PORTFOLIO PERFORMANCE – July 31, 2018**

	<b>2018</b>	<b>1 Mo</b>	<b>FYTD</b>
<b>Total Funds</b>	\$ 604,907,999	2.13%	2.13%
<b>US Equity</b>			
QMA	\$ 67,101,403	3.83%	3.83%
Rothschild	\$ 36,018,970	4.10%	4.10%
Westfield	\$ 40,936,402	3.77%	3.77%
William Blair	\$ 23,413,477	2.08%	2.08%
Elk Creek	\$ 24,643,345	2.01%	2.01%
<b>Intl. Equity</b>			
TS&W	\$ 48,455,399	2.48%	2.48%
LSV	\$ 48,557,594	2.85%	2.85%
William Blair	\$ 32,077,343	0.62%	0.62%
Segall Bryant	\$ 32,917,816	1.71%	1.71%
<b>Fixed Income</b>			
Pyramis	\$ 56,552,131	0.35%	0.35%
Pyramis (Tact)	\$ 30,914,054	0.73%	0.73%
SSgA Ag Bond	\$ 26,195,850	0.02%	0.02%
<b>Hedge Funds</b>			
Summit Solut.	\$ 48,288,445	1.33%	1.33%
<b>Real Estate</b>			
Clarion	\$ 52,216,865	0.00%	0.00%
<b>MLP'S</b>			
Harvest	\$18,040,448	6.36%	6.36%
Tortoise	\$ 17,578,353	5.09%	5.09%
<b>Hancock – Cash</b>	\$ 106		
<b>DROP FUNDS</b>	\$ 26,668,708		
<b>Cash Funds</b>	\$ 6,350,859		

**ACTUARY** – Greg Curran reported on the recent PRSAC meeting and the discussion on assumptions. The Legislative Auditor (LLA) actuary will work with local actuaries on more transparency with how assumed rates of return are calculated. There has been differing opinions on the conservatism of these assumptions and the need to lower the discount rates. Greg stated that the Clerks have incrementally lowered the discount rate as a proactive measure. Dan Johnson with AndCo provided a handout regarding investment return assumptions nationally.

Greg informed the Board the LLA will have dual actuary valuations on five other systems but not the Clerks' system.

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**ATTORNEY:** No report.

**OTHER BUSINESS:** No other business.

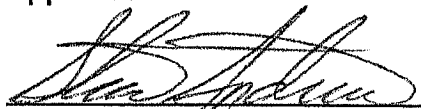
**COMMENTS BY BOARD TRUSTEES:**

Debbie informed the Board that packets with all the information for LAPERS had been passed out to those members attending the upcoming seminar.

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

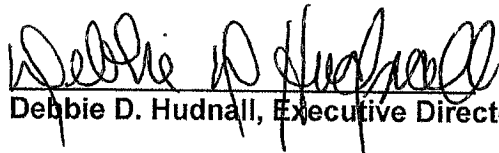
**MEETING ADJOURNED.**

Approved:



Steve Andrews, President

Respectfully submitted,



Debbie D. Hudnall, Executive Director