

**District Attorneys' Retirement Systems
Board of Trustees Meeting
March 18, 2021**

The meeting of the Board of Trustees of the Louisiana District Attorneys' Retirement System was held on Wednesday, March 18, 2021, at 9:30 a.m.

Present: Anthony Falterman, Don Burkett, Dale Lee, Scott Perrilloux, Andy Shealy, Reed Walters, Representative John Ilg, and Senator Kirk Talbot

Also Present: Kristi Spinosa, Sharon Hill, Aaron Vann, John Vann, Stephen Brouillette, Joey David, Loren Lampert, Steve Barnish, Kristina Kulidova, Shawn Klopp, Bernie Scozzafava, and Jack Lazzaro

Absent: Todd Nesom

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 February 3, 2021, minutes as presented. The motion carried.

A motion was made and seconded to approve the financial statements for December 2020 (updated), and February 2021. The motion carried.

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

- Michael Cassidy, retired effective 1/11/2021, Option 2, benefit amount \$11,622.52
- John DeRosier, retired effective 1/11/2021, Option 3, benefit amount \$6,311.96
- Roderick Bertrand, retired effective 1/11/2021, Option 3, benefit amount \$8,622.96
- Jennifer Jones, retired effective 1/11/2021, Maximum, benefit amount \$7,513.19
- Walter E. Dorroh, Jr., retired effective 1/11/2021, Maximum, benefit amount \$4,389.58
- John J. Messina, retired effective 1/16/2021, Option 2, benefit amount \$1,708.91
- Daniel M. Landry III, retired effective 1/9/2021, Option 2, benefit amount \$5,248.40
- William T. Babin, retired effective 1/1/2021, Option 2, benefit amount \$4,496.67
- Christine Roberts, retired effective 1/1/2021, Option 3, benefit amount \$5,186.12
- Kathy Duhon Williams, retired effective 1/5/2021, Option 2, benefit amount \$1,378.59
- Keith Stutes, retired effective 1/9/2021, Option 2, benefit amount \$8,326.45
- Alexander, Glenn, retired effective 1/11/2021, Option 2, benefit amount \$5,738.64
- Marsha McNulty, retired effective 1/7/2021, Maximum, benefit amount \$3,235.18
- Graymond Martin, retired effective 1/11/2021, Option 2, benefit amount \$4,080.28

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- Morton, Richard, retired effective 3/1/2021, Option 2, benefit amount \$7,883.76
- Leon Cannizzaro, retired effective 1/1/2021, Option 2, benefit amount \$4,277.57
- Todd Nesom, retired effective 1/11/2021, Option 2, benefit amount \$13,412.69
- Geary Aycock, retired effective 1/1/2021, Option 2, benefit amount \$8,494.09
- Charles Cravins, retired effective 1/28/2021, Option 2, benefit amount \$4,273.78

Steve Barnish and Antonio DiGesualdo, Cotton Creek Capital (CCC), addressed the Trustees regarding how to adhere to policy concerning confidentiality to obtain a fair valuation for liquidation. John Vann stated that DARS is not necessarily interested in liquidating Cotton Creek but is trying to obtain valuations on alternative investments. Setter Capital was retained to evaluate DARS interest in the alternative portfolio through the bidding process.

Kristina Kulidova, Setter Capital, also addressed the Trustees concerning their interest in bidding with Cotton Creek Capital. She recommended that DARS ask Cotton Creek to provide the non-disclosure agreement to request a formal solicitation.

Mr. DiGesualdo recommended that they go through a formal solicitation with third parties already approved by CCC to avoid confidentiality issues as outlined in the limited partnership agreement. John Vann stated that he approves this recommendation. A motion was made and seconded to move forward as presented. The motion carried.

Shawn Klopp and Bernie Scozzafava, both with Parametric, presented a portfolio transition analysis stating that they plan to move DARS to a corporate laddered portfolio strategy due to assets falling below 15% of value from principal. Discussion was had. John Vann and Kristi Spinosa will review the lowest acceptable investment grade in our policies. A recommendation will be made at the next meeting after VEM and Parametric determines the best credit quality, duration levels, and the lowest acceptable risk rate.

Jack Lazarro, TCW, presented a performance and portfolio review stating that the return is over 7%. Aaron Vann stated that TCW has out-performed expectations.

Kristi Spinosa disseminated the Vann Equity Management Portfolio Consulting Agreement that was approved at the last meeting with an effective date of April 1, 2021. She also disseminated a copy of the amendment to the Discretionary Management Agreement with Vann Equity Management, also effective April 1, 2021, for informational purposes.

Ms. Spinosa disseminated the updated Master Statement of Investment Policies and Objective of DARS which includes a section on investment of assets reporting and communicating requirements. A motion was made and seconded to approve as presented. The motion carried.

John Vann led a discussion on interest rate risk.

Aaron Vann disseminated flow charts on COVID cases, GDP, unemployment, S&P earnings, and S&P 500 index for informational purposes.

Aaron Vann reported that the total portfolio appreciated 9.21% for the quarter ending December 30, 2020, while the index has appreciated 7.82%. As of December 30, 2020, all assets total \$501,354,515.

Currently our asset allocation is as follows:

- Equity 56.88%
- Fixed Income 30.46%
- Alternative Assets 12.31%
- Cash .35%

Aaron Vann stated that the pandemic has worsened in recent months and will likely continue to surge in the first quarter; however, with the rollout of vaccines, life could return to normal by the fall of 2021. The economic recovery should accelerate in the second half of 2021. Analysts are expecting profits to recover in 2021, but it is likely that profits will not surpass their 2019 peak until 2022. Higher inflation is a risk down the road. The Federal Reserve has committed to remaining accommodative and massive fiscal support has boosted debt and deficits. Valuations are high for U.S. equities and international stocks offer long-term opportunities.

Mr. Vann stated diversification is crucial. Investors will likely benefit from a focus on quality in equity and fixed income, with a balanced approach to confront a range of outcomes.

Ms. Spinosa reported Rep. Debbie Villio has filed the DARS sponsored bill, HB 25, relative to compensation considered in the calculation of contributions and benefits for DARS. She also disseminated a letter from Greg Curran of the potential impact of HB 25 which states that overall the cost impact is not expected to be material to plan costs.

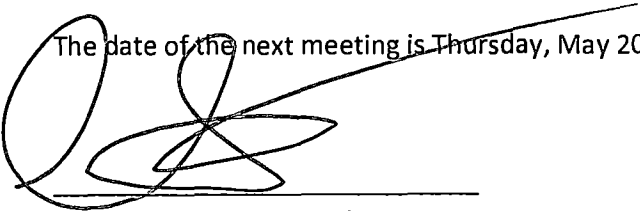
Kristi Spinosa stated that she is watching other bills of interest and will report any potential issues.

Ms. Spinosa reported that the actuary is testing several new retirees' benefits for IRS Section 415 limits. She has talked with a tax attorney who said we will need at least three new accounts to channel funds for excess benefits. Excess benefit funds cannot go through our regular accounts. A motion was made and seconded to begin the process with the tax attorney to determine and develop the process to comply with IRS Section 415 limits. The motion carried.

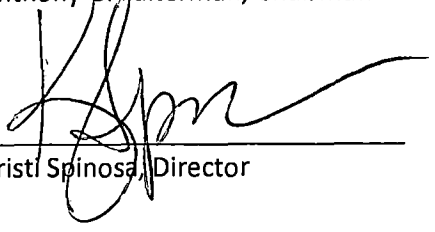
Kristi Spinosa disseminated a list of auditing firms that other State and Statewide Retirement Systems use. She stated that Greg Curran has reviewed the list and has no issues with any firm on the list. DARS has not obtained quotes from other firms in many years. A motion was made and seconded to have Kristi Spinosa request proposals on costs from other auditing firms. The motion carried.

Ms. Spinosa reported on a potential issue on Gary Evans' retirement. It was discovered that there is no oath of office from when Mr. Evans became an ADA in January 2009. The first oath of office on file anywhere is in October 2011. Discussion was had. The Board asked Kristi Spinosa to research whether this is an issue or not. Until then, the Board instructed that we pay him 75% of his estimate until the issue is resolved.

The date of the next meeting is Thursday, May 20, 2021, at 9:30 a.m. at the DARS Office in Baton Rouge, LA.



Anthony G. Falterman, Chairman



Kristi Spinoso, Director