

Minutes of the Board of Trustees of the Louisiana District Attorneys' Retirement System that was held at the Louisiana District Attorneys Association on Thursday, March 21, 2019, at 9:30 AM.

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

Also Present: Pete Adams, Roxanne Barrios Juneau, Kristi Spinosa, Gwen Hicks, John Vann, Gary Curran, Aaron Vann, Sharon Hill, Jack Lazzaro and Lowell Goode

Absent: Senator Peacock, Representative Abraham and Andy Shealy

Roll call was conducted and there was a quorum.

A motion was made and seconded to approve the minutes of the January 17, 2019, meeting as published. The motion carried.

A motion was made and seconded to approve the financial statements for January and February 2019. The motion carried.

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

- Dana K. Larpenteur retired effective October 20, 2018, Maximum, benefit amount \$4,704.17;
- Jimmy D. Long retired effective January 17, 2019, Option II, benefit amount \$4,564.06:

Mr. Falterman advised the Board of the following retiree death:

- James Lynn Davis, died March 9, 2019, no further benefits due;
- Jack A. Williams, died March 12, 2019, no further benefits due:

Aaron Vann reported that the portfolio was up to \$414 million and the assets at Fidelity have appreciated 8.52% vs 8.42% between January 1, 2019, and March 18, 2019.

He reviewed the performance by accounts stating that Mid Growth returns was 17.80% and MLP-ETN up 16.48%, Small Growth up 15.58%. He reported that Eagle Capital Management has been eliminated and has saved over \$100,000 in fees. They feel that this has been a great move for the fund.

John Vann reported that sources per share growth are up 3% but sees a squeeze in profit margins.

He further reported on interest rates and equities. He stated that the current interest rate is 2 $\frac{3}{4}$ percent. If interest rates go up we could have an inverted interest rate. The federal deficit is out of control and there was not much growth of employment or wages. It's the beginning of an economic cycle that will be difficult.

Mr. Vann reported on the U.S. and International equities at inflection points, stating that the rest of the world is cheap compared to the United States. He believes the U.S. is in a decline compared to the total world.

Mr. Vann reported that the earnings in the stock market are in single digits. The future is in alternative investments. We need to reduce risk in the portfolio, seek out alternatives, and preserve income to the DARS fund.

Mr. Falterman introduced Mr. Lowell Goode who was attending the DARS meeting.

Mr. Goode stated that he is new with the Legislative Auditor and was trying to attend retirement meetings to meet board members of the systems.

Mr. Jack Lazzaro gave a presentation on TCW Direct Lending investment fund. They have an 18 year record of delivering attractive risk-adjustment returns. They are senior secured and have floating rate loans that provide inflation and interest rate protection.

He stated that the TCW Lending team provides bank capital to middle market companies operating in broad range of industries, primarily in North America.

Mr. Falterman inquired from Mr. Vann about funds to invest.

Mr. Vann stated that there is enough cash on hand to investment in TCW. He reported he has done background check and is very comfortable with the company.

Discussion was had on investing \$10 million with TCW. The investment will add diversification to the portfolio. TCW does not get paid until DARS gets 7% and they are paid quarterly. There will be quarterly reports. The total commitment would be 7–10 years.

A motion was made and seconded to invest \$10 million with TCW. The motion was unanimously approved.

Mr. Adams reported on legislation stating that the fee based bill had no author to file the bill. Senator Peacock has filed SB 14 which provides term limits for retirement systems board of trustees. LAPERS will ask questions about why this bill has been filed. This bill as originally drafted would not be in the best interest of the system. The reason to oppose is that it takes years to obtain the knowledge to understand the retirement systems.

A motion was made and seconded to oppose SB 14. The motion carried.

Mr. Adams reported that SB 16 which addresses investments of lump-sum benefits has nothing to do with the DARS system. Discussion was had on the bill.

He reported that SB 17 is relative to funding of retirement systems. This bill would allow the City of New Orleans not to pay Ad Valorem taxes to various systems.

Mr. Adams reported to the Board that the DARS elections will be coming up and presented the examples from the last election.

Ms. Spinosa reported that a letter of notice of nominations and elections for active trustee positions will be sent out to all active members the last week of April. The notice of intention must be received at the DARS office by May 10, 2019.

Mr. Adams stated that ballots will be sent out by May 24, 2019, and ballots must be returned to the DARS office by June 10, 2019.

He reported that there will be an open seat for David Burton's position since he is not eligible to run again. Mr. Adams stated that he will include information on upcoming election in the LDAA Line for Line.

A motion was made and seconded to approve the Notice of Intention as presented. The motion carried.

Ms. Spinosa reported that Jimmy Long was paid 1½ months early due to an administrative error. Mr. Curran's office caught the error. DARS office staff has started new procedures to catch these errors.

She reviewed R.S.11:192 regarding overpayment of benefits, corrections, and repayments. She stated Mr. Long was given notice of the DARS meeting today.

A motion was made and seconded to recoup the amount owed to DARS through Mr. Long's monthly retirement benefit. The motion carried.

Mr. Adams gave a building update stating the LDAA is in process of purchasing a building on Quail Drive. The building is move in ready and available in June with furniture, and per DARS agreement, it is about the same space or little more, plus it will be segregated.

The building will be \$2.5 million for one year to allow time for LDAA to sell the building on Nicholson. LDAA will refinance after the sale of the current building to reduce cost.

Mr. Adams suggested holding the next DARS meeting at the new building in May.

Mr. Adams stated that with the transition of him leaving by July 11 there will be a new director for DARS. A draft of a new budget for fiscal year 2020 was disseminated for informational purposes. After a decision is made on a new director and salary, an updated draft of the budget will be presented at the May meeting.

The Chairman made a motion to go into executive session to discuss the director's position and salary. Motion carried.

The Board returned from executive session.

Mr. Falterman stated that after their discussion on a new director and salary, a motion was made.

The motion was made and seconded to retain Kristi Spinosa as the new director of DARS and that the budget and salary will be approved at the May meeting. Motion carried.

Mr. Lee inquired if the position needs to be advertised.

Mr. Falterman asked that Ms. Spinosa check to see.

With no further business the meeting was adjourned. The next meeting of the board will be Thursday, May 16, at 9:30 AM.



Anthony G. Falterman, Chairman



E. Pete Adams, Director