

Minutes of the Board of Trustees of the Louisiana District Attorneys' Retirement System, held at the New Orleans Marriott on Sunday, September 16, 2018, at 9:00 AM

Present: Anthony Falterman, David Burton, Dale Lee, Don Burkett, Scott Perrilloux, Andy Shealy and Reed Walters.

Also Present: Pete Adams, Roxanne Barrios Juneau, Kristi Spinosa, Gwen Hicks, John Vann, Greg Curran, Aaron Vann, Jim Paxton, Todd Nesom, Mike Futrell, Phil Dorsey, Steve Rueb, Johnny Mann, Ari Rastegar, Mark Chidell, and Shaya Nayyerabibi.

Absent: Senator Barrow Peacock and Representative Abraham

Roll call was conducted; there was a quorum.

Mr. Walters requested that the minutes of the May 14, 2018 meeting be amended as follows: on page 4, note that that he and Mr. Burkett recused themselves from voting for members to attend two DARS meetings before becoming a candidate for DARS elections.

A motion was made, and seconded to approve the amended minutes of May 14, 2018, as well as the August 23, 2018 minutes. All minutes were unanimously approved.

A motion was made, and seconded to approve the financial statements for April, May, June, July, and August 2018.

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

- David B. Honeycutt, effective March 5, 2018, Option II, benefit amount, \$2,478.42;
- Sandra Broussard, effective April 23, 2018, Maximum, benefit amount \$1,317.20;
- Ruby Freeman, effective June 10, 2018, Maximum, benefit amount \$3,996.65;
- Brian Paul Joffrion, effective May 19, 2018, Option III, benefit amount \$5,672.69;
- Brent M. Stockstill, effective June 11, 2018, Maximum, benefit amount \$3,409.21;
- Thomas B. Searcy, effective March 18, 2018, Maximum, benefit amount \$5,428.48;
- Ellison Travis, effective July 21, 2018, Maximum, benefit amount \$615.92;
- Ronald Gracianette, effective June 9, 2018, Option II, benefit amount \$7,987.00.

Mr. Falterman advised the Board the following deaths:

- Henry Bethard III, died May 13, 2018, no further benefits due;
- Iley Evans, died August 29, 2018, survivor benefits due;

- James E. Yeldell, died June 23, 2018, survivor benefits due.

Mr. Adams introduced Mike Futrell stating that discussion has been had on his situation while employed by the 24th Judicial District. Mr. Futrell has been relying on the fact that he was entitled to a retirement benefit for the service he had in the system. Based upon findings of staff and the actuary, the Board has previously classified Mr. Futrell's salary for a large portion of his service as fees.

Mr. Futrell gave the Board some background history stating that he worked for Harry Connick in Orleans Parish, then left employment and was rehired with the 24th Judicial District by Paul Connick in March of 2008, as trial counsel for the "Angola Five" prosecutions. He was compensated on an hourly basis for work he performed and issued a W-2 and payroll taxes were withheld. He was supervised and directed by the district attorney. He stated that his pay was never considered a fee to his knowledge. Contributions were withheld from his salary.

Mr. Futrell stated that he disagrees with the Board's decision to deny retirement benefits at this time. He stated that the characterization of his employment compensation as a fee is not supported by any statutory authority or case law. He stated that there is no prohibition against part-time employees earning credit toward retirement benefits.

Mr. Falterman inquired if contributions were withheld from every paycheck and if there was any lapse from working.

Mr. Futrell stated that contributions were withheld while he was working, but if he was not working, he did not receive any pay.

Discussion was had.

Mr. Shealy would like to gather and review how others were paid that were involved in the "Angola Five" prosecutions prior to the November meeting. The Board agreed, and requested staff notify them of its findings by November 1, 2018. Mr. Futrell should also be notified.

Mr. Vann reported that as of September 10, 2018, the portfolio was at \$381,241,099.32, not including \$29 million in alternatives.

He reported that in 10 days the market dropped -1.04% and global index dropped -1.35 and stated that goals have change since the portfolio is funded. Their goal is not to lose money, stay funded, and meet the actuarial rate of return.

Mr. Vann further reported that for the quarter the portfolio was up 2.41% vs the benchmark 1.17%; year to date it was up 3.36% vs the benchmark of 0.65%; and the one year mark was 8.96% vs the benchmark of 4.90%.

He reviewed the consolidation of the investments and reviewed a spreadsheet showing how well the structured notes were performing.

Aaron Vann addressed the Board regarding the historic volatility of the market and current market conditions.

Mr. Dorsey and Mr. Reub reviewed a chart on the yield curve comparisons. They reported that there has been a shift in short term interest rates since the federal government has raised interest rates seven times since late 2015, which was about a 2% increase. These increases slow down the economy. They continued to discuss his outlook and stated that the goal is to keep the asset category stable. He also reviewed the portfolio characteristics and the performance of the fund. The performance has been good for the both short and long term.

Mr. Vann next gave a global review reporting that the global market is all “green” and growing at steady rate. He feels that it will be a good year, but he is not sure if the market will be as good as last year. He will be decreasing equity exposure.

Mr. Vann updated the Board on the situation with Level Four. He will be starting the transition to independent status. He is hoping that DARS would want to continue to work with him. If so, needs the Board to send Level Four a termination notice, effective September 30, 2018. He further requested that DARS request a waiver of the 30-day termination notice in our agreement with Level Four.

A motion was made and seconded to send the notice to Level Four. The motion was unanimously approved.

Mr. Vann stated that discussion will be needed on how to move the funds.

Ms. Spinosa inquired about a new contract and Mr. Vann stated that his attorneys are working on it at this time.

Ari Rastegar gave a presentation on Rastegar Income Fund, Rastegar Income Fund II, and Rastegar Value Fund.

He reviewed the Rastegar Income Fund performance. He stated that in 2015 the fund was 100% in equities and stated that self-storage historically has done very well. Mr. Rastegar reviewed the annualized return since inception and reported that the annualized return is 6.98% and the DARS assumed return is 99.71%. This is the account that has \$1 million invested.

Mr. Rastegar confirmed that any credits received have been re-invested into the same investments they have always been in.

Mr. Chytel reported that the risk/return analysis is the average return of an asset class. He explained the returns and the risk of the income fund. He stated long term commercial real estate has outperformed corporate bonds and equities.

Mr. Rastegar also reviewed the Rastegar Income Fund II stating that there are more credits in this fund. Equities are locked in as well.

Discussion was had on the mission statement for each of the funds. The statement should outline the strategy of each fund.

Mr. Rastegar reported that the Rastegar Value Fund contains both equity and credit investments, but will be almost 80% in equity by November.

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He further reported that DARS has \$1 million is invested in Income I; \$10 million in Income II; and \$5 million in Value Fund.

Mr. Rastegar gave a brief report on his last audit. His first duties are to report to Mr. Vann. He stated that his firm has had an unqualified audit completed by the firm EisnerAmper.

Mr. Vann confirmed all the funds have been audited. All results are accurate and Rastegar has entered an agreement with the firm for the future.

Mr. Vann asked Mr. Rastegar to send him the audit report and to send a copy to the DARS board.

Discussion was had on a new fund that Mr. Rastegar will have that will start at \$150 million.

Mr. Falterman inquired from Mr. Vann if he had any recommendations.

Mr. Vann reported that the current DARS investment policy statement has asset category limitations, but noted that we will have around \$30 million to move shortly with the shift away from equities.

Mr. Rastegar stated that the fund closes out by the end of the month.

Mr. Vann reported that if DARS chooses to enter the fund, investment is limited to \$7 million dollars, due to investment policy. Mr. Rastegar is seeking \$30 million dollars.

Discussion was had on the amount to be invested in the new fund with Mr. Rastegar.

A motion was made and seconded to invest \$7 million in new fund with Rastegar. The motion carried.

Mr. Vann stated that he will revise the investment policy to reflect his separation from Level Four.

Mr. Vann requested the signature of the Chairman for Cotton Creek Capital call in the amount of \$149,560.00.

A motion was made, and seconded that the Board of Trustees of the Louisiana District Attorneys' Retirement System adopt the recommendations of the G. S. Curran & Company, Ltd, relative to interest and mortality rate assumptions (see attached).

Mr. Shealy suggested to the Board to look at other options for Trustee education hours during the year, maybe after board meetings. He likes the small group training and suggested possible training by the Currans and Mr. Vann.

Mr. Adams stated that at the appropriate time he will meet with the Currans and Mr. Vann to develop a training plan.

Mr. Adams gave an update on the DARS/LDAA segregation. He stated that Mr. Lee and Mr. Shealy are reviewing the draft lease and MOU and will report at the next meeting.

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Ms. Spinosa reported that as of October 1, 2018, she and Gwen will be paid directly by DARS, and the System will continue to reimburse LDAA for Mr. Adams and Ms. Juneau's proportionate salaries. She also reported DARS staff will have new email addresses and the Board can also have email addresses for a small fee.

Mr. Falterman said yes to the email addresses for the Board.

Mr. Adams reported that there is a draft travel policy and draft personnel manual for DARS staff for the Board's review.

Mr. Adams stated that he hoped that the DARS committee would meet with the LDAA committee to discuss the lease before the next meeting.

Mr. Adams stated that he and Ms. Spinosa have talked to other retirement systems about their legal counsel to get ideas to replace Bob Schmidt.

Mr. Adams reported that there were three options for council and is there information on all three for the Board to review. Mr. Falterman wanted to eliminate the out of state option.

Ms. Spinosa reported that the most recommended was Robert Tarcza. His fee is roughly \$350.00 per hour.

Ms. Juneau reported on different options of services that the DARS staff is working on with Chase bank. DARS has been using the LDAA credit card for DARS expenses and LDAA has been billing the charges back to DARS.

The flex Chase card would be used for business expenses such a room reservations and travel. The credit card would be limited to \$20,000.00.

There was no objection to the credit card.

Discussion was had on the next date of the next DARS meeting.

The date of next DARS meeting will be Wednesday, November 14, 2018, in Lafayette, LA at 9:30 am.

With no further business the meeting was adjourned.



Anthony G. Falterman, Chairman



E. Pete Adams, Director