

Minutes of the Board of Trustees of the Louisiana District Attorneys Retirement System was held at the Roosevelt New Orleans on September 18, 2016, at 9:00 a.m.

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

Also Present: Pete Adams, Roxanne Barrios Juneau, Kristi Spinosa, Gwen Hicks, John Vann, Lal Echiterhoff, Greg Curran, Ray Shimer, and Ari Rastegar

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

Roll call was conducted and 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 May 5, 2016, minutes as published. The motion was unanimously approved.

Mr. Walters inquired about Mr. Glen Diaz's benefit amount on the financials. Mr. Adams reminded the Board the benefit included BACK-DROP. Discussion will be held later in the meeting on this member.

A motion was made and seconded to approve the financial statements for April, May, June, July, and August 2016. The motion was unanimously approved.

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

- Bernard S. Smith, effective May 23, 2016; Maximum benefit amount \$2,578.56;
- Penny W. Douciere, effective July 1, 2016; Option II, benefit amount \$6,639.91;
- Glen E. Diaz, effective March 22, 2016; Maximum benefit amount \$6,716.48;
- Nick F. Noriea, effective March 16, 2016; Option II benefit amount \$2,007.21;
- Vincent Paciera, Jr, effective September 17, 2016; Option II benefit amount \$6,652.33;
- Arlene Hughes, effective April 1, 2016; Option II benefit amount \$2,025.77;
- Sandy Kimball, effective May 4, 2016; Option II benefit amount \$4,371.02.

Mr. Walters opposed the benefit for Glen E. Diaz.

Mr. Falterman advised Board of the following retiree deaths:

- William R. Alford died August 5, 2016, survivor benefit amount \$1,373.38;
- Yolanda C. Haggerty died April 16, 2016, no further benefits due;
- Edward O. Ware died July 10, 2016, no further benefits due.

Mr. Vann introduced Ray Shimer, a portfolio manager, with Level Four.

Mr. Vann gave an update of the investments through September 9, 2016. He stated that the portfolio was transferred to Level Four on January 14, 2016, and they have continued to reduce our equity exposure. As of September 9, 2016, the DARS asset allocation consists of 54.366% Equity, 4.92% Alternatives, 32.33% in Fixed Income, and 8.38% in Cash. He stated that they recommend that a portion of the Cash be allocated to income producing real estate in the Alternative allocation.

The DARS investment returns from January 14, 2016, through September 9, 2016, are +10.13%, which compares very favorably against all benchmarks. The total value of DARS holdings as of September 9, 2016, is \$360,972.81.

Mr. Vann reported that since June 30, 2016, capital distributions have been received from Cotton Creek in the amount of \$1,905,531.70, Light Stone in the amount of \$44,489.99, and Rastegar Capital in the amount of \$139,723.81.

Discussion was had on Cotton Creek and their management fees. Mr. Vann stated that he has contacted Cotton Creek, but he has not received a response to date. Mr. Vann would like to entertain a motion to invite them to the next meeting or, at the very least, to require a written explanation to all questions from the Board prior to the next meeting.

A motion was made and seconded to have Mr. Vann contact Cotton Creek to invite them to the next meeting or, at the very least, to require a written explanation to all questions from the Board prior to the next meeting. The motion was unanimously approved.

Mr. Vann stated that there was delay in providing the necessary annual financial calculations to the DARS auditor. The reconciliation has been completed and has been forwarded to the auditor. He sees no problems with the figures since the move the Level Four.

Mr. Vann reviewed the ranges possible for Fixed Income stating that our investment is at the highest point of income investment in approximately seven years. Some Alternatives are beginning to mature; there is room to increase Alternative Investments.

Mr. Vann reported that the Alternative Investment report had been modified slightly. He stated that there was a \$20 million commitment for over the last 10 years. The Capital investment is now \$10,559,944.56, and market valuation is \$17,761,557.65.

Mr. Vann reviewed the Consolidated Performance Summary report.

Mr. Echterhoff reviewed the Portfolio Management Philosophy and Process report. He reported that there are three parts to the process: model allocation, investment selection, and on-going due diligence.

He then explained the asset allocation process.

Discussion was had on possible indicators to a recession. Mr. Vann stated that he would e-mail the Board the composite and historical indicators charts for their information.

Mr. Ray Shimer reviewed the Asset Allocation stating that the numbers came from Fidelity and some were assumptions.

Mr. Vann reported on the Market Commentary and reviewed the charts in the report. Mr. Vann also reviewed the Market Risk Indicator report.

Mr. Vann next reviewed Corporate Profits. Cash is at an all-time high. Companies have only spent money on their own stock. Returns through dividends are higher, but growth has declined and mergers and acquisitions have declined also.

Mr. Falterman asked if this would be the time to move some cash?

Mr. Vann reported on federal finances, stating that the deficit is not growing but is large. The Federal Reserve expects to raise rates slightly higher, but experts see no growth.

Mr. Ari Rastegar stated that his handout provides a look into how his company illustrates risk controls. He discussed examples of some of the real estate that they have purchased and how they are able to produce their returns.

Mr. Rastegar stated that they look for self-storage and that currently 69% of his portfolio is in self-storage. This is where the market is growing. He stated that he does not invest in malls, golf courses or anything in New York or Miami.

Mr. Gascon wanted to know how much money Mr. Rastegar was looking for to invest for DARS.

Mr. Rastegar stated that Mr. Vann asked him to reserve \$15 million and \$1 million was already invested with him.

Discussion was had on investment possibilities with Rastegar. If \$15 million is invested, then the exposure is about 8%. DARS has \$30 million in cash, and the official recommendation is \$15 million. It was agreed that the investment was a good opportunity and is safe.

A motion was made, and seconded to invest in Rastegar. The motion did not include a specific amount. The motion carried. Mr. Walters opposed.

Discussion was had on other alternative investments. At this time, there are no other alternatives that Mr. Vann would recommend.

Mr. Shealy motioned to invest \$10 million in Rastegar, and it was seconded.

A substitute motion was made for \$5 million by Mr. Gascon. The substitute motion died for failure of a second.

The original motion to invest \$10 million in Rastegar was voted on and approved. Mr. Walters and Mr. Gascon voted in opposition.

Ms. Spinosa reported to the Board concerning a petition that was served at the DARS office in the Glen Diaz matter. Mr. Diaz is seeking to be paid back to the date he terminated employment. She requested

guidance from the Board on whether this should be handled internally or whether outside counsel should be considered.

A motion was made, and seconded, to handle the petition internally. The Board will determine if outside counsel is needed at a later date. The motion was unanimously approved.

Mr. Adams reported to the Board on the Sandra Ribes issue and R.S. 11:1581(5)(a). She was on a state warrant (\$45,000) and her remaining salary was paid by the parish. She was then removed from the state warrant and paid solely through the IV-D program, with her salary remaining largely unchanged. Her full salary now is reported as non-state pay which triggers the spiking statute.

Mr. Adams explained the statute and discussion was had.

A motion was made, and seconded to consider IV-D pay from the DA-DCFS contracts as state pay. The motion was unanimously approved.

Ms. Spinoso stated that Ms. Ribes will continue to receive an estimated benefit until a new benefit is confirmed by the actuary. The benefit will be approved at the next meeting.

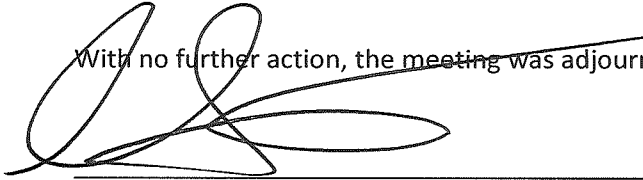
Mr. Spinoso gave an update on the pending administrative rules. She reported that the 2% employer contribution rate rule has been filed. Mr. Schmidt had some additional concerns and would like to break up the administrative rules, filing each separately. His has some concerns on the repayment of refunded contributions rule. No action needed at this time.

A motion was made and seconded to approve the Louisiana Compliance Questionnaire. The motion was unanimously approved.

Mr. Spinoso reported on the benefits of the National Pension Associations. A motion was made and seconded to pay dues for someone on DARS staff to become members of NAPPA and NAPERS. The motion was unanimously approved.

The date of the next meeting was scheduled for Wednesday, November 16, 2016, at 9:30 a.m. at LDAA Headquarters in Baton Rouge, Louisiana.

With no further action, the meeting was adjourned.

A handwritten signature in black ink, consisting of several large, overlapping loops and a long horizontal stroke extending to the right.

Anthony G. Falterman, Chairman

A handwritten signature in black ink, featuring a large, stylized initial 'P' followed by the name 'Pete Adams' in a cursive script, ending with a long horizontal stroke.

E. Pete Adams, Director