

District Attorneys' Retirement Systems
Board of Trustees Meeting
April 20, 2023

The meeting of the Board of Trustees of the Louisiana District Attorneys' Retirement System was held on Thursday, April 20, 2023, at 9:30 a.m. at the DARS office in Baton Rouge, LA.

Present: Brad Burget, David Burton, Houston Gascon III, Todd Nesom, Scott Perrilloux, Andy Shealy, and Reed Walters

Also Present: Philip Qualls, Sharon Hill, Gwen Hicks, Aaron Vann, Cyndi McKinney, and Greg Curran

Absent: Rep. John Illg, Jr. and Senator Kirk Talbot

Roll call was conducted and there was a quorum.

Andy 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.

A motion was made and seconded to approve the February 16, 2023, and the March 23, 2023, minutes as presented. The motion carried.

A motion was made and seconded to approve the financial statement for January 2023 and February 2023. The motion carried.

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

- Vickie Baker, retired effective 3/1/23, Option #2, benefit amount \$9,319.95;
- Scott Stassi, retired effective 4/16/23, Option #2, benefit amount \$10,662.92

The following retiree deaths were reported:

- Hubert Russell Davis, died 2/6/23, no further benefit due;
- Jesse Means, Jr., died 2/5/23, Option #2, survivor benefit amount \$2,353.17

Aaron Vann reported that the total portfolio appreciated 6.05% for the fiscal year beginning July 1, 2022, while the blended index has appreciated 8.09%. The total portfolio appreciated 4.66% for the 1st quarter ending March 31, 2023, while the blended index appreciated 5.55%. Updated year-to-date through April 18, 2023, the portfolio appreciated 4.82% while the blended index appreciated 6.32%. As of April 18, 2023, all assets total \$495,623,948.

Mr. Vann reported that the overall U.S. banking system still looks healthy, however, the regional banking crisis will likely have negative implications for the U.S. economy. The U.S. economy is at a greater risk of slipping into recession. A tight labor market is showing some signs of cooling with the unemployment rate at 3.6% as of February 2023.

S&P 500 earnings continue to be challenged by slower growth. Inflation is gradually falling to more manageable levels. The Federal Reserve is nearing the end of its tightening cycle and global central banks continue to fight inflation. A long

April 20, 2023

DARS Board of Trustee Meeting

Page 2

cycle of U.S. dollar strength is likely coming to an end. Better than expected growth in China and Europe and the increased probability of a U.S. recession suggests further downward pressure on the dollar as global growth looks set to outpace the U.S.

Volatility continued to challenge investors in the first quarter. Looking ahead, U.S. equities may face further challenges, particularly if earnings downgrades materialize alongside a recession.

Aaron Vann introduced the following representatives from iCapital who presented an hour of investment education on structured notes.

- Mark Whyman, Managing Director
- Taylor Coleman, Senior Vice President
- Bradley Reiner, Assistant Vice President
- Nick Denisov, Senior RIA Relationship Manager

Mr. Gascon mentioned that it would be helpful to have a glossary of the tickers referenced in our structured notes. Philip Qualls stated he would provide a list.

Cyndi McKinney presented the status of Alternative Assets annual statements received.

Discussion was had on investments with LA Funds, Themelios, and Rastegar. The Board asked Aaron Vann to get a secondary market bid on LA Funds for discussion at the next meeting. On the Rastegar investments, the first thing we need is to get trued up on the outstanding 2%, then see if Rastegar would buy back some investments without penalty. If not, we would need to look at putting them on the secondary market.

The agenda item on Investment Policy Statement Revisions was deferred until the next meeting.

Greg Curran addressed the Board stating that PERSAC approved the minimum 11% employer rate for FY24. Discussion was had. A motion was made and seconded to set the employer rate at 12% beginning July 1, 2023. The motion carried.

Mr. Curran led a discussion on their annual review of capital market assumptions which showed an average reasonable range for system's valuation interest rate of assumption to be 6.20% to 7.39%. Our current rate is at 6.1%. He stated that at this time we do not need to change our current rate of 6.1%. No action was taken.

Greg Curran presented the proposed FY24 contract for actuarial services. There is no change from the current annual contract cost of \$92,160. A motion was made and seconded to approve the FY24 contract as presented. The motion carried.

Philip Qualls presented an updated draft budget for DARS for FY24 with changes to the salary and legal categories. Discussion was had. A motion was made and seconded to approve the FY24 budget as presented. The motion carried.

Mr. Qualls disseminated a draft of the updated DARS personnel manual. The update cleans up some language, addresses remote work options, edits vacation time accrual to allow carry over of up to 25 days, and allows part-time employees to earn a small amount of vacation leave and to be paid if scheduled to work and the office is closed due to emergency situations like weather conditions. A motion was made and seconded to approve the personnel manual as presented. The motion carried.

Philip Qualls disseminated a draft certification of authorization which would fully authorize Mr. Qualls to transfer funds within the JP Morgan Chase DARS' accounts and the US Bank trust and custody accounts. It would also authorize Mr. Qualls to execute all documents necessary to do business for DARS. A motion was made and seconded to approve the certification of authorization as presented. The motion carried.

Philip Qualls updated the Board on the BREC case regarding the constitutionality of Ad Valorem taxes being distributed to statewide retirement systems. DARS currently receives approximately \$10M annually in Ad Valorem taxes. We have hired outside counsel, Robert Klausner, to handle the case. Four other retirement systems, Sheriffs', Assessors', Clerks' and Registrars', have joined us in fighting this matter. Case law is in our favor. Currently, a hearing is scheduled to consolidate three cases, however, Mr. Klausner advises against it because it would send the case back to the 19th JDC.

Discussion was had on the Diaz case. A motion was made and seconded to retain Bob Tarcza as counsel and ask him to file a motion of summary judgment on our behalf. The motion carried.

Philip Qualls led a discussion on a vacation exception asking if the Board would approve for him to take vacation during the week of May 15 for a vacation he already had scheduled prior to being hired. A motion was made and seconded to approve his request. The motion carried.

Discussion was had on whether to hold the next meeting at the LDAA Annual Conference in Destin, FL. A motion was made and seconded to hold the meeting on Monday, June 26, 2023, at the LDAA Annual Conference in Destin, FL. At the next meeting, discussion will be had on whether to hold the following meeting prior to the start of the LAPERS Seminar in September.


S. Andrew Shealy, Chairman


Philip Qualls, Director