

District Attorneys' Retirement Systems  
Board of Trustees Meeting  
July 16, 2020

The meeting of the Board of Trustees of the Louisiana District Attorneys' Retirement System was held via WebEx, on Thursday, July 16, 2020, at 9:30 a.m.

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

Also Present: Kristi Spinosa, Sharon Hill, John Vann, Aaron Vann, Gary Curran, Ted Hoyt, Doug Borths, JP Villatoro, Ed Korsinsky, and Gregory Nespole

Absent: Senator Talbot and Representative Ilg

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 May 21, 2020, meeting as published. The motion carried.

Kristi Spinosa presented the financial reports for FY 2020 stating that we were under budget overall for the year, but we were slightly over budget in a couple of areas due to the move last July and audit costs. A motion was made and seconded to accept the financial report as presented. The motion carried.

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

- Bennett LaPoint, retired effective February 1, 2020, Option 2, benefit amount of \$6,778.32;
- Earl B. Taylor, retired effective February 1, 2020, Option 2, benefit amount of \$12,924.48;
- John M. Lancaster, retired effective April 1, 2020, Option 2, benefit amount of \$13,316.31.

The following deaths were reported:

- Henry G. Sullivan, Jr., died May 17, 2020, survivor benefit amount \$1,251.62;
- John G. Williams, died May 24, 2020, survivor benefit amount \$674.14;
- Mrs. William Schuler, died June 11, 2010, no further benefit due.

Doug Borth, Ed Korsinsky, and J.P. Villatoro made a presentation on Levi & Korsinsky's CORE portfolio monitoring service which is free for all institutional investors. The only service that would cost anything

would be for legal services for any class action litigation and/or claims filing and settlement recovery. We currently use Pomerantz for this service. Levi & Korsinsky can work along with Pomerantz. A motion was made and seconded to approve using Levi & Korsinsky for portfolio monitoring. The motion carried. Paperwork will be sent to Kristi Spinosa soon to begin the setup process.

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 3.08% for the fiscal year ending June 30, 2020, while the index has appreciated 4.82%.

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 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. Internationally, economic 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.

Aaron Vann reported that they have some RFPs to be vetted including TCW and Rastegar.

John Vann reported that Aaron Vann has taken full leadership with Vann Equities Management and that John Vann is in an advisory position only.

Kristi Spinosa reported that the LAPERS Conference has been canceled for 2020 due to COVID-19 and the committee is looking into alternate sources to provide education hours, especially on Fiduciary Duty and Ethics. She stated that we would be able to obtain videos or other materials for trustees to fulfill their educational requirements for next fiscal year if needed.

Ms. Spinosa also reported that we have recently conducted two webinars, one for payroll and human resources personnel, and the other for active DARS members. Both were well attended. The webinar for active members will be held again in August 2020.

Discussion was had on paying interest on new retiree monthly benefits and Back-DROP while benefits and Back-DROP are being confirmed. Bennett LaPoint retired effective February 1, 2020 and was being paid

75% of his estimate until his benefit was confirmed on May 26, 2020. It generally takes 6-8 weeks after a member retires to receive and post all contributions before sending to the actuary. The law is silent on this issue and no other system pays interest. Gary Curran stated that it is not uncommon for it to take 3-6 months for a benefit to be confirmed, especially given the multiple sources of pay for DARS members. A motion was made and seconded to deny interest payments. The motion carried.

A motion was made and seconded to have Andy Shealy and Kristi Spinosa develop language to include on all retirement paperwork that it could take 4-6 months to confirm retirement benefit. The motion carried.

Ted Hoyt, attorney for Brent Coreil, addressed the Board stating that any claims that DARS may have had are prescribed in accordance with R.S. 11:543. The time period in question is May 1, 2009, to April 30, 2015, which is more than three years ago. Kristi Spinosa stated that R.S. 11:543 does not apply to DARS and the letter from Mr. Coreil to the 13<sup>th</sup> Judicial District to not withhold contributions may be an issue.

A motion was made and seconded for the Board to go into Executive Session to discuss the reemployment issues on Brent Coreil and Calvin Woodruff. The motion carried.

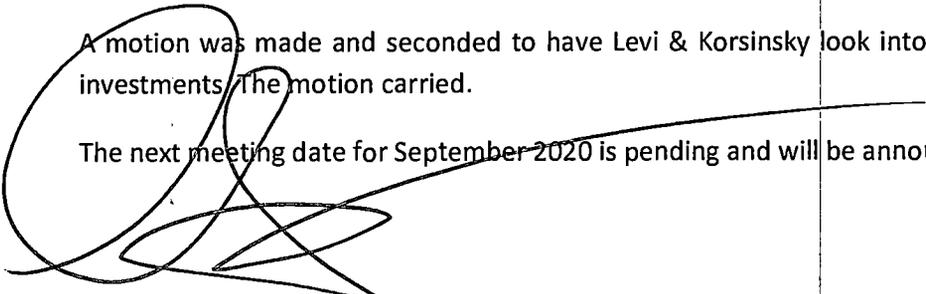
After the conclusion of Executive Session, a motion was made and seconded concerning the Coreil issue to offer to enter into a settlement releasing all parties from future litigation involving repayment of benefits or payment of supplemental benefits. The motion carried.

A motion was made and seconded to table the Woodruff issue until the next meeting to gather more information. The motion carried.

A motion was made and seconded to begin drafting potential legislation regarding rehires to provide recovery options, to extend prescription to 10 years, and to require notice of rehire to DARS. The motion carried.

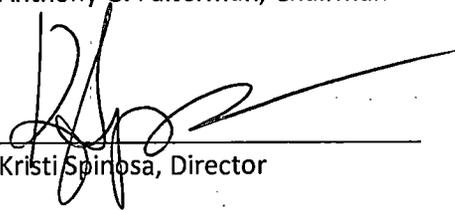
A motion was made and seconded to have Levi & Korsinsky look into recovery of the Louisiana Funds investments. The motion carried.

The next meeting date for September 2020 is pending and will be announced at a later date.



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Anthony G. Falterman, Chairman



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Kristi Spinosa, Director