

LOUISIANA DISTRICT ATTORNEYS' RETIREMENT SYSTEM
Minutes of the Meeting of the Board of Trustees
February 15, 2024, 9:00 a.m.
2525 Quail Dr. Baton Rouge, LA 70808

The Board of Trustees of the District Attorneys' Retirement System held a special meeting on Thursday, February 15, 2024 at the DARS Office, located at 2525 Quail Drive Baton Rouge, Louisiana 70808.

1. Roll Call

The meeting was called to order by Mr. Andy Shealy at 9:18 AM.

Ms. Danielle Ball called roll.

Members Present

Mr. David Burton
Mr. Houston Gascon
Mr. Scott Perrilloux
Mr. S. Andrew Shealy
Mr. Brad Burget
Mr. J. Reed Walters, via Zoom
Senator Kirk Talbot

Member Absent

Mr. Don Burkett
Mr. Todd Nesom
Representative John R. Ilig Jr.

A Quorum was present.

Others Present

Mr. Philip Qualls, Director, via Zoom
Ms. Danielle Ball, Benefits Supervisor
Ms. Brittany Cahill, Pension Assistant
Ms. Laura Gail Sullivan, Attorney
Ms. Michelle Cunningham, DHHM
Mr. Garrett Orgeron, DHHM
Mr. Darrel Ourso, Ourso Financial Group
Mr. Aaron Vann, Vann Equity Management, LLC, via Zoom
Ms. Cindy McKinney, Vann Equity Management, LLC, via Zoom
Mr. Ryan McDonald, Vann Equity Management, LLC, via Zoom

2. Election of Officers

Mr. Shealy called for an annual election of officers.

Motion by Mr. Perrilloux to nominate Mr. Shealy for chairman, seconded by Mr. Burget. Unanimously, the motion passed.

Motion by Mr. Gascon to nominate Mr. Perrilloux for vice chairman, seconded by Mr. Burget. Without objection, the motion carried.

3. Conflicts Disclosure

Mr. Andy Shealy inquired if any member of the board needed to disclose a conflict of interest with items on the agenda.

There were no disclosures.

4. Public Comment

Mr. Shealy called for public comment. There were no public comments.

5. Minutes of the meeting of January 9, 2024

Motion by Mr. Burget and seconded by Mr. Perrilloux to approve the minutes of the meeting held January 9, 2024. Without objection, the motion carried.

6. Duplantier, Hrapmann, Hogan, and Maher Presentation of 2023 Audit

Ms. Cunningham and Mr. Orgeron of DHHM presented an overview of the annual audit. Ms. Cunningham explained that there was no significant deficiency that resulted in a material weakness in the internal control. There were no noncompliance issues found with any laws or regulations that had an affect on the financial statements.

Mr. Shealy inquired as to whether DHHM used AI analysis in any manner to perform their audits. Ms. Cunningham stated that no AI was used in the evaluation of DARS financials.

Motion by Mr. Perrilloux to accept the audit report, seconded by Mr. Gascon. Unanimously, the motion passed.

The full financial audit report will be posted to the DARS website.

Ms. Cunningham and Mr. Orgeron left the meeting.

7. January 2024 Financials

Mr. Qualls stated the receipt of ad valorem taxes in January 2024 should fund benefit payments until approximately July of 2024, at which point we will need to draw from the investment portfolio. Additionally, the January financial statements included third quarter payments for actuarial fees.

Motion by Mr. Perrilloux, seconded by Mr. Burget, to approve the January 2024 financials. Without objection, the motion carried.

8. Quarterly Budget Review

Mr. Qualls explained that it is part of DARS policy to review the budget quarterly. Mr. Qualls specified that DARS is a little overbudget in the salaries and payroll categories due to the leave payout to Ms. Sharon Hill at retirement. Legal fees category is additionally overbudget, due to the Diaz lawsuit as well as the BREC case. Mr. Diaz appealed the motion for summary judgement, and DARS will continue to retain Bob Tarcza as legal counsel.

Mr. Qualls noted that the variances in auditing and professional fees and fiduciary bond and insurance line items were due to timing differences and should level out over the course of the year.

Mr. Walters inquired if we could re-negotiate the contractual fees for our auditors. Mr. Shealy speculated that the use of Artificial Intelligence for large dataset analysis such as auditing could potentially lower costs. Mr. Qualls stated that this is the last year DARS is contracted with DHHM and DARS will search either through Request for Proposal or some other procedure to select an auditor for future annual analysis.

9. Retirement Activity

Motion by Mr. Perrilloux, Seconded by Mr. Burget, to approve all retirement activity. Unanimously, the motion passed.

10. Investment Report – Vann Equity Management

a. Investment Manager Review

At this time, Mr. Qualls and Mr. Shealy recommended entering Executive Session pursuant to provisions of LSA-R. S. 42:17(A)(1), (2), & (10). Mr. Qualls requested that Ms. Sullivan remain present for executive session.

Motion by Mr. Perrilloux, seconded by Mr. Burget, to enter executive session. Without objection, the motion carried.

Motion by Mr. Gascon, seconded by Mr. Perrilloux, to return to regular session. Without objection, the motion carried.

Motion by Mr. Perrilloux, seconded by Mr. Gascon, to authorize Mr. Qualls to send Mr. Rastegar a request for additional financial information. The motion passed unanimously.

At this time, Mr. Qualls recommended moving to item 11 (c) before Senator Talbot left for other appointments.

11. Director's Report

c. Discussion on Legislation Impacting DARS

HB 9 and HB 10 are the bills that DARS has requested Representative Ilg author for this system.

HB 34 by Representative Tarver regards that if a DA or ADA leaves employment under DARS and participates in another state retirement system, that member would be able to retain DARS membership. Mr. Qualls recommended that DARS not support this bill.

Motion by Mr. Burton, seconded by Mr. Burget, to oppose HB 34. All in favor, with no objections.

SB 1 outlines member service credit transfers between Louisiana state retirement systems. Currently, if a system has set the contribution rate above the actuarially recommended minimum employer rate, contributions in excess of that rate are also available for transfer. The proposed change would mean that only contributions collected at the employer minimum recommended rate would be available to transfer as opposed to the Board-approved rate, which could be above the minimum recommended rate.

At Mr. Qualls' request, Mr. Greg Curran expounded on the overview of SB 1 by explaining that when the statute governing transfers was written, individual systems were not allowed to set an employer rate above the minimum required.

Mr. Curran explained that since funding deposit accounts were introduced by legislation after the transfer language was penned, thereby allowing retirement systems to set the employer contribution above minimum, proposed legislation would put practice back into posture of the original legislation. Ms. Sullivan noted that under current practice, the system incurs loss when a member transfers out since monies in the

funding deposit account never leave; instead, the funds for a member's transfer come out of the general account.

Mr. Qualls recommended that DARS support this bill.

Motion by Mr. Perrilloux, seconded by Mr. Burton, to support SB 1. All in favor, with no objections.

SB 5 requires that systems would be required to vote all their proxies within their fiduciary responsibility, subject to penalty of three times the damages assessed by the Attorney General. Ms. Sullivan explained that Louisiana already incurs personal liability if a breach of fiduciary obligation is incurred. Mr. Qualls mentioned that DARS would need to hire approximately two additional investment personnel in addition to another legal adviser should this bill pass. Mr. Qualls recommended opposing the bill as written.

Motion by Mr. Burton, seconded by Mr. Perrilloux, to oppose the bill as written. The motion passed unanimously.

d. Board Resolutions Recognizing Gwen Hicks' and Sharon Hill's Service

Motion by Mr. Houston Gascon, seconded by Mr. Burton, to recognize through board resolution the service of both Ms. Gwen Hicks and Ms. Sharon Hill. Without objection, the motion carried.

e. Board Resolution Allowing Members of DARS to Participate in LDAA Deferred Compensation Plan

Mr. Ourso explained that the policy was initially worded to include DARS staff when under the jurisdiction of the LDAA. Now that the retirement system has split into a separate agency, this will amend the wording such that DARS staff are allowed to participate in the plan.

Motion by Mr. Scott Perrilloux, seconded by Mr. Burget, to allow DARS staff to participate in the LDAA Deferred Compensation Plan. Without objection, the motion carried.

Senator Talbot left the meeting.

10. Investment Report – Vann Equity Management

a. VEM Market Commentary and DARS Performance Report

Mr. Vann gave an overview of broad economic market analysis and a review of DARS performance.

Mr. Vann, Ms. McKinney, and Mr. McDonald left the Zoom meeting.

11. Investment Consultant Finalists Selection

- a.** Mr. Qualls informed the Board that 8 candidates submitted for the Investment Consultant position through the RFP. Mr. Qualls recommended 3 candidates, in addition to Mr. Vann of Vann Equity, to be brought before the board for an in person presentation and interview.

Mr. Gascon questioned whether Mr. Qualls factored in whether an individual would be assigned to DARS system or if it would be a fluctuating consultant. Mr. Qualls explained that he met with the specific individuals who would be working with DARS directly during the preliminary interviews. Mr. Qualls proposed a two-day board meeting to ensure all consultants adequate time for presentations.

b. FY 2024-2025 Budget

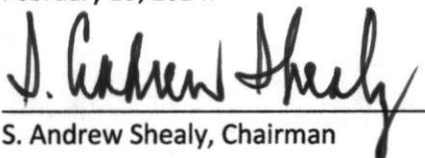
Mr. Qualls presented a draft budget for the 2025 fiscal year.

Mr. Qualls explained that we are looking at a potential increase of approximately \$50,000 increase in the budget, primarily due to the BREC and Diaz lawsuits.

Next Meeting – TBD

Meeting adjourned at 12:09 pm

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held on February 15, 2024.


S. Andrew Shealy, Chairman


Philip Qualls, Director