

APPROVED MINUTES

**LOUISIANA CLERKS OF COURT RETIREMENT AND RELIEF FUND
BOARD OF TRUSTEES MEETING
WEDNESDAY, OCTOBER 26, 2016
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, October 26, 2016 at 9:00 a.m. in Baton Rouge, Louisiana.

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

MEMBERS PRESENT:

President David Dart
Rick Arceneaux
Steve Andrews
Robin Hooter
Mark Graffeo
Cliff Dressel
Kay Bolding
Holli Vining

OTHERS PRESENT:

Debbie Hudnall, Executive Director
Phineas Troy, Summit Strategies
Anna Marie Curran, Summit Strategies
Denise Akers, Attorney
Gary Curran, Actuary
Margaret Corley, Senate Retirement
Annie Smith, House Retirement

GUESTS PRESENT:

Kim Turlich-Vaughan, Dagmar Hebert, Davis Silk and Chris Kershaw

PUBLIC COMMENTS: None

APPROVAL OF MINUTES:

Robin Hooter moved that the minutes of July 27, 2016 be approved. Motion seconded by Rick Arceneaux. **MOTION CARRIED.**

FINANCIAL REPORTS: (ON FILE IN OFFICE)

Treasurer Robin Hooter reviewed the financial reports for September 2016:

Sept 2016 -	Monthly Contributions	\$	2,085,919
	Other Additions	\$	(30,807)
	Investment Gain (Loss)	\$	4,215,658
	Investment Expenses	\$	183,377
	Deductions	\$	(3,169,236)
	Net Income (Decrease)	\$	2,918,157
	Total Investments	\$	519,003,414
	Total Assets	\$	549,957,282

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

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Investment Committee

Mark Graffeo reported that the Investment Committee had met via conference call and prior to the meeting today and asked that Phinney Troy provide the report. Phinney introduced Anna Marie Curran. Anna presented the rebalance recommendation explaining that the portfolio was slightly overweight in US Equities and that International profit margins have room to improve. She also commented on the real estate market and MLPs. Debbie Hudnall explained the cash flow issue with contributions received and benefits paid and the need for additional cash flow prior to the yearly ad valorem receipts. Anna commented that the rebalance would be between existing money managers.

Mark Graffeo moved to accept Summit's rebalance recommendation as follows: Liquidate \$12 million from US Equity managers (\$5 million from QMA, \$5 million from Westfield and \$2 million from Rothschild) moving \$7 million to International Equity Manager, AJO and \$3 million to William Blair and \$2 million to cash. Liquidate \$5 million from Clarion and fund MLP's Harvest at \$2.5 million and Tortoise at \$2.5 million. Motion was seconded by Rick Arceneaux. **MOTION CARRIED.**

Summit Strategies Group: (Report on file in office)

ECONOMIC UPDATE: Phinney Troy reported on the Capital Market Update with positive news in the markets. Wages increased 2.6% in September as compared to the past 12 months. GDP continues to rise and the unemployment rate is at 5% for September. He commented on the stark contrast to this same time last year where there was uncertainty in the global market regarding China and the federal interest rate.

Monthly Investment Performance Review:

Phinney stated that there was a strong performance with a positive first quarter for the Clerks' portfolio with most asset classes outperforming their respective benchmarks for the quarter. MLP's were the top returning fund for the Clerks portfolio for the month of September.

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PORTFOLIO PERFORMANCE – September 30, 2016

	2016	1 Mo	FYTD
Total Funds	\$ 519,063,615	0.92%	4.64%
US Equity			
QMA	\$ 57,705,366	0.36%	5.04%
Rothschild	\$ 30,451,463	-0.24%	2.76%
Westfield	\$ 36,941,457	0.78%	5.29%
William Blair	\$ 19,549,775	-1.08%	5.64%
Elk Creek	\$ 19,062,777	0.54%	12.69%
Intl. Equity			
TS&W	\$ 42,777,889	2.50%	
LSV	\$ 40,661,738	1.82%	8.89%
William Blair	\$ 23,680,246	2.78%	7.58%
AJO	\$ 22,399,540	0.15%	11.69%
Fixed Income			
Pyramis	\$ 51,474,797	0.20%	2.16%
Pyramis (Tact)	\$ 25,561,161	0.51%	3.61%
SSgA Ag Bond	\$ 22,497,943	-0.07%	0.46%
Hedge Funds			
Blackstone	\$ 22,808,771	0.49%	2.26%
Magnitude	\$ 23,028,264	0.24%	1.59%
Real Estate			
Clarion	\$ 54,281,276	2.09%	2.09%
MLP'S			
Harvest	\$ 13,056,077	2.02%	4.38%
Tortoise	\$ 12,692,433	2.04%	2.56%
Whitney – Cash	\$ 432,641		
DROP FUNDS	\$ 23,860,940		
Cash Funds	\$ 4,555,893		

Phinney commented on the upcoming Presidential election and the effect on the market.

ACTUARY: Gary Curran presented a software proposal to the Board for the conversion of the DOS based retirement benefit calculator to a Windows based software. The older software program is antiquated and the update would be beneficial for the retirement staff. There would be an optional integration with the current master file to import data at an additional charge. Debbie asked if this software could provide a simple calculation tool for the members to utilize. Gary commented on how complicated calculations have become and this software would not handle all calculations. There was discussion regarding the quote and clarification on some items. Gary commented that the project would likely not commence until January 2017 and would have an estimate completion time of six months.

Cliff Dressel moved that to defer the consideration of the software proposal until the November 30th meeting. Motion seconded by Mark Graffeo. **MOTION CARRIED.**

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Gary reported that the valuation is being finalized and will be presented at the next meeting. He reported that he sees no increase in contributions and commented on the underlying cost from the leveling of the amortization payment.

APPLICATIONS AND REFUNDS: (On file in office)

Debbie reported that since the July Board meeting there were 20 applications for DROP; 2 applications for regular retirement; 12 Post DROP retirement applications; and 1 application for survivor retirement. Rick Arceneaux moved that the applications be approved. Motion was seconded by Holli Vining. **MOTION CARRIED.**

Debbie further reported there had been 24 refunds in the amount of \$197,870 for the fiscal year.

EXECUTIVE DIRECTOR REPORT:

Cash Flow: Debbie commented on the cash to be received from the approved rebalance recommendation. She stated that it would be necessary as the system matures to offset the payment of monthly benefits versus the monthly contributions received until the ad valorem tax payment are received beginning in December.

Contribution Reports: Debbie reminded the Board that at the previous meeting it was requested for the contribution report be updated including a section to report on part time employees who are not subject to retirement contributions. This report had been sent to all Clerks. This number would exclude the retirees and include any part time employees who work less than the 20 hours per week average. Mark Graffeo requested a fillable formatted form be made available.

Education Hours: Debbie reported that all of the trustees had completed the required education hours as of August 31, 2016 and confirmation had been sent to both the House and Senate Retirement Chairmen in accordance with the law.

Member Issues: Debbie brought to the Board's attention two issues one involving a deceased disability retiree and the survivor's continuing benefit and a member who passed away before receiving the first retirement payment, whose estate was refunded the employee contributions.

New Employee: She further commented on the hiring of Davis Silk as of September 1, 2016 and stated she was proud to have him as part of the team at the Association office.

Tarcza: Debbie informed the Board that Bob Tarcza, tax attorney for the Board, had sent a notice of a rate increase for his services to \$350 per hour as based on an agreement with LASERS. She also stated that in January 2016 she had received notice that the IRS determination letter had been received, but no further information had been received regarding the completion status.

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LAPERS and Summit Client Conference: Debbie reported that 9 attendees including Chris Kershaw and herself attended both the LAPERS seminar and the Summit Client Conference. She commented on the positive experience visiting Summit Strategies Group and that the information learned was extremely beneficial. Phinney thanked everyone for their attendance.

ATTORNEY: Denise Akers reported on a letter that was received by the Retirement system from the Attorney General's office regarding approval of general counsel. Denise questioned that applicability of the statute the letter referenced to the retirement system. LAPERS commented that since the deadline had passed, they would not respond. A consensus of the retirement systems was that the law did not apply to retirement systems.

OTHER BUSINESS: Debbie stated that the December meetings would be at the Capitol Hilton in Baton Rouge November 29th-December 1st, with the next Retirement Board meeting on November 30th at 9:00 am.

Debbie asked the representatives from the House and Senate if they had any knowledge of Legislation for the upcoming session. Stephanie Little reminded the Board that the next session would be a "five bill" session and to get with their Legislators as soon as possible.


Debbie informed the Board that the office staff would soon start reviewing the retirement statutes for possible minor clean up legislation in 2018. Stephanie asked that the House and Senate be kept informed of that process to assist in drafting any legislation.

COMMENTS BY BOARD MEMBERS: No comments.

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


MEETING ADJOURNED.

Approved:



David Dart, President

Respectfully submitted,



Debbie D. Hudnall, Executive Director