

**District Attorneys' Retirement Systems
Board of Trustees Meeting
September 15, 2019**

Minutes of the Board of Trustees of the Louisiana District Attorneys' Retirement System that was held at The Roosevelt Hotel in New Orleans on Sunday, September 15, 2019, at 9:00 AM.

Present: Anthony Falterman, Don Burkett, Dale Lee, Todd Nesom, Scott Perrilloux, Andy Shealy, and Reed Walters

Also Present: Kristi Spinosa, Gwen Hicks, Sharon Hill, John Vann, Aaron Vann, and Greg Curran

Absent: Senator Peacock and Representative Abraham

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.

The group reviewed the agenda and no conflicts were reported.

A motion was made and seconded to approve the minutes of the July 18, 2019, meeting as published. The motion carried.

A motion was made and seconded to approve the financial statements for June, July, and a preliminary draft of August 2019. The motion carried.

Ms. Spinosa disseminated a budget to actual report as of August 31, 2019, for informational purposes. John Vann stated that a profit and loss report is CPA-approved but investments can be misleading due to market fluctuations.

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

- Robert Randall Smith, retired effective March 1, 2019, Option 2, benefit amount of \$5,563.97;
- Monisa Thompson, retired effective June 1, 2019, Option 3, benefit amount of \$9,238.97.

There were no deaths to report.

John Vann reported that assets have appreciated 13.08% vs. the Benchmark +11.69% as of September 15, 2019. Fiscal year 2019 appreciation since June 30, 2019, is positive 0.71% vs. the Benchmark +0.59%. There have been no significant events with the alternative managers thus far in 2019.

Jack Lazzaro, TCW, has completed all the paperwork for the \$10M commitment with a closing date of June 28, 2019. DARS can participate in the 2nd quarter and 3rd quarter earnings.

Mr. Vann suggested that we should reduce equity and put more into alternatives. If we move more than 10% they will need a letter of authority from the Board due to a Per Sterling internal policy limit on percentage of structured notes. A motion was made and seconded to reduce equity up to 15% and put into structured notes. The motion carried.

A motion was made and seconded to have Kristi Spinosa write a letter to Per Stirling authorizing purchase of structured notes in excess of Per Stirling's internal policy limit as follows:

The investment policy shall reflect that (1) Structured Notes shall be authorized to a limit of 15% of total assets of the fund; and (2) Structured notes shall be considered as part of the fixed income asset allocation.

The motion carried.

John Vann and Greg Curran led a discussion on whether we could have a reduction in the actuarial rate. Our current rate is 6.5%, Assessor's is 6.25%, and no other system is above 7%. After this year's valuation, the Curran's will give us a full analysis with a rate range. This issue will be addressed in more detail after completion of the valuation.

PERSAC is scheduled to meet in January 2020 instead of at the end of February 2020 which should give us more time to look at legislation to set our employer rate up to 3% above the PERSAC rate.

Todd Nesom asked John Vann about the Louisiana funds going down. Mr. Vann stated that he has been trying to get our funds back. He will submit an official report between now and November 1, 2019.

Mr. Vann also reported that U.S. growth is set to decelerate in the second half of 2019. Employment gains will likely be at a slower pace. Corporate profits should achieve low to mid-single digit growth. Inflation will likely remain subdued through 2019. The global economy has slowed but not stalled. Careful fixed income positioning is necessary in a changing environment. International stocks offer long-term opportunities, and broad diversification and careful portfolio management are required in late cycle.

John Vann asked the Trustees about shifting the meeting cycle to the last week of the month so Per Stirling will have extra time to prepare the investment reports for the previous month. Staff will prepare a list of possible dates for 2020 to be approved at the next meeting.

Ms. Spinosa disseminated a Reemployment Notice to help establish compliance on the rehire issue. It would become a mandatory document in the retirement application process to ensure compliance with salary limitations if rehired. She also disseminated language that will be added to the retirement application. A motion was made and seconded to approve the Reemployment Notice and the language to be added to the retirement application. The motion carried.

Discussion was had on whether we should require a true break in service for rehires. A motion was made and seconded to draft legislation for discussion, after consultation with Bob Tarcza, prior to January 2020. The motion carried.

Andy Shealy led a discussion on looking at the membership to change the election process to ensure Trustee diversity. Dale Lee and Andy Shealy will draft modifications for discussion at the next meeting.

Kristi Spinosa disseminated R.S. 11:233 concerning earnable compensation and fees for review as possible legislation for next session. This is the same language as approved last year, but no bill was filed due to lack of an author. Motion and second to move forward with legislation for this session.

Ms. Spinosa reported that a hearing is scheduled for October 28 in the *Diaz v. DARS* matter.

She also reported that we are awaiting an Ethics Advisory Opinion concerning personal investments of a DARS Trustee with a provider that currently has a contractual relationship with DARS for similar services.

Open house will be held on Wednesday, September 18, 2019, from 11 a.m. - 1:30 p.m., at the new LDAA and DARS offices.

Ms. Spinosa disseminated the draft agenda for the Trustee Workshop scheduled for November 1-2, 2019, at PerStirling in Austin, TX.

Andy Shealy requested that we make efforts to have more local training in the future, perhaps after Board meetings.

The date of the next meeting is Friday, November 1, 2019, at 1:30 p.m. at PerStirling in Austin, TX.



Anthony G. Falterman, Chairman



Kristi Spinosa, Director