

District Attorneys' Retirement Systems
Board of Trustees Meeting
December 2, 2020

The meeting of the Board of Trustees of the Louisiana District Attorneys' Retirement System was held on Wednesday, December 2, 2020, at 9:30 a.m.

Present: Anthony Falterman, Don Burkett (via conference call), Dale Lee, Todd Nesom, Scott Perrilloux, Andy Shealy, Representative John Illg, and Senator Kirk Talbot

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

Absent: J. Reed Walters

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. Tony Falterman reported that he has a conflict with item #7B concerning Rastegar. No other conflicts were reported.

A motion was made and seconded to approve the September 24, 2020, minutes as presented. The motion carried.

Tony Falterman stated that he believes that the Board made the best decision when hiring Kristi Spinosa as director. She works very hard, works long hours, is always available to the Board and VEM. He commends her for a job very well done.

A motion was made and seconded to approve the financial statements for August, September, and October 2020. The motion carried.

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

- James K. Yelverton, retired effective February 12, 2020, Maximum, benefit amount of \$2,208.67;
- Laddie Freeman, retired effective September 1, 2020, Option 2, benefit amount of \$4,119.13;
- David M. Newell, retired effective August 8, 2020, Option 2, benefit amount of \$1,183.43;

The following deaths were reported:

- Kathleen Voltz, died October 8, 2020, no further benefit due.

Aaron Vann reported that the total portfolio appreciated 4.47% for the quarter ending September 30, 2020, while the index has appreciated 4.05%. As of November 30, 2020, all assets total \$470,691,960.

Discussion was had on the classification of structured notes. U.S. Bank has classified structured notes as alternatives; however, now they are comfortable with classifying them as either equity or fixed income if requested. 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 the pandemic continues to take a toll on public health and the economy. Therefore, economic activity is likely to remain below pre-pandemic levels until the broad distribution of a safe and effective vaccine, likely in 2021. The economy is emerging from recession into gradual recovery; however, the second half of the labor market recovery is likely to be slower. Profits should gradually improve in 2021 and 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. U.S. equities have recovered significantly, 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.

John Vann reviewed the suggestions for the Investment Policy update, addressing the concerns of our auditor. There are no major changes, just more accurate reporting and safe keeping with the custodian and tightening down risk parameters. A motion was made and seconded to approve the Investment Policy as presented. The motion carried.

Discussion was had on target asset allocations. To aid in the development of long-term capital return expectations a motion was made and seconded to approve calculations based on the below targets established for such asset classifications. The motion carried.

Asset Class	Target Allocation	Sub-class Target Allocation
Core Fixed Income	35%	35%
Equity	50%	
Domestic Large Cap Equity		30%
Domestic Mid & Small Cap Equity		8%
Non-US Developed Equity		8%
Non-US Emerging Equity		4%
Alternatives	15%	
REIT Equity Income		10%
Private Equity		2%
Private Lending		2%
Oppurtunity Equity		1%
TOTAL	100%	100%

Our auditors have suggested a quarterly review on investment for next fiscal year, stating it would speed up the annual audit. The cost would be approximately \$3,800 per quarter. Kristi Spinosa recommended that we approve the auditor's request. A motion was made and seconded to approve a quarterly review of investments for next fiscal year as requested. The motion carried.

Arthur Weissman, third party financial administrator for Rastegar, disseminated the FactRight Operational Due Diligence Report, which outlines the 7% preferred rate of return and how it is trued-up. Our auditors have approved this clarification.

Marc Chytil presented an outline of a new opportunity to invest with Rastegar. VEM has performed a due diligence review and has approved the offering for investment by VEM clients. The minimum investment amount is two million and the deadline is the end of December. Discussion was had. The Board agreed that they are not interested at this time.

Aaron Brooks addressed the Board concerning the 110% cap on non-state pay on his final average compensation calculated for his retirement benefit. He requested that the Board waive the cap. Discussion was had. A motion was made and seconded to keep the cap, as the law requires. The motion carried.

Greg Curran informed the Board that there was an error in the spreadsheet on the Experience Study. He disseminated an updated report. A motion was made and seconded to approve the updated report. The motion carried.

Greg Curran disseminated the valuation report for FY2020 stating that the Actuarial Value of Assets is \$456,797,449 and the market rate of return is 3.1% and the actuarial rate of return is 5.0%. The ratio of

AVA to actuarial accrued liability is 87.31%. The FY2021 employer rate was recommended at a minimum of 3.25% and the Board approved to hold it at 4%. The recommended employer rate for FY2022 is 9.50%. This rate is based on many factors, including assumptions, not only investment performance. A motion was made and seconded to set the employer rate at 9.5% beginning July 1, 2021.

Greg Curran disseminated a handout showing examples of 110% capping for non-state pay. Discussion was had. A motion was made and seconded to fix the law on capping to read 'total compensation' not 'non-state compensation'. The motion carried. Kristi Spinosa will draft legislation for review at the January meeting.

Kristi Spinosa disseminated two draft budgets for FY2022 for review and final approval at the next meeting. One draft has no salary increase for staff, and the other has a 3% increase. The submission deadline is February 11, 2021.

Kristi Spinosa presented an updated Internal Control Policies and Procedures for review. A motion was made and seconded to update as presented. The motion carried.

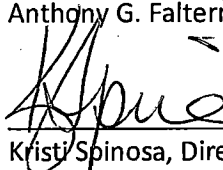
A motion was made and seconded to approve the following DARS Board meeting dates for 2021. The motion carried.

- Thursday, January 28, 2021 9:30 a.m.
- Thursday, March 18, 2021 9:30 a.m.
- Thursday, May 20, 2021 9:30 a.m.
- Thursday, July 22, 2021 9:30 a.m.
- Sunday, September 12, 2021 9:30 a.m. (in conjunction with the LAPERS Seminar)
- Thursday, November 18, 2021 9:30 a.m.

The date of the next meeting is Thursday, January 28, 2021, at 9:30 a.m. at the DARS Office in Baton Rouge, LA.



Anthony G. Falterman, Chairman



Kristi Spinosa, Director