

Minutes of the Board of Trustees of the Louisiana District Attorneys' Retirement System was held at the Louisiana District Attorneys Association Headquarters on Thursday, February 16, 2017, at 9:30 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, Gwen Hicks, Gary Curran, Toni Zito, Margaret Coley, Lal Echterhoff, Todd Bulot, John Vann by conference call, and Senator Barron Peacock

Absent: Representative Mark Abraham

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 November and December 2016, and January 2017. The motion was unanimously approved.

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

- Howard C. DeJean, effective August 31, 2016, Option II, benefit amount \$1,038.57;
- Harold A. Van Dyke III, effective September 01, 2016, Maximum, benefit amount \$4,714.22;
- Jacques J. Cousin, effective August 7, 2016, Maximum, benefit amount \$4,593.21;
- Jerry L. Jones, effective November 1, 2016, Option II, benefit amount \$9,613.13;
- Neal Johnson, effective October 1, 2016, Option II, benefit amount \$4,726.35;
- Van H. Kyzar, effective December 1, 2016, Option II, benefit amount \$11,132.22.

Mr. Falterman advised Board of the following retiree deaths:

- Helen Goudeau, died December 7, 2017, no further benefits due;
- Leah Beth Simpson, died November 23, 2016, no further benefits due;
- James L. Alcock, died February 5, 2017, survivor benefit \$2,803.83.

Mr. Vann welcomed Mr. Burkett to the Board. He stated that a trustee workshop would be held in Dallas on February 20, 2017. All are invited to attend, including Senator Peacock and Representative Abraham.

Mr. Vann reviewed the Economic and Market Outlook. He stated that the U.S. corporate earnings peaked in 2014 and only recently have begun to turn around. While this is the third longest recovery in U.S. history, it is also the most anemic. They expect a significant revitalization of earnings to continue for the foreseeable future.

Mr. Vann stated that the outlook is for a positive year of returns in 2017.

Mr. Bulot reviewed the outlook for 2017, stating they expect growth to accelerate modestly to near 2.5% with a low chance of a recession in 2017. This will be driven by gains in consumer and business spending, supported by potential pro-growth fiscal policies.

He further reported that the fundamentals have been improving, particularly in emerging markets, as have valuations where emerging markets are especially attractive. However, they remain cautious on international investments due to global geopolitical risk.

Mr. Bulot also reported that they expect mid-single digit returns for the S&P 500 in 2017 and the continuation of the nearly eight-year-old bull market, consistent with the historical mid to late economic cycle performance.

He reported that they expect the 10-year Treasury yield to end 2017 in its current range of 2.25 – 2.75%, with a potential for 3%. Scenario analysis based on this potential interest rate range and the duration of the index indicates low-to-mid-digit returns for the Barclays Aggregate Bond Index.

Mr. Vann reviewed the Current Asset Allocation. At quarter end the portfolio was at \$365 million and as of a few days ago it was \$374 million.

Mr. Vann reviewed Alternative Investments stating that the Capital Investment is at \$21,190,944.54.

Mr. Vann next reviewed the Market Commentary report.

Mr. Echterhoff reviewed the Level Four Chart Book.

Mr. Vann introduced Becky Hammond. She is a CPA with Carr, Riggs, & Ingram, LLC.

Ms. Hammond stated that her office is in New Orleans and they have three other locations in Louisiana, and other locations in nine southern states. She is a member of the Level Four team. She will help with investment reconciliations and help keep entries up to date monthly. She has been an auditor for 16 years and will work with DARS auditors on GASB 72 disclosures as well as any other governmental disclosures.

Mr. Vann reported there are a few changes to make on the Master Statement of Investment Policies and Objectives of the District Attorneys' Retirement System of the State of Louisiana to make it current.

The effective date of these changes will be February 16, 2017, and his address will be changed to Level Four Advisory Services. Item 6 on page 1, the word annually will be added to state, "annually provide SEC Form ADV part 1 and 2". A change will also be made on page 4 item D by adding a paragraph for Alternative Investments. On Page 7, we must add a paragraph so that reports and communications from advisors, custodians, and consultants, service providers will be delivered to the director at the office of DARS. Further, financial information shall be deposited to a "dropbox" prepared by Level Four to aid in annual reconciliation and provided services to the Independent Auditor.

Mr. Shealy wanted to know who is the owner of the DARS financial data? The first line in next paragraph on page 7 states that data is owned by DARS in conjunction with the service provided.

A motion was made, and seconded to add a period after DARS on page 7 and delete the words in conjunction with the service provided and amend the other changes on the investment policy statement. The motion was unanimously approved.

A motion was made, and seconded to approved the amended Investment Policy Statement, a with all above described changes, as of this date. The motion was unanimously approved.

Mr. Gascon asked about the Consolidated Performance Summary of the Level II report. Some investments are coded with a number and all are in Equity Sub-Composite.

Mr. Vann stated that he had already made a notation about this and changes will be made on the next report.

Mr. Ross P. Barrett, Managing Partner and Brett P. Giroir MD, Partner of Transbio Ventures, LP gave a presentation on Innovating and Accelerating Cancer Therapy.

Mr. Barrett reported that they have taken some of the capital and created several startup companies mostly in health care. He stated they will have the opportunity to invest when companies are in the trial period and start the process with them. One-third of all approved cancer medications were developed in clinical trials led by investigators at MDACC.

Mr. Falterman asked what was the value of the drug used for ovarian cancer.

Mr. Barrett stated that pharmaceutical companies will get a \$1-3 billion value per year from the drug Esperance if approved. He stated that over 200,000 women in the United States have some form of ovarian cancer. Dr. Giroir then described the evolution of cancer treatment and research.

Mr. Barrétt stated that MD Anderson, the highest ranked cancer center in the United States, is the right place to be for investment and scientific purposes. A preferred relationship with MD Anderson Cancer Center will decrease time and cost of clinical trials.

Mr. Antonio DeGesualso and Mr. Smith Brownlie made a presentation Cotton Creek Capital.

Mr. Brownlie gave an overview of the company stating they are a private equity fund focused on control transactions in lower-middle market companies, primarily in the southwest. They are an ideal geography and investment size to achieve superior returns and are experienced investors executing relationship transactions for more than 15 years. He reported that they are currently investing via Cotton Creek Capital Partners II, L.P.

Mr. DeGesualdo reviewed their investment philosophy stating that they partner with business owners and management teams, but their identity remains intact under CCC ownership. They control investors with a proactive approach to value creation.

Mr. DeGesualdo reviewed the investment performance as of December 31, 2016. Almost \$80 million of capital has been invested to the fund.

Mr. Curt Pabist of Eagle Global Advisors reported on the DARS Performance as of December 31, 2016. DARS invested with Eagle in January 2013, and made almost 30% the first three quarters of 2014. The DARS gross return for 2016 was 20.55 %.

Mr. Pabist then reviewed the chart for the DARS MLP Portfolio Holdings and Characteristics. He stated that 20% of portfolio is in pipelines-refined products, 15% in pipelines-natural gas and 41% is diversified.

He further reported that after a few difficult years the future is bright for MLPs. MLPs distributions have grown steadily through prior commodity cycles, credit cycles, and market disruptions.

Ms. Spinosa reported on the pending refund repayment administrative rule stating that filing period has closed and Robert Schmidt should have submitted all documentation. She stated that Mr. Schmidt advised the rule should be final on April 20, 2017.

Ms. Spinosa also reported that a notice to publish the employer contribution bill was timely executed. Mr. Adams stated that Representative Abraham had agreed to file the bill, but this has not been confirmed as of today.

Discussion was had on the actuarial review by the Legislative Auditor and Mr. Curran stated no action was needed.

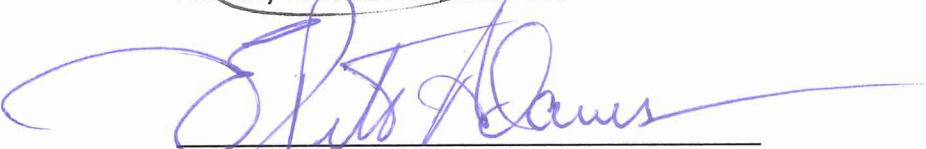
Mr. Falterman stated that he would host a luncheon meeting for the next DARS meeting on May 18, 2017. The location and time will be determined at a later date.

With no further business, the meeting was adjourned.



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Anthony G. Falterman, Chairman



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E. Pete Adams, Director