

**District Attorneys' Retirement Systems  
Board of Trustees Meeting  
September 24, 2020**

The meeting of the Board of Trustees of the Louisiana District Attorneys' Retirement System was held on Thursday, September 24, 2020, at 9:30 a.m.

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

**Also Present:** Kristi Spinosa, Sharon Hill, Gwen Hicks, Aaron Vann, Greg Curran, Stephen Brouillette, and Loren Lampert

**Absent:** none

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 amend the minutes of the July 16, 2020, meeting to include Representative John Illg as an attendee. The motion carried. A motion was made and seconded to approve the minutes as amended. The motion carried.

A motion was made and seconded to approve the financial statement for July 2020 and a preliminary draft of August 2020. The motion carried.

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

- Paulette Reasonover, retired effective June 24, 2020, Option 2, benefit amount of \$3,016.42;
- Timothy O'Rourke, retired effective July 18, 2020, Option 3, benefit amount of \$8,031.51;
- Mary C. Campbell, retired effective August 1, 2020, maximum, benefit amount of \$10,390.17.

The following deaths were reported:

- Tommy Adkins, died August 23, 2020, survivor benefit amount \$2,211.90.

Aaron Vann reported that the total portfolio appreciated 11.74% for the quarter ending June 30, 2020, while the index has appreciated 10.75%. The total portfolio appreciated 3.41% for the fiscal year beginning July 1, 2020, while the index has appreciated 3.28%. As of September 22, 2020, all assets total \$439,583,867.

Structured notes have been reclassified as Alternative Investments. Structured notes are marked to market and if called today would add several million dollars in fund value.

Mr. Vann stated that we are still in an extreme state of caution and that the price of equities is way too high. Looking forward, the most significant concerns we have are for an earnings snap-back and an adjustment in valuations to come in line with estimates include a second wave of COVID-19 infections, a permanently high level of unemployment, and the growing potential for a so-called "blue wave" with the November election returning all three branches of government to Democratic control.

Mr. Vann also stated that this recession may be the most severe since the Great Depression and the labor market will probably recover very slowly. Earnings recovery should be gradual, and the inflation spike is a medium-term risk. The US Government has delivered massive fiscal stimulus and the Treasury yields have fallen to historic lows and real yields are negative. U.S. equities have recovered significantly. And at record speed; however, investors should recognize that any valuation based on earning over the upcoming year will look high given the unusually deep recession. Internationally, economics recoveries depend on the successful strategies to manage COVID-19.

Diversification is the answer. Investors will likely benefit from a focus on quality in equity and fixed income, with a balanced approach to confront a range of outcomes. Maybe down the line, VEM will look into long-short hedge funds.

Aaron Vann reported that the allocation actual is a bit over the allocation target for alternative assets. The target is 5%-20% and the actual is 25.78%. This is partly due to structured notes moving from fixed assets to alternative assets. Discussion was had. Aaron Vann recommended that we stick with the SEC guidelines and increase the allocation in alternative assets. We need input from our auditor and custodian before we re-classify or increase the allocation. Further discussion will be held at the next meeting including input from the custodian and auditor.

Mr. Vann asked the Board that when setting the meeting dates for next year, that if possible, to set the meeting date on the fourth Thursday following the end of the quarter. We will present proposed Board meeting dates at the November meeting.

Kristi Spinosa disseminated the Act 1004 quarterly report summary for the period ending June 30, 2020, for informational purposes. Ms. Spinosa recommended reporting alternatives with a footnote. Aaron Vann agreed. This format will begin for the fourth quarter of 2020.

There was nothing new to report on LA Funds.

Loren Lampert addressed the Board concerning possible gap health insurance for non-medicare eligible retirees. The insurance would cover a retiree until the retiree was eligible for medicare by looking at active retirees as a group and using active members to help underwrite the policy. A motion was made and seconded to authorize Kristi Spinosa to work with Loren Lampert to talk to vendors. The motion carried.

Kristi Spinosa reported that we are working with the Currans on new guidelines for the benefit confirmation process. The goal is to have these updated procedures in place prior to the potential election cycle rush of retirees at the first of the year. More information will be available at the next meeting.

Ms. Spinosa disseminated the updated application for retirement and the new retirement application checklist and employment termination certification for review. The updated forms include signed acknowledgements concerning post retirement re-employment restrictions and an initial benefit payment acknowledgement regarding the timeframe to confirm a benefit. A motion was made and seconded to change the verbiage on the re-employment section from "...are subject to recapture by DARS" to "... will be recaptured by DARS". The motion carried.

Ms. Spinosa also reported that we have recently conducted two webinars for active DARS members and a third is scheduled for October 23, 2020. After this webinar, we will have trained approximately 25% of active members.

Kristi Spinosa reported that we have begun using DocuSign for our online forms with the exception of forms that need to be notarized. There was a one-time startup fee and the annual billing is less than \$1,000. This will help expediate the turn-around time in processing requests for change of addresses, refunds, rollovers, transfers, and other such things.

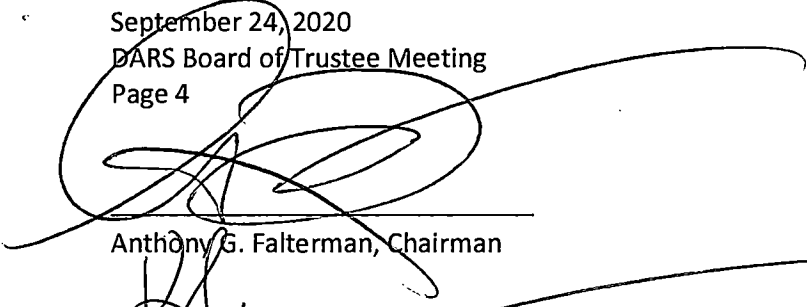
Ms. Spinosa also reported that we will likely be using Legiscon in the future to track legislation. We will be filing legislation next session regarding rehires to provide recovery options, to extend prescription to 10 years, and to require notice of rehire to DARS.

Discussion was had on the Woodruff rehire issue related to reemployment by a district attorney after retirement. Upon rehire, Mr. Woodruff's benefit should have been suspended because he had less than 24 years of creditable service. Even though his new office paid both employer and employee contributions to during the time period in question, the DARS pension software did not alert staff that he was a rehire and the funds were accepted. Ms. Spinosa stated that a programming change has been implemented that will indicate an error if this happens in the future. Ms. Spinosa further stated that Mr. Woodruff is willing to waive supplemental benefits for the 18-month period in question if he does not have to repay the funds that were not suspended. Further, he agrees that he will not seek a refund of the related employee contributions. A motion was made and seconded to accept the compromise. The motion carried.

Ms. Spinosa reported that Brent Coreil has signed the settlement agreement releasing all parties from future litigation involving repayment of benefits or payment of supplemental benefits.

The date of the next meeting is Thursday, November 19, 2020, at 9:30 a.m. at the DARS Office in Baton Rouge, LA.

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Anthony G. Falterman, Chairman



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Kristi Spindosa, Director