

Minutes of the Board of Trustees of the Louisiana District Attorneys' Retirement System was held at the Louisiana District Attorneys Association Headquarters on Thursday, January 19, 2017, at 9:30 a.m.

Present: Anthony Falterman, Houston C. Gascon III, Scott Perrilloux, David Burton, Andy Shealy, and Reed Walters

Also Present: Pete Adams, Roxanne Barrios Juneau, Kristi Spinosa, Gwen Hicks, Gary Curran, Bill Stamm and Garrett Orgeron

Absent: Representative Mark Abraham and Senator Barrow Peacock

Roll call was conducted and there was a quorum.

Mr. Falterman polled for any conflicts; none were reported.

Mr. Bill Stamm reported on the June 30, 2016, audit report from Duplantier, Harpmann, Hogan & Maher, LLP.

He stated that the audit report consists of three parts: Internal Control, Financial Statements, and Compliance.

Mr. Stamm stated that their responsibility as an auditor is to express opinions on the financial statements based on their audit. Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the U.S. This includes the design, implementation and the maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Mr. Stamm reported that DARS assets exceeded its liabilities at the close of the last fiscal year by \$370,742,452, which represents an increase from the prior fiscal year.

Contributions to the plan by members totaled \$5,044,977, an increase of \$171,874 or 3.53% from the prior year. The fair value of investments reflected an increase of \$2,574,289 or 7.7%. The net position held in trust for pension benefits increased by \$1,688,163 or 0.46%. The rate of return on the system's investments was 1.60% based on the market value. This is lower than the prior year's 2.41% market rate of return. Pension benefits paid to retirees and beneficiaries increased by \$1,988,664 or 15.21%. This increase is due to an increase in the number of retirees and their benefit amounts.

Mr. Stamm reviewed the financial analysis of the system. The system experienced a net investment gain of \$6,734,928 as compared to a gain of \$9,060,366 in the previous year. The change was mainly due to an increase in the appreciation of bonds and exchange traded funds.

Total investments and cash equivalents at June 30, 2016, were \$368,314,352, as compared to \$365,740,063 at June 30, 2015, which is an increase of \$2,574,289 or 0.70%.

Mr. Stamm reported that DROP/BACK-DROP withdraws increased to \$5,671,674 compared to \$1,076,985.

Ms. Spinosa stated that this was due to IRS qualification which resulted in several members completing rollovers of their funds.

Mr. Stamm reported on the notes to financial statements, stating there is nothing new in the footnotes.

Mr. Stamm reviewed the schedules of changes in net pension liability. The total pension liability ending is \$389,883,177 compared to \$374,440,828 in 2015.

Mr. Falteman asked if there was anything negative in the report.

Mr. Stamm stated the audit overall was good.

Mr. Orgeron stated one negative was that for the first part of the year that Mr. Vann did not have access to all information and reports; however, the problem has been resolved. The audit was sent to the Legislative Auditor timely.

Mr. Gary Curran gave his presentation of the Actuarial Valuation as of June 30, 2016.

He stated the numbers in the report are estimates and they use a certain process to get these numbers. Every year they have a corrective process. He suggested that Board review the General Comments of the report when they have time.

Mr. Curran reported there are 784 active members in the system of whom 329 members have vested retirement benefits; and 311 former members or their beneficiaries are receiving retirement benefits. An additional 316 former members have contributions remaining with the system; of this number, 93 former members have vested rights for future retirement benefits. All individuals submitted were included in the valuation.

He further stated that the census data submitted to their office is tested for errors. Several types of census data errors are possible. To ensure that the valuation is accurate, a significant effort is made to identify and correct any errors.

Mr. Curran commented on the Actuarial Methods and Assumptions. He stated DARS is funded differently from other systems. This valuation is based on the Aggregate Actuarial Cost Method and explained the method.

Mr. Curran reported that DARS does not prefund COLAs. The system waits to fund them as they occur.

He reported on the risk factors of the plan. The greatest risk is the failure to contribute adequate funds to the plan. Other risk factors include poor investment returns, liability and data errors.

Mr. Curran reported that there were no changes in the plan provisions for DARS.

Mr. Curran reviewed the Asset Experience at the plan, stating during 2016, the fund earned \$12,833,300 of dividends, interest and other recurring income. In addition, the fund had net realized and unrealized capital losses on investments, offset by non-recurring income of \$5,732,146. The fund also had investment expenses of \$366,226. The geometric mean of the market value rates of return measure over the last 10 years was 5.7%. For the last 25 years, the geometric mean of the market value rates was 7.1%.

Discussion was had on the proposed bill to give the Board independent authority to adjust the employer contribution rate. DARS staff was instructed to proceed with publishing legal notice and drafting the bill. Mr. Adams will look for an author.

Mr. Curran reported that for fiscal year 2016 the system experienced net actuarial investment losses of \$1,862,131, below the actuarial assumed earnings rate of 7.0% in effect for fiscal year 2016. This shortfall in earnings produced an actuarial loss, which increased the normal cost accrual rate by 0.2937%.

Mr. Curran reviewed the Demographics and Liability Experience of the System and the Funding Analysis and Recommendations.

Mr. Curran stated that he would like to see how the flood will impact ad valorem taxes. At this point he has not seen any numbers, and advised that the Board begin monitor to see if there is a gain or loss. At this time, he is still recommending a 0% employer contribution rate beginning July 1, 2017.

Mr. Curran next reviewed Exhibit I, which is the analysis of actuarially required contributions.

Mr. Curran stated that the fund is in good shape overall.

Mr. Falterman reported that he and Mr. Adams discussed having Mr. Curran and himself attend the LDAA meeting in Florida to provide general education to the members of LDAA.

Mr. Adams reported to the Board that the Louisiana Fund L.L.P. is closed. They are liquidating the fund. The funds will be reinvestment by approval of the Board. Mr. Adams needs authority to sign the interest document. A motion was made, and seconded to allow Mr. Adams the authority to sign the document. The Board unanimously approved.

Mr. Adams reported on results of the election for Mr. Kyzar's vacant seat. Votes were counted by Mr. Adams, Ms. Spinosa and Mrs. Hicks. Six incomplete ballots were disqualified.

He reported that Don Burkett received the most votes. The ballots are in the DARS office should anyone want to inspect them.

A motion was made, and seconded to accept the returns of the election. The Board unanimously approved.

Mr. Falterman stated that he has spoken to Mr. Vann about bringing the new board member to Dallas for investment education.

A motion was made and seconded to have the training in Dallas. The Board unanimously approved.

A motion was made and seconded to approve both the DARS Audit Report and Actuarial Valuation Report for 2016. The Board unanimously approved.

Mr. Adams inquired from Mr. Curran if PERSAC has approved the employer rate and Mr. Curran stated not yet.

Mr. Adams stated that he had a meeting with Charles Ballay about an ADA from his office that had a stroke. Mr. Ballay would like to put him on office disability and he would like to know could he be still an active member of the system.

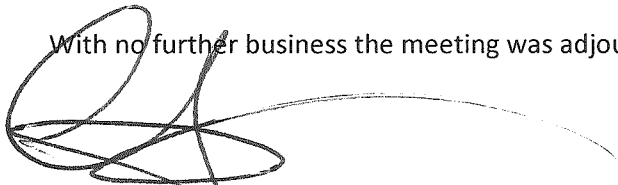
Ms. Spinosa stated that she looked for a statute pertaining this and could find not one. Mr. Curran concurred that there was nothing directly on point.

Mr. Falterman stated that if he contributing the required salary to qualify this should not be a problem.

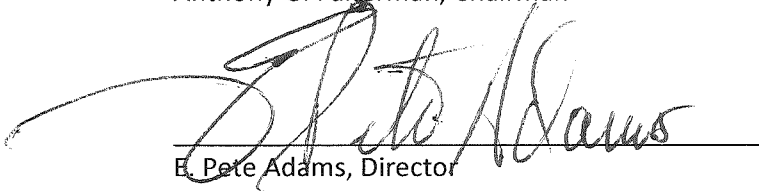
Ms. Spinosa reported that he has some leave time to use and the office will pay up to 60% of his salary after leave is exhausted. This member is eligible to retire but would like to maximize his time.

After discussion, the Board concluded that if the salary funds are being paid by the office to the member, there is no problem. However, if the 60% salary is paid directly to the member as insurance proceeds, then he is not earning creditable service. Ms. Spinosa will discuss this further with Mr. Ballay.

With no further business the meeting was adjourned.



Anthony G. Falterman, Chairman



E. Pete Adams, Director