

District Attorneys' Retirement Systems
Board of Trustees Meeting
May 21, 2020

The meeting of the Board of Trustees of the Louisiana District Attorneys' Retirement System that was held via GoTo Meeting, on Thursday, May 21, 2020, at 9:30 a.m.

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

Also Present: Kristi Spinosa, Gwen Hicks, Sharon Hill, John Vann, Aaron Vann, Gary Curran, Roxie Juneau, Loren Lampert, Sandy Fliderman, Ari Rastegar, Keith Stutes, Calvin Woodruff, Brent Coreil, Dale Branch, and Billy Joe Harrington

Absent: Senator Talbot and Representative Illeg

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 minutes of the January 23, 2020, meeting as published. The motion carried.

Kristi Spinosa presented the year-to-date revenue and operating expenses financial report stating that the revamp of the general ledger and breakout of the investment accounts is complete. A motion was made and seconded to approve the financial statement as presented. The motion carried.

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

- Craig Famularo, retired effective September 1, 2019, Option 2, benefit amount of \$7,010.90;
- Julie Cullen, retired effective November 1, 2019, Maximum, benefit amount of \$2,975.47;
- Gwen Hicks, retired effective December 18, 2019, Option 2, benefit amount of \$2,872.00;
- Stephen Wimberly, retired effective December 31, 2019, Option 2, benefit amount of \$10,974.19;
- Mark Dumaine, retired effective January 17, 2020, Option 3, benefit amount of \$7,715.77;
- Edward Broussard, retired effective January 8, 2020, Maximum, benefit amount of \$1,120.56;
- Robert A. Buckley, retired effective February 1, 2020, Maximum, benefit amount of \$1,106.89;
- Charles A. Smith, retired effective November 1, 2020, Maximum, benefit amount of \$3,207.16;
- Clifton T. Speed, retired effective January 1, 2020, Option 2, benefit amount of \$5,522.58;
- Michael Earl Daniel, retired effective February 6, 2020, Option 3, benefit amount of \$6,424.71;
- Kenneth Bordelon, retired effective February 8, 2010, Option 2, benefit amount of \$5,558.90;

- Nicholas Markowich, retired effective February 10, 2020, Option 2, benefit amount of \$3,223.23;
- Kimbra Brooks, retired effective March 6, 2020, Maximum, benefit amount of \$1,497.92;
- Alvin C. Dowden, Jr., retired effective March 12, 2020, Maximum, benefit amount of \$2,317.23

More discussion will be held later in the meeting on the following retirements:

- Cynthia S. Killingsworth, retired effective February 1, 2020, Option 2, benefit amount of \$7,351.59;
- Barry J. Fontenot, retired effective January 9, 2020, Option 3, benefit amount of \$4,906.08

The following deaths were reported:

- Albert Boudreau, died March 4, 2020, no further benefit due

Ari Rastegar presented a video status update on the properties in Austin. He stated that quarterly distribution is set for May 30, and it will include the accrued distribution.

John Vann reported that assets have depreciated -5.57% while the benchmark index has depreciated -5.04% since January 1, 2020. Assets have depreciated -0.67% while the benchmark has depreciated -0.48% since July 1, 2019. For the quarter to date assets have appreciated +7.67% while the benchmark index has appreciated +6.17%.

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 COVID-19 has reduced the market about 35%. We are looking at a substantial increase in inflation and interest rates in the near future.

Aaron Vann presented the Level 2 report stating that it is accessible online. Any Trustee who is interested will need a username and password. He presented a short demo from the website.

Discussion was had on whether to footnote the report or change the allocation on alternatives to exclude structured notes. A motion was made and seconded to break it down and put it in equity and fixed income. The motion carried.

Mr. Vann stated that Dorsey out-performed all other investors this period. He also stated that Louisiana Funds should be liquidating and we will probably end up badly on this investment.

Discussion was had on whether to reclassify MLPs as tactical allocation accounts. Currently MLPs are 3.20% of asset allocation. A motion was made and seconded to reclassify MLPs as tactical allocation accounts. The motion carried.

Kristi Spinosa presented a draft of the contract renewal for G.S. Curran & Company, Ltd. for actuarial services for FY 2021. The annual amount would increase from \$69,360 to \$78,960. A motion was made and seconded to approve the contract as presented. The motion carried.

Gary Curran led a discussion on the actuarial experience study based on the actuarial data for FY2014-FY2019 valuations. The report is prepared for the purpose of setting appropriate assumptions for use in the beginning in FY2020.

Mr. Curran recommended that we reduce the valuation interest rate by .25%, from 6.50% to 6.25%. A motion was made and seconded to accept this recommendation. The motion carried.

Mr. Curran discussed the actuarial equivalence factors. For single life and joint and survivor option equivalence, he recommended that option factors be based on the Pub-2010 General Healthy Above Median Retiree Mortality Tables projected with mortality improvement using the MP2019 mortality improvement scales to 2022. For disability award lifetime equivalences, he recommended a change from the current blend of 80% male and 20% female to a blend of 75% male and 25% female. For individual cost calculations related to transfers or purchase of service credit or accrual rate upgrades, he recommended that such calculations performed during any fiscal year be made based upon the valuation parameters described in the actuarial valuation report last approved. A motion was made and seconded to accept all these recommendations as presented. The motion carried.

Discussion was had on legal interest vs actuarial cost on late contributions. Currently there is no policy on how to handle this issue, and a decision is made on a case-by-case basis. Generally, if the late contributions are due for a period of less than one year, interest is charged, and if it is more than one year, actuarial costs would be charged. A motion was made and seconded to set this standard as policy. The motion carried.

Kristi Spinosa reported that the actuary discovered late contributions on two recent retirees and requested that the Board review and decide whether they should pay legal interest or actuarial costs. Reed Walters recused himself from the discussion and decision. In both cases (Barry Fontenot and Earl Taylor), the contributions owed was a small amount for a small period of time. Greg Curran has no problem with collecting legal interest instead of actuarial costs in both cases. A motion was made and seconded to collect legal interest instead of actuarial costs. The motion carried.

Ms. Spinosa reported that while the actuary was calculating the retirement benefit on Cynthia Killingsworth, they discovered that she was taken off of State warrant from February 1, 2016, to July 4, 2016, and was assigned to a grant administered by LCLE. The actuary's calculations resulted in a 110% cap for this period, however, there was no increase or spike in her salary during the time she was paid by the grant. A motion was made and seconded to approve grant pay through LCLE in the same manner as IV-D pay is considered State pay without the cap. The motion carried.

Based on the previous discussions, a motion was made and seconded to approve the following retirements:

- Cynthia S. Killingsworth, retired effective February 1, 2020, Option 2, benefit amount of \$7,351.59;
- Barry J. Fontenot, retired effective January 9, 2020, Option 3, benefit amount of \$4,906.08

Discussion was had on the recommended actuarial rate of 3.25% for FY2021. A motion was made and seconded to leave the actuarial rate at 4.0% for the upcoming fiscal year. The motion carried.

Kristi Spinosa reported that SB8 has been deferred until next year due to this year's Session being shortened because of COVID-19.

Ms. Spinosa led a discussion on in-house member estimates stating that we may need to set limits like other systems have done. A motion was made and seconded to allow one free estimate per year including Back-DROP calculations for any member who is within three years of retirement. The motion carried.

Ms. Spinosa presented a draft of the memorandum of understanding with LDAA for FY2021 stating that there are no substantial changes. A motion was made and seconded to approve the MOU as presented at a cost of \$1,000 per month. The motion carried.

Discussion was had on whether the LAPERS Conference would be held as usual in September in New Orleans. Some trustees stated they were unsure if they would attend due to COVID-19. Ms. Spinosa will keep the Board informed as the state reopens for business and CDC rules are updated. She stated that we would be able to obtain videos or other materials for trustees to fulfil their educational requirements for next fiscal year if needed.

Kristi Spinosa disseminated a list of investment managers used by other retirement systems for informational purposes.

Ms. Spinosa reported that we recently discovered three retirees that were reemployed by a district attorney's office post-retirement that did not meet the suspension of benefit exception found in R.S. 1631(F).

Brent Coreil was rehired without enough service credit as stated in the reemployment statute. He was also drawing a retirement benefit during the rehire period. Mr. Coreil addressed the Board stating that he thought he had enough years of creditable service because of his years in another system. However, he only transferred 2.65837 years at no cost instead of the 22.03562 years, which would have cost a substantial amount of money.

Dale Branch was rehired with no break in service, and based on a letter from DARS, he made his decision be reemployed after he received a letter several years ago from DARS staff that stated he could do so. Mr. Branch addressed the Board stating that he did not know his rehire was incorrect until he read the DARS

February newsletter, at which time he immediately contacted DARS and resigned his position with the DA's office.

Calvin Woodruff addressed the Board stating that he was out of the system for 15 years and when he came back in 2018, he was unaware that the rehire exemption did not apply to him. He was informed by his DA in February 2020 that he was not eligible as a rehire without suspending his retirement benefits, which he did effective March 2020.

The Board went into Executive Session.

~~After the conclusion of Executive Session, discussion was had on how to answer the legal claim being made against DARS and these members.~~

Concerning the Coreil and Woodruff issues, a motion was made to issue a demand letter for amounts owed DARS. A substitute motion was made and to place Coreil and Woodruff on notice that DARS will seek to recover any benefits paid that should have been suspended. The motion carried, with one opposition.

After weighing the factors presented concerning Dale Branch, a motion was made and seconded to take no action. The motion carried.

The date of the next meeting is Thursday, July 16, 2020, at 9:30 a.m. at the DARS Office in Baton Rouge, LA. Any changes due to COVID-19 will be posted on the DARS website.



Anthony G. Falterman, Chairman



Kristi Spinosa, Director