

Minutes of the Board of Trustees of the Louisiana District Attorneys' Retirement System that was held at the Louisiana District Attorneys Association on Thursday, November 16, 2016, at 9:00 a.m.

Present: Anthony Falterman, Houston C. Gascon III, Scott Perrilloux, David Burton, Andy Shealy and Van Kyzar

Also Present: Pete Adams, Roxanne Barrios Juneau, Kristi Spinosa, Gwen Hicks, John Vann, Lal Echiterhoff, Gary Curran, Tim Danie, Todd Nesom and Jay Lemoine.

Absent: Representative J. Kevin Pearson, Senator Barrow Peacock and Reed Walters

Roll call was conducted; there was a quorum.

Mr. Falterman polled for any conflicts; none were reported.

A motion was made, and seconded to approve the minutes of the September 18, 2016 meeting as published. The motion was unanimously approved.

A motion was made, and seconded to approve the financial statements for September and October 2016. The motion was unanimously approved.

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

- Martin J. Caillouet, effective August 8, Option I, benefit amount \$7,508.69;
- Sandra Ribes, effective May 10, 2016, Maximum, benefit amount \$4,130.78;
- Janet Weimer, effective July 31, 2016, Option II, benefit amount 4,249.39;
- Val M. Solino, effective August 1, 2016, Option II benefit amount \$8,968.02.

Mr. Falterman advised the Board of the following retiree deaths:

- Morgan J. Goudeau III, died September 23, 2016, survivor benefit amount \$14,258.01;
- Maria T. Compagno, died October 11, 2016, no further benefit due.

Mr. Falterman stated that Mr. Vann was running late and introduced Tim Daniel with First Trust Portfolios.

Mr. Daniels stated that he was with First Trust Portfolios and he works with Mr. Vann and Lal Echiterhoff. His company provides different types of structured products. He reviewed the S&P chart and stated their company tries to avoid volatility.

Mr. Daniel stated that this coming year they are hoping to do over \$70 billion in structured products. He further stated that he has been with structured products for 11 years.

He then discussed buffered notes. He defined this type of product and gave examples of uncapped buffered notes and note terms. Buffers are tied back to the S&P.

Discussion was had on puts, calls and buffers in structured products.

Mr. Burton stated that he had reviewed the handout before the meeting and was not comfortable with its content. He stated that there should be a narrative for a better understanding.

Mr. Vann stated that structured products is a very hard subject to understand.

Mr. Falterman stated that he did not think this was a good time to do this. There is so much volatility right now. He does not think any member of the Board would want to do this at this time.

Mr. Daniel next reviewed Auto-Callable Yield Notes, which are tied to SPX/S&P 500 and RTY/Russell 2000.

Mr. Vann stated they will begin more education on structured products.

Mr. Falterman suggested Mr. Vann give some samples of what DARS would have profited if it had invested \$5 million today and share those hypothetical returns and fees at the next meeting.

No further action was taken on this issue.

Mr. Vann presented the investment report for period ending September 30, 2016. As of this date, the account value was \$361,077,000. Performance for the account is +2.75% for the quarter and 2016 fiscal year to date. Calendar year to date account performance is +11.52%.

Exposure to equities was 55.44%, fixed income and cash reserve were 36.86%, exposure to alternatives was 7.69% of total assets in the investment accounts.

Mr. Vann reviewed the current asset allocation.

Mr. Vann gave a brief update on the audit of the system. Bill Stamm and Garrett Orgeron were also present for this discussion via conference call.

Mr. Falterman asked that Mr. Stamm and Mr. Orgeron give an update of what is needed to complete the audit.

Mr. Orgeron reported to the Board that he had given an update to Mr. Falterman, Mr. Adams and DARS staff the week before the meeting. He further stated that information has also been sent to the actuary. There are few items still needed to meet the December 31, 2016 deadline.

He stated that Strategic Storage was liquidated and was told a check went to Boston Private. There is no supporting documentation for this transaction. They need to see where the cash went after the check was cashed and are attempting to trace the funds. Behringar Harvard was also liquidated and those funds have been traced to Dorsey.

Mr. Orgeron then addressed the GASB 72 report, which goes back to 2015. Spoke to Becky Hammond at Carr Riggs and all GASB items have been reviewed. She will get additional information to Mr. Orgeron needed to complete the audit and any other outstanding reports.

Mr. Orgeron stated the main item needed is a footnote disclosure, which usually comes from the investment manager. The footnote disclosure gives financial information and describes the policies. He has not yet received all information and they are waiting on that information from Level Four.

Mr. Vann stated that Mr. Orgeron sent outlines for GASB 72 in July. This GASB provision is new. It was determined that Level Four does not have the proper licensing or qualifications to issue a GASB 72 disclosure.

Carr Riggs does have the qualifications. All items have been turned over to Becky Hammond at the New Orleans office, to complete the process.

Mr. Falterman asked Mr. Vann when the auditors can expect the information. Mr. Vann stated that the auditors would have it from Ms. Hammond no later than December 1.

Mr. Falterman wanted to know if Mr. Orgeron understood that any additional cost will be absorbed by Level Four. Mr. Orgeron stated he did and Mr. Vann confirmed.

Discussion was had on Strategic Storage. Copies of all statements have been obtained by Level Four from Fidelity and are being reviewed. It is known that the funds are in the DARS account with Fidelity.

Mr. Orgeron suggested that the DARS office receive all manager statements electronically.

Mr. Vann stated he thought the DARS office was receiving all statements. He will take care of this and get all statements sent to DARS office.

Mr. Vann reported on the current alternative investments. He stated have received distributions from Cotton Creek and Rastegar.

Mr. Vann reviewed the 4th quarter Market Insights report.

Mr. Gascon stated at the last two meetings he has asked Mr. Vann to inquire about two management fees from Cotton Creek and wanted to know what he found out.

Mr. Vann stated he attended their annual meeting and they have given a written explanation. It is being compiled and in the process of being sent out.

He informed the Board that a \$5 million investment has been made into Cotton Creek.

Ms. Spinosa reported that we have filed an answer in case of Diaz v. DARS. No dates are currently calendared; the Board will be updated as needed.

Mr. Adams stated that Mr. Schmidt is moving very slowly, but has finalized the 2% employer contribution rule.

Discussion was had on the impact of a 2% employer contribution. The Board expressed some concern with doing this via rule instead of statute due to the inherent delays in the administrative process. A motion was made and seconded to withdraw the 2% employer contribution administrative rule and to proceed with a bill to grant the Board authority to adjust the rule via statute, similar to how other systems operate. The motion was unanimously approved.

Mr. Todd Nesom reported to the Board that he is a member of the planning committee in pursuing real estate options for relocating the LDAA Headquarters. He stated that ongoing training needs, parking, and growth in the Association and DARS staff have exceeded the capacity of the existing building. Being a tenant and collaborate partner, this directly impacts DARS.

Mr. Nesom reported that DARS currently pays the LDAA \$30,000.00/year for rent. Any future LDAA Headquarters would include more space for DARS staff and filing needs, as well as a private meeting space to meet with members.

He stated the LDAA Building Committee and elected District Attorneys approved a resolution to discuss potential financing options with the DARS Board today at this meeting.

Mr. Falterman stated the only potential problem he sees about loaning money to the LDAA is that DARS would require the same return on investment as it earns with other similar types of investments. The Board must look at their fiduciary responsibility. He is not opposed to it, but LDAA could possibly do better by getting a commercial loan.

Mr. Adams suggested asking John Vann to do a comparison for this project to analyze the necessary terms to ensure DARS would profit from such an investment as compared to other comparable DARS investments.

Ms. Spinosa presented an estimate for an independent DARS website. She explained the reasons for it and the different options and cost. Mr. Falterman suggested that the Board take time to study this. No action taken.

Mr. Falterman informed the Board of his discussions with Vann Kyzar related to his recent election to the bench. Mr. Kyzar stated that it had been an honor to be on the DARS Board and a member of the LDAA. At this time he is trying to set up his new office and feels it would be best that he step down as a trustee effective December 31, 2017. Mr. Falterman stated that Mr. Kyzar will be missed and has done a fine job as a Trustee.

Mr. Falterman reported a Notice of Intent needs to be sent to notify members that a position is open to fill the unexpired seat on the term and have an election prior to our next meeting.

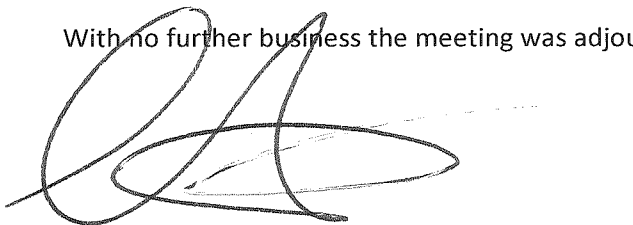
The DARS staff will review the procedure for the ballot mail out to members.

Mr. Falterman presented the proposed Board meeting dates for 2017 for approval.

Mr. Curran stated that a special meeting is needed in early January to review and approve the valuation report before presenting to it PERSAC.

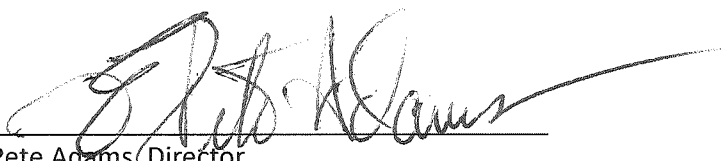
Motion was made, and seconded to approve the proposed DARS meeting dates for 2017.

With no further business the meeting was adjourned.



Anthony G. Falterman, Chairman

Page 5
DARS Board Meeting
November 16, 2016

A handwritten signature in black ink, appearing to read "E. Pete Adams", written over a horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

E. Pete Adams, Director