

Minutes of the Board of Trustees of the Louisiana District Attorneys' Retirement System was held in Pierre Part, Louisiana Thursday, May 18, 2017, at 11:00 a.m.

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

Also Present: Pete Adams, Roxanne Barrios Juneau, Kristi Spinosa, Gary Curran, Lal Echterhoff, Todd Bulot, John Vann, Ari Rastegar and Ross Barrett

Absent: Representative Mark Abraham and Senator 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 February 16, 2017, meeting as published. The motion was unanimously approved.

A motion was made, and seconded to approve the financial statements for February, March and April 2017. The motion was unanimously approved.

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

- Stephen Caillouet, effective January 1, 2017, Option IV, revised benefit amount \$7,055.57;
- Patrick Dunn, effective April 5, 2017, Option II, benefit amount \$2,342.48;
- Joseph E. Roberts, effective April 1, 2017, Option III, benefit amount \$4,756.08;
- Gene Sumpter, effective March 1, 2017, Option I, benefit amount \$2,464.97.

Mr. Falterman advised Board of the following retiree deaths:

- Jo Ellen Rodrique, died April 23, 2017, no further benefits due.

Mr. Ross P. Barrett, Managing Partner of BVM Capital Partners, gave an update on Esperance.

Mr. Barrett reported that their company has a unique partnership with MD Anderson. They are one of 20 investors moving forward with trials. He stated that MD Anderson went to the FDA on their behalf to try and accelerate approval for this drug. We should know in 12-18 months if the drug is approved. If approved, anticipated sales range from \$500 million to \$6 billion. As of this date, \$30 million has been invested.

He further reported on the investment opportunities that they are looking at. The companies are primarily Phase I and Phase II Companies Board level and LP commitment to MD Anderson Fund. One drug example being studied is Keytruda. Mr. Barrett stressed that the new enhanced MD Anderson partnership with greatly expedite the approval process of these new drugs like Keytruda.

Mr. Barrett stated that he was requesting that DARS commit to a capital commitment from \$2-5 million. The investment would be spread out over five years. Capital will be used to finance breakthrough technologies in biotechnology and specialty pharma.

Mr. Falterman stated that he had concerns because they have not yet seen any returns on the \$2 million already invested. Discussion was had on the recommendation made by Mr. Barrett. A motion was made and seconded to invest \$2 million with Mr. Barrett. The motion failed. Mr. Falterman stated that he would like Mr. Barrett to discuss this again with the Board at a later date.

Ari Rastegar then reviewed the office building valuation that he had prepared for the Board. There were three options that he had researched. Mr. Rastegar reported on option one, the CO-OP building, which is located on Burbank Drive located near LSU. Mr. Rastegar stated that he thought it would take about 24 months to get into the building. This is due to things that would have to be done to make it move-in ready and the cost of the changes made to the building. The sale price was \$3,250,000. This building is in a safe area of the city.

Mr. Rastegar next reported on option two, the LABI building, located on Valley Creek Drive. This building is the type of setup of which he was seeking. The listing price was about \$2,000,000, and it would not cost much to move into the building. The only problem it is in a high crime area.

Mr. Rastegar stated after his research, he feels both buildings are not good investments, and would be too large to house just DARS alone.

Discussion was had on purchasing the lot next to the LDAA and building a new facility on the existing property. Mr. Rastegar stated that he would have to do research on this proposal. LDAA currently leases that property for parking only.

A motion was made and seconded to allow \$5,000 to research the current property to determine different options. The motion was unanimously approved.

Mr. Rastegar next gave a short overview of Rastegar and the Rastegar Louisiana Income Fund, LP. Their investor targets are Louisiana-based institutions and Louisiana-based RIAs. Further discussion was held until later in the meeting.

Mr. Vann reported that System assets as of March 31, 2017, were \$377,531,000.

He reported that he predicts domestic markets will produce low, single digit returns for the next few years. As a result, he believes this is the time for all clients to examine their asset allocation on a global basis to reflect current economics.

Mr. Vann reviewed the current asset allocation. There was \$30 million in Large Cap Value; \$10 million has been moved out of Large Cap Value into Large Cap Growth. He recommended moving additional funds back into the market.

A motion was made and seconded to move \$14 million back into the market. The motion was unanimously approved.

Mr. Rastegar reported on a new Rastegar investment opportunity. It is a \$150 million fund, with \$132 million in current commitments. An 8.4% return is anticipated. Mr. Vann recommended investing in this fund. As of now, DARS has a total \$11 million invested with Rastegar.

Discussion was had on the recommendation.

A motion was made, and seconded to invest an additional \$5 million with Rastegar. The motion was unanimously approved.

Mr. Curran reviewed his new contract for actuarial services for fiscal year 2018. He stated that there will be an increase of fees from \$5,400 to \$5,650 per month.

A motion was made and seconded to approve the contract with G. S. Curran & Company, LTD for fiscal year 2018. The motion was unanimously approved.

Mr. Adams reported to the Board that he formally retired at the end of April. His duties have not changed, and his status is now that of a "re-hire" employee. He is still Executive Director of the LDAA and Director of DARS.

He further reported that he has a separate agreement with the LDAA. The current proposal is that LDAA pays \$44,999 and DARS reimburses the LDAA a third of the salary monthly.

A motion was made and seconded that \$15,000 per month be reimbursed by DARS to the LDAA and that he continue as DARS Director. The motion was unanimously approved.

Mr. Adams reviewed the proposed budget for fiscal year 2018. There is little change in the budget except in personnel. The budget for 2018 will be less due to Mr. Adam's salary change. There is a proposed 3% salary increase for Gwen, Kristi and Roxie.

Ms. Juneau reported that on page 4 there is an increase for the computer consultant due to changes that are needed to the DARS systems.

A motion was made and seconded to approve the proposed budget for fiscal year 2018. The motion was unanimously approved.

Ms. Spinosa stated that the refund repayment administrative rule should have gone into effect in April 2017, but our attorney handling the process reported a filing error. The error was corrected, and we anticipate the rule becoming effective on May 20, 2017. Mr. Adams recommended that Mr. Schmidt be at the meeting to discuss his performance with DARS.

Ms. Spinosa stated that since 1956 there was a policy to pay new retirees based upon an estimate until the actual benefit was confirmed by the actuary. She explained the difficulties with this process. Mr. Adams recommended we pay based upon 75% of the estimated benefit until a confirmed benefit is received.

A motion was made and seconded to pay 75% of an estimated benefit until a confirmed benefit is received and that BACK-DROP balances not be available to the retiree until the amount is confirmed by the actuary. The motion was unanimously approved.

Mr. Adams reported on the upcoming election DARS Board elections. He reviewed that items that would be mailed out for active and retiree positions.

A motion was made and seconded for Mr. Perrilloux to be nominated for position A by the Board. The motion carried. Mr. Perrilloux recused himself.

A motion was made, and was seconded for Mr. Shealy to be nominated for position F by the Board. The motion carried. Mr. Shealy recused himself.

A motion was made and seconded for Mr. Falterman to be nominated for the retiree position by the Board. The motion carried. Mr. Falterman rescued himself.

Mr. Adams reported that the bill allowing the Board to set the employer rate is moving through the legislative process with no issues.

Discussion was had on the date for the next Board meeting. The next DARS meeting will be held on Sunday, September 17, 2017, at the LAPERS conference in New Orleans.


Mr. Gascon thanked the Board and staff for allowing him to be on the DARS Board for so many years.

With no further business, the meeting was adjourned



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Anthony G. Falterman, Chairman



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E. Pete Adams, Director