

**LOUISIANA DISTRICT ATTORNEYS' RETIREMENT SYSTEM**  
**Minutes of the Meeting of the Board of Trustees**  
**April 16, 2024, 9:00 a.m.**  
**2525 Quail Dr. Baton Rouge, LA 70808**

The Board of Trustees of the District Attorneys' Retirement System held a special meeting on Tuesday, April 16, 2024 at the DARS Office, located at 2525 Quail Drive Baton Rouge, Louisiana 70808.

**1. Roll Call**

The meeting was called to order by Mr. Andy Shealy at 8:55 A.M.

Ms. Danielle Ball called roll.

**Members Present**

Mr. David Burton  
Mr. Houston Gascon  
Mr. Scott Perrilloux  
Mr. S. Andrew Shealy  
Mr. Brad Burget  
Mr. J. Reed Walters  
Mr. Don Burkett  
Mr. Todd Nesom

**Members Absent**

Representative John R. Illg Jr.  
Senator Kirk Talbot

A Quorum was present.

**Others Present**

Mr. Philip Qualls, Director  
Ms. Danielle Ball, Benefits Supervisor  
Ms. Brittany Cahill, Pension Assistant  
Ms. Laura Gail Sullivan, Legal Counsel  
Mr. Greg Curran, Actuary  
Hon. Billy Joe Harrington, 10th J.D., LDAA President

**Motion by Mr. Perrilloux to recess such that Trustees could attend the concurrent legislative session held at the state capital, seconded by Mr. Gascon. Unanimously, the motion passed.**

Meeting reconvened at 12:18 P.M.

**2. Conflicts Disclosure**

Mr. Andy Shealy inquired if any member of the Board needed to disclose a conflict of interest with items on the agenda.

There were no disclosures.

**3. Public Comment**

Mr. Shealy called for public comment. There were no public comments.

#### **4. Minutes of the meeting of February 15, 2024**

**Motion by Mr. Perrilloux, seconded by Mr. Gascon, to approve the minutes of the meeting held February 15, 2024. Without objection, the motion carried.**

#### **5. February 2024 Financials**

Mr. Qualls stated that legal fees continue to be the primary expense under the professional services category, due to the BREC case regarding Ad Valorem taxes and the Diaz case regarding retirement application timing.

Mr. Qualls also explained that the banking fee is higher due to the excess sweeps over our bank account threshold occurring as Ad Valorem deposits are made at the beginning of the year. Additionally, the fiduciary bond and insurance expense is inflated due to the renewed cybersecurity insurance annual payment.

**Motion by Mr. Burget, seconded by Mr. Nesom, to approve the February 2024 financials. Without objection, the motion carried.**

#### **6. Retirement Activity**

All new retirees' dates of retirement and benefit amounts were read aloud by Mr. Shealy for Board approval.

**Motion by Mr. Nesom, seconded by Mr. Perrilloux, to approve all retirement activity. Unanimously, the motion passed.**

#### **7. Investment Report**

##### **a. Market Commentary and DARS Performance Update**

Mr. Qualls presented the First Quarter 2024 information. DARS portfolio is currently valued at \$559,656,238.94 as of March 31, 2024. The rate of return was slightly over 5%, compared to the benchmark of 3.92%. Equity performance returned 8.06% and fixed income beat the benchmark at 2.50% compared to benchmark at -0.78%.

Mr. Qualls explained that we should begin to see returns from TCW in the alternative investment category later this year.

#### **8. Actuary – Greg Curran**

##### **a. Fiscal Year 2025 Employer Rate**

Mr. Curran explained that when the employer contribution rate is set only marginally above the minimum required, it could result in a scenario in which the contribution rate increases due to timing of benefit payments and other occurrences throughout the year, resulting in no substantial financial gain. Mr. Curran further explained that the law that governs the ability for DARS to deposit into the Funding Deposit Account requires holding the rate above the minimum and specificity of surplus of funds resulting in a financial gain. Mr. Curran went on to explain that although the rate was held above the minimum for multiple years, the variable rate changes resulted in no surplus to add to the funding deposit account. Further, Mr. Curran provided charts with predictions of future costs based on the historic rate of cost increase.

Mr. Gascon inquired as to whether or not the Funding Deposit Account was specifically designed to fund Cost of Living Adjustments (COLAs).

Mr. Curran explained that while original legislation defining the Funding Deposit Account did not include providing for COLAs, it has become the standard amongst systems to use this account to pre-fund COLAs. Mr. Curran expanded on this by explaining that the Funding Deposit Account was originally created to smooth the employer rate over time, and consequently, relieve pressure on employers. Mr. Curran explained that in the past, when a COLA was granted, this resulted in a required employer rate increase, so using the account to pre-fund COLAs can prevent sudden employer cost increases.

Mr. Shealy expressed concern about the smoothing of contribution requirements for the employer office budgets, as well as concern about the maturation of the system.

Mr. Qualls gave the perspective that last year's minimum employer rate was 11% and DARS set it at 1% above (12%), which did lower the current year minimum to 10.75% even though we were unable to contribute to the Funding Deposit Account.

**Motion by Mr. Burkett, seconded by Mr. Nesom, to set the employer rate at 12.25%. With a single objection from Mr. Walters, the motion passed. Mr. Walters stated for the record that his opposition was due to an opinion that the rate should be higher, at 12.50% or 12.75%.**

**b. Curran Contract Renewal**

Mr. Qualls stated that the contract renewal for Curran Actuarial services included a rate increase of 5%.

Mr. Curran explained that he did not include a CPI increase for DARS last year that was incurred with all other clients due to new director onboarding.

**Motion by Mr. Walters, seconded by Mr. Burget, to renew the contract with Currant Actuarial. Without objection, the motion passed.**

**9. Director's Report**

**a. Investment Consultant Selection**

Discussion was had amongst the Board regarding the pricing differences of each consultant proposal. Further discourse was held regarding the fiduciary duties of Trustees and the subsequent impact each of the proposed consultants would have should DARS choose their proposal.

The Board commended Vann Equity for their performance over the past years of partnership, but overall felt that it was their fiduciary duty to diversify managerial resources while considering cost to the system for said resources and services.

**Motion by Mr. Nesom, seconded by Mr. Burton, to hire Mariner as Investment Consultant. With a single objection from Mr. Walters, the motion carried.**

**b. Board of Trustee Elections**

Mr. Qualls explained that the seats held by Mr. Walters, Mr. Burkett, and Mr. Nesom are up for election, with their term ending August 2024. Mr. Nesom is not eligible for re-election since he occupies an active member seat but has since retired.

**Motion by Mr. Burton, seconded by Mr. Gascon, to recommend re-appointment of Mr. Burkett and Mr. Walters.**

**c. Fiscal Year 2025 Operating Budget Approval**

Mr. Qualls summarized the proposed budget by identifying just over 6 percent increase from last fiscal year, primarily in legal fees, with other categories relatively flat.

Mr. Walters acknowledged that the category including the investment fee should increase, due to the recently approved Investment Consultant turnover. Mr. Qualls confirmed he would make the proper adjustment.

**Motion by Mr. Perrilloux, seconded by Mr. Burton, to approve the Fiscal Year 2024-2025 operating budget with the adjustment to the professional services category.**

**d. Duplantier, Hrapmann, Hogan, & Maher Audit Engagement Letter**

Mr. Qualls cited the three year engagement contract signed in 2021 is set to expire and up for renewal. Mr. Qualls explained that the original proposal included an increased fee at a rate of 28% for the financial statements. Mr. Qualls negotiated the rate down to 14% for the first year and 10% for the second year, and flat for the third year.

Mr. Burton inquired about the significant cost increase. Mr. Qualls explained that the original contract was signed prior to the high inflation period in addition to the underestimated time it would take to audit our alternative investments.

**Motion by Mr. Gascon, seconded by Mr. Burget, to renew the contract proposal with DHHM. The motion passed unanimously.**

**e. Tier 2.1 Financial Disclosure**

Mr. Shealy asked that Ms. Ball send an email reminder that all financial disclosures are due by May 15, 2024 with links to the LA Board of Ethics forms.

**f. Education Hours Update**

Ms. Ball will email the Trustees their accumulated annual hours as of 4/16/2024.

**Next Meeting – June 24, 2024**

**Meeting adjourned at 1:52 pm**

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held on April 16, 2024.

  
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S. Andrew Shealy, Chairman

  
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Philip Qualls, Director