

LOUISIANA DISTRICT ATTORNEYS' RETIREMENT SYSTEM
Minutes of the Meeting of the Board of Trustees
October 31, 2024, 9:30 A.M.
2525 Quail Dr. Baton Rouge, LA 70808

The Board of Trustees of the District Attorneys' Retirement System held a regular meeting on October 31, 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 9:32 A.M.

Ms. Danielle Ball called roll.

Members Present

Mr. David Burton
Mr. Houston Gascon
Mr. Scott Perrilloux
Mr. S. Andrew Shealy
Mr. Brad Burget
Mr. Joseph Green
Mr. Don Burkett
Mr. J. Reed Walters
Representative John R. Ilig Jr.

Members Absent

Senator Kirk Talbot

A Quorum was present.

Others Present

Mr. Philip Qualls, Director
Ms. Danielle Ball, Benefits Supervisor
Ms. Brittany Cahill, Pension Assistant
Jon Breth, Mariner Wealth Advisors
Greg Curran, Curran Actuarial
Joey David, Legislative Analyst, Louisiana House Retirement Committee
Joshua Ruthizer, Wolf Popper, LLP
Robert Klausner, Legal Counsel

2. Conflicts Disclosure

Mr. Shealy inquired if any Trustee needed to disclose a conflict of interest with items on the agenda. There were no disclosures.

3. Public Comment

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

4. Minutes of the Meeting of September 19, 2024

Motion by Mr. Walters, seconded by Mr. Green, to approve the meeting minutes of September 19, 2024. Unanimously, the motion passed.

5. Investment Manager Update

Motion by Mr. Burton, seconded by Mr. Gascon, to enter executive session under LA R.S. 42:17(A)(2). Unanimously, the motion passed.

Motion by Mr. Walters, seconded by Mr. Burgett, to return to regular session at 10:21 AM. The motion passed carried without opposition.

Motion by Mr. Green, seconded by Mr. Gascon, to approve the recommendation of the legal counsel. With no objections, the motion carried.

6. August and September 2024 Financials

Mr. Qualls noted that DARS has begun recognizing expenses during the month they were incurred rather than paid. This will allow for more comparability between months.

Mr. Qualls additionally explained that registration fees for October appear as a negative value due to reimbursement of spousal participation at LAPERS. Bank service charges marginally increased due to virtual reference numbers expense. Virtual reference numbers allow DARS to disperse dummy account information to employers so that employers may electronically submit contributions in lieu of mailing paper checks.

Mr. Walters noticed that August and September had a \$1.4 million funding deficit, and questioned where we would get that money from.

Mr. Qualls explained that Ad Valorem taxes bring in 11-12 million per year, and DARS uses approximately \$4 million additional funds from the investment portfolio to fund benefit payments per year.

Motion by Mr. Walters, seconded by Mr. Perrilloux, to approve the financials. Without objection, the motion carried.

7. Q1 FY25 Budget Review

Mr. Qualls summarized that DARS is under budget by approximately 14% overall, primarily under the budgeted legal fees category.

Mr. Qualls advised that a BREC hearing is scheduled for 12/3/24, but an appeal is expected regardless of the outcome. A summary judgment for the Glenn Diaz case should be determined by the end of this calendar year.

8. Retirement Activity

Mr. Qualls read aloud the exhibit outlining new retirees' benefit amounts for Trustee approval.

Motion by Mr. Perilloux, seconded by Mr. Gascon, to approve all retirees. The motion passed unanimously.

9. Investment Report – Mariner Institutional

a. Market Commentary and DARS Performance Report

Mr. Breth gave an overview of the current DARS asset allocation performance. Mr. Breth provided an analysis of fluctuations and their causes within both US and broader international markets.

b. Investment Policy Statement Update

Mr. Qualls summarized the material changes to the Investment Policy Statement:

Added background on what DARS is, what DARS does, who DARS serves;

Added governance section that describes duties of all parties involved with the retirement system (Board of Trustees, Director, Investment Consultant, Investment Managers);

Defined broad asset classes that may be held within the portfolio – fixed income, equity, and alternatives;

Added asset allocation as an appendix such that future allocation changes may be outlined in amendments to the appendix only

Discussion took place regarding the breakdown of proposed DARS portfolio investment allocation percentages. Particularly, the percentage allocated to alternative investments was given careful consideration amongst the Trustees. Mr. Breth and Mr. Qualls explained that the Investment Policy Statement primarily determined upper cap limits and were not fixed required amounts. Additionally, it was noted that this is an overarching policy to follow, but that specific asset allocations will be recommended and re-evaluated for Board approval on an annual basis.

Motion by Mr. Burkett, seconded by Mr. Gascon, to approve the proposed Investment Policy Statement. Without opposition, the motion carried.

c. Asset Allocation Discussion

Motion by Mr. Walters, seconded by Mr. Green, to approve recommended allocation scenario mix B. The motion carried without objection.

Mr. Qualls reminded the Board that a motion passed in September to move some of DARS equity portfolios to lower cost equity index funds. In addition to the cost savings on the funds themselves, this would remove the need to have an investment manager operate the equity accounts.

Motion by Mr. Burgett, seconded by Mr. Burton, to release Vann Equity Management as an equity manager. Unanimously, the motion passed.

d. Alternatives Review

Mr. Qualls led a comprehensive overview of all DARS alternative investments including historical and current performance.

10. Director's Report

a. Legislative Proposals

Discussion occurred surrounding drafted legislation that would introduce an optional 4th year of BackDROP participation for elected District Attorneys with a minimum of 30 years of service. It was noted that over the past 5 years, only 20% of retirees selected the maximum 3 years of BackDROP participation. This indicates that adding an additional year of BackDROP would not be a strong incentive for active members to stay longer. Discourse surrounding the additional cost burden this legislation would have on DARS, and the DA office employer rate, lead to a realization that supporting a 4th year of BackDROP would only benefit partial membership as well as potentially prevent the ability to grant future Cost of Living Adjustments (COLAs).

Mr. Qualls advised that as director, he would prefer to see DARS 100 percent funded and able to grant COLAs to all membership, rather than entertain proposals that affect a small portion of the membership.

Mr. Greg Curran provided an actuarial perspective that the cost of a proposed 4th year BackDROP to the system and DA offices in DARS is a higher percentage compared to that of the Sheriff's Pension and Relief Fund.

Motion by Mr. Gascon, seconded by Mr. Burton, to retain the 3 year maximum BackDROP provisions currently in place. Mr. Walters and Mr. Burkett abstained from the vote. Mr. Burgett voted against the motion. With 6 yays, the motion passed.

b. Doctor Selection for Disability Purposes

Mr. Qualls proposed approval of two specific doctors that specialize in the field of a disability application that may potentially be submitted to DARS in the near future – orthopedics.

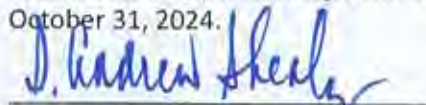
Motion by Mr. Walters, seconded by Mr. Perrilloux, to approve Dr. David Ferachi and Dr. Alan Schroeder as orthopedic specialists to evaluate cases for disability benefits on behalf of DARS. Without opposition, the motion carried.


Next Meeting – December 19, 2024, 9:30 A.M.

Motion by Mr. Burkett, seconded by Mr. Green, to adjourn. Without objection, the motion carried.

Meeting adjourned at 12:24 P.M.

To the best of my knowledge, the foregoing minutes accurately represent the actions taken at the meeting held on October 31, 2024.


S. Andrew Shealy, Chairman


Philip Qualls, Director