

District Attorneys' Retirement Systems
Board of Trustees Meeting
November 18, 2021

The meeting of the Board of Trustees of the Louisiana District Attorneys' Retirement System was held on Thursday, November 18, 2021, at 9:30 a.m. at the DARS office in Baton Rouge, LA.

Present: Anthony Falterman, Don Burkett, Dale Lee, Scott Perrilloux, Andy Shealy, Reed Walters, and Senator Kirk Talbot

Also Present: Kristi Spinoso, Sharon Hill, Gwen Hicks, Aaron Vann, Greg Curran, Kenny Herbald, and Joey David

Absent: Todd Nesom and Representative John Illg

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 September 16, 2021, minutes as presented. The motion carried.

A motion was made and seconded to approve the financial statements for September and October 2021. The motion carried.

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

- Kevin/Kristy Millican, retired effective 7/22/2021, Option 2, benefit amount \$6,016.54;
- Donata Boutte', retired effective 8/20/2021, Maximum, benefit amount \$2,648.25;
- Clovus Ashley, retired effective 9/27/2021, Maximum, benefit amount \$5,178.39;
- Jason Lyons, retired effective 8/1/2021, Option 2, benefit amount \$4,795.83;
- Thomas O. Wells, retired effective 11/1/2021, Maximum, benefit amount \$8,462.29;
- Bernard Charbonnet, Jr., retired effective 9/7/2021, Option 3, benefit amount \$2,608.79;
- Vernon Jay Main III, retired effective 7/31/2021, Maximum, benefit amount \$4,823.20;
- Donald A. Rowan Jr., retired effective 10/5/2021, Option 2, benefit amount \$2,002.04.

There were no retiree deaths to report.

Aaron Vann reported that the total portfolio appreciated 3.99% for the fiscal year beginning July 1, 2021, while the index has appreciated 3.32%. The total portfolio depreciated -.94% for the third quarter ending September 30, 2021, while the index has appreciated .11%. The portfolio appreciated 12.71% while the index appreciated 9.70% for the year to date through November 16, 2021. As of November 16, 2021, all assets total \$531,915,648.

Aaron Vann stated that after substantial progress in reducing COVID-19 cases and fatalities in the spring, the pace of vaccinations has slowed and the much more contagious Delta variant has caused a resurgence of the pandemic. They now estimate that between infection and inoculation, roughly 85% of the American people now have some immunity to COVID-19. This should allow cases and fatalities to fall in the months ahead. Further, many parts of the economy have adapted to operate in a pandemic environment and COVID-19 should have much less of an impact on the slowing economy.

The federal government has hit a new record high debt-to-GDP ratio. The \$1.9 trillion American Rescue Plan is still working itself through the system and will continue to support the economy through the end of the year and into 2022. Looking forward, a shortage of workers and much less fiscal and monetary stimulus should slow economic growth to its long-term trend of roughly 2% by the end of 2022.

With surging labor demand and a higher cost of low-wage labor due to enhanced unemployment, employers have had to raise wages to attract workers. As unemployment has fallen, wage growth has been rising and is above historical trends.

S&P 500 earnings are poised to hit a new all-time high in 2021. However, from 2022 on, slower economic growth, higher wage costs, higher interest rates, and potentially higher corporate taxes could make further profit gains much more difficult to achieve.

Inflation has risen and should remain above the Fed's 2.5 target. At its September meeting, the Federal Reserve gave markets an update on how it expects the broader economy to perform over the next few years. In general, the committee appears cautiously optimistic and still expects growth and inflation to run above historical trends but expects a cool down as we move into next year. The Fed still wants to keep interest rates low for as long as possible and may not begin raising rates until late 2022 or 2023. There continues to be a place in portfolios for fixed income to provide diversification and protection in the case of an equity market or economic relapse.

Valuations are high for U.S. equities and value could outperform in the short run. Value generally tends to outperform growth during periods of above-trend economic activity and rising interest rates. However, investors would be wise not to abandon growth stocks altogether as the economy is likely to slow down to a much slower pace of economic growth later in 2022 and into 2023, and growth stocks have traditionally outperformed value stocks in a slow economic growth environment.

Aaron Vann reported that structured notes and TCW have had fantastic performance this period.

Mr. Vann updated the Board on the Rastegar portfolio stating that they expect Rastegar to make a 5% dividend payment for the third quarter soon and will likely make ½ payment on the missed second quarter dividend. Since the moratorium has been lifted on evictions, Rastegar has filed approximately 200 evictions. With new tenants, they are currently at about 97% occupancy. Aaron Vann also stated that the initial \$1M commitment to Rastegar in 2016 is due to be paid back to DARS in the beginning of 2022 at approximately \$1.2-\$1.5M.

Mr. Vann disseminated a memo outlining the addition of two new members to the Vann Equity Management Team. Ryan McDonald is a licensed series 65 financial investment advisor who has experience in all aspects of the

financial planning business. Alan Maples, J.D. is a licensed series 65 financial investment advisor and licensed estate attorney.

Andy Shealy made a motion to go into executive session pursuant to the provisions of LSA-R.S. 42:17A(1)(2) or (10) to discuss the transition of John Vann's retirement and the sale of his interest in VEM to Aaron Vann as sole owner. The motion carried. When the meeting resumed, Mr. Shealy stated that discussion was had on a transition plan for VEM. The disclosure of investments between John Vann and Ari Rastegar was presented for informational purposes, and no action was taken.

Greg Curran presented the Actuarial Valuation report as of June 30, 2021, stating that the Actuarial Value of Assets is \$488,846,632 and the market rate of return is 23.0% and the actuarial rate of return is 8.8%. The ratio of AVA to actuarial accrued liability is 88.07%. As discussed at the last meeting, due to setting the valuation rate at 6.25% last year, DARS showed a savings. The Board agreed at the last meeting that it is a good opportunity to lower the rate and lower risk in the plan. The valuation interest rate was reduced from 6.25% to 6.10%. The recommended employer rate for FY2022 is 8.5%. Discussion was had. A motion was made and seconded to accept the valuation as presented with the lower interest rate of 6.10% and to keep the employer rate set at 9.5% instead of the recommended 8.5% at the appropriate time. The motion carried.

Greg Curran also stated that DARS is eligible to give a cost-of-living increase to retirees as authorized by R.S. 11:1638 and R.S. 11:246 as described below:

COLA Description	Annual Increase in Benefits	Present Value of Increase	Contribution Cost as a % of Payroll
3% of the base benefit to all allowable pensioners (with a maximum of \$60/month)	\$255,231	\$2,652,431	0.46%
2% to pensioners over age 65	\$348,000	\$3,512,643	0.61%

The last COLA granted was in 2008. Andy Shealy moved to add the cost-of-living adjustment issue to the agenda. The Board unanimously agreed. Discussion was had. A motion was made and seconded to grant both cost of living adjustments as described above effective July 1, 2022. The motion carried.

Kristi Spinosa led a discussion on whether to calculate rehire salaries by calendar year or fiscal year. A motion was made and seconded to use the calendar year. The motion carried.

Ms. Spinosa disseminated the current proposed 2022 legislative bill draft that addresses the transfer of service credit and purchase of accrual rate; clarification of rehired member; BackDROP disbursement within 90 days; and DARS Board composition. A motion was made and seconded to edit the Board composition to read "one retired DA and one retired ADA" instead of two retired members. The motion carried. Ms. Spinosa asked if Rep. Illg and Senator Talbot would co-author. Senator Talbot agreed.

Kristi Spinosa led a discussion on a proposed bill to be filed by State Police Retirement concerning reverse transfers. The bill would remove the Louisiana State Police Retirement System and DARS from the current statute. Greg Curran stated that he does not like the current law. A motion was made and seconded to approve this legislation as presented. The motion carried.

Kristi Spinosa presented the draft DARS budget for FY2023 for review stating that the FY2023 budget must be submitted to the Joint Legislative Committee on the Budget at least thirty days before the convening of the regular session. Discussion and approval of the DARS budget was deferred to the meeting in January 2022.

A motion was made and seconded to approve the Louisiana Compliance Questionnaire for the FY2021 audit. The motion carried.

Kristi Spinosa disseminated a copy of the Louisiana Code of Governmental Ethics and a copy of DARS Ethics policy for review. She asked that each Trustee sign the Annual Ethics Policy Certification and return to DARS as soon as possible.

A motion was made and seconded to approve the following DARS Board meeting dates for 2022. The motion carried.


- Thursday, January 27, 2022 9:30 a.m.
- Thursday, March 17, 2022 9:30 a.m.
- Thursday, May 19, 2022 9:30 a.m.
- Thursday, July 28, 2022 9:30 a.m.
- Sunday, September 11, 2022 9:30 a.m.
- Thursday, November 17, 2022 9:30 a.m.

Andy Shealy stated that he appreciates that Rep. Hlg and Senator Talbot faithfully attend our meetings.

The date of the next meeting is Thursday, January 27, 2022, at 9:30 a.m. at the DARS office in Baton Rouge, LA.



Anthony G. Fatterman, Chairman



Kristi Spinosa, Director