

District Attorneys' Retirement Systems
Board of Trustees Meeting
March 17, 2022

The meeting of the Board of Trustees of the Louisiana District Attorneys' Retirement System was held on Thursday, March 17, 2022, at 9:30 a.m. at the DARS office in Baton Rouge, LA.

Present: Anthony Falterman, Scott Perrilloux, Dale Lee, Andy Shealy, Todd Nesom, Reed Walters, Representative John Illg

Also Present: Kristi Spinosa, Gwen Hicks, Aaron Vann, Steve Rueb

Participating via Webex: Don Burkett and Cyndi McKinney

Absent: Senator Kirk Talbot

Roll call was conducted and there was a quorum.

Tony Falterman asked the group to review the agenda regarding the following two statements concerning conflicts disclosure:

- I have reviewed the agenda, and I have no conflicts of interest to disclose.
- If a conflict arises during this meeting, I will disclose it and take appropriate action to resolve it.

No conflicts were reported.

A motion was made and seconded to approve the January 27, 2022, minutes as presented. The motion carried.

A motion was made and seconded to approve the financial statements for January and February 2022. The motion carried.

A motion was made, seconded, and unanimously approved to accept the following retirements:

- Larry S. Bossier, retired effective 1/25/2022, Option 2, benefit amount \$2,928.52

There were no retiree deaths to report.

Aaron Vann reported that the total portfolio depreciated -5.17% for the fiscal year beginning July 1, 2021, while the index has depreciated -4.89%. The total portfolio appreciated 3.93% for the fourth quarter ending December 31, 2021, while the index has appreciated 3.52%. Updated year-to-date through March 15, 2022, the portfolio depreciated -8.12% while the index depreciated -8.22%. As of March 15, 2022, all assets total \$485,880,240.

Steve Rueb, Dorsey & Company, provided an overview of the portfolio and talked about performance. He also provided perspective on the fixed income market as we move to take on higher inflation over the next few years and how that will affect rates and the portfolio. He reviewed their economic policy. Mr. Rueb stated that the stock market is up 90% from the lows and the housing market is up 30% from mid-2020. Commodities (CRB Index) is up 125% from mid-2020.

Mr. Rueb stated that based on CBO scoring of current law, Federal spending will drop in fiscal 2022 to \$5.55 trillion from \$6.85 trillion, which is a \$1.3 trillion Y/Y drop in spending, equivalent to around 6% of GDP. The bulk of the Y/Y decline will concentrate in 2Q of 2022. He reviewed the economic implications including the slowing economy Federal Reserve

(mis)step in monetary policy timing, long-term interest rates falling, recession probability rising, and inflation falling from 7% down to 4%-5% range.

Mr. Rueb explained their use of EFTs and explained the spread on yield curves and the floating of curves.

Aaron Vann stated that he would like to rotate presentations from different managers at upcoming DARS meeting so the Trustees can meet them.

Mr. Vann reported that the pandemic continues but its impact on the economy has diminished. Fiscal support provided by the federal government is also diminishing. The U.S. economy will continue its rebound until it reaches capacity limits. Unemployment has fallen and wages have risen. S&P 500 earnings are poised to moderate after hitting an all-time high in 2021. Slower economic growth, higher wage costs, higher interest rates and potentially higher corporate taxes could make further profit gains much more difficult to achieve. Inflation will moderate from its highs but remain above the Fed's 2% target. Interest rates are likely to resume their ascent. Valuations are high for U.S. equities.

Aaron Vann discussed buying power vs. selling pressure. He stated that a potentially positive sign is that the weakest small caps have not set new highs since January, suggesting that small stocks may have seen the worst of their declines. He also stated that performance in equities vs the benchmark is still mostly outperforming.

Kristi Spinosa disseminated a copy of a letter from John Schroder, Louisiana State Treasury, regarding the Russian invasion of Ukraine. Mr. Schroder urges all Louisiana retirement systems to divest any investments in any Russian entities and give strong consideration to future investment decisions and how it negatively impacts Louisiana jobs and the economy. HB 25 supports this concept.

Aaron Vann verified that we do not have any Russian exposure.

Kristi Spinosa discussed HB 213, a Law Institute bill, which has unintended consequences with beneficiaries after the death of a retiree. It is intended to go into the Civil Code to fix issues when member is divorced, then dies, and has not changed their beneficiary. All the retirement systems are looking at this bill with the author.

Greg Curran disseminated the recommended assumptions for actuarial equivalence and option factors beginning July 1, 2022, for review. A motion was made and seconded to approve the actuarial equivalence and option factors as presented. The motion carried.

At its February 2022 meeting PRSAC adopted the recommended valuation rate of 9.50%. A motion was made and seconded to set the DARS FY2023 Employer Rate at 9.50% effective July 1, 2022. The motion carried.

Greg Curran presented an hour of actuarial education for the DARS Trustees.

A motion was made and seconded to hold a Board of Trustees meeting on Sunday, June 26, 2022, in Destin, FL, in conjunction with the LDA Annual Conference. The motion carried.



Anthony G. Falterman, Chairman

Kristi Spinosa, Director