

Minutes of the Board of Trustees of the Louisiana District Attorneys' Retirement System that was held at the Louisiana District Attorneys Association on Thursday, May 14, 2018, at 9:30 AM.

Present: Anthony Falterman, David Burton, Dale Lee, Don Burkett, Scott Perrilloux, Andy Shealy and Reed Walters.

Also Present: Pete Adams, Roxanne Barrios Juneau, Kristi Spinosa, John Vann, Greg Curran, Lal Echterhoff, Aaron Vann, Charles Ballay and Michael Conefry.

Absent: Senator Barrow Peacock and Representative Abraham

Roll call was conducted; there was a quorum.

A motion was made and seconded to approve the minutes of the March 22, 2018, meeting. The motion was unanimously approved.

A motion was made and seconded to approve the financial statements for March and April 2018. The motion was unanimously approved.

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

- Michael F. Kelly, effective January 1, 2018, Option II, benefit amount \$7,773.14;
- Ellen Eade, effective March 1, 2018, Maximum benefit amount \$7,290.02.

Mr. Falterman advised Board of the following retiree deaths:

- Lewis V. Murray, died April 29, 2018, survivor benefit \$7,016.93.

Mr. Charles Ballay addressed the Board regarding the suspension of his original benefit.

Mr. Falterman asked what is the remedy that Mr. Ballay seeks.

Mr. Ballay stated that he wants authorization to amend the law in a similar fashion to Teachers' Retirement which permits repayment of the funds and reactivation of service credit without penalty.

Mr. Falterman asked Mr. Ballay if he knew what the law was at the time of his initial retirement.

Mr. Ballay stated that it is the same as it is today specifically regarding suspension of benefit and reemployment.

Mr. Falterman stated that the Board must follow the statute.

Mr. Ballay stated that a statutory change is needed.

Mr. Walters questioned whether it is possible to do a study actuarially.

Mr. Curran stated that it would take several hours at their hourly rate to do the study. Also, if there was a bill, the state would have an independent actuarial note and require a 2/3 vote.

Mr. Falterman stated that the policy of the Board is to not proceed with legislative changes that have a significant actuarial cost.

Discussion was had.

Mr. Ballay stated that he would pay for his independent actuary, Mr. Conefry, to do study but needs the Board's permission to access the DARS census data.

Mr. Walters moved that the Board authorize the sharing of data.

Mr. Ballay agreed to pay the Curran's cost as well if needed.

A motion was made and seconded to share the data with Mr. Ballay's actuary. The motion carried. Mr. Lee and Mr. Shealy voted against the motion.

An agreement was made that all appropriate data will be redacted before being shared and copies of shared data will be returned to DARS at completion.

Mr. Vann reported that as of March 31, 2018, the portfolio was valued at \$400,220,415.19. He further reported that the asset allocation consists of Equity 63.85%, Alternatives 8.81%, Fixed Income 27.29% and Cash .05%. The DARS investment portfolio return fiscal year-to-date is +5.76% vs 5.40% for the benchmark.

Mr. Vann reported that year-to-date capital distributions have been received from Light Stone in the amount of \$44,978.89, Rastegar Capital in the amount of \$212,758.90, Cotton Creek Capital Partners in the amount of \$126,805.59 and Encore in the amount of \$38,492.46.

He reported that earnings and revenues are up. Earnings forecast were undervalued. He believes this may be good as it gets in this cycle. Tax benefits prompted this as well as the reset in the market. Inflation rates are beginning to improve even though it is going up in general. This is based on the Federal Reserve goals. There is a synchronized global recovery at about 3%.

Mr. Vann reported that one of his concerns is that if the yield curve flattens, we may be 18 months from a recession. He further stated that volatility has returned and is likely to remain.

Mr. Vann reported that based on current valuations and their Red-Yellow-Green Light theory, it is currently their opinion equity markets can continue to increase in valuation by another 30%.

Mr. Vann reviewed the current asset allocation as of March 31, 2018. Fixed Income is up to 27.29%, equities 63.85%, and total alternative investments 8.81%. As the market increases, they will move toward increased fixed income and structured notes.

Mr. Echterhoff addressed the board on the fixed income re-allocation for the new fixed income managers. He stated that the excess cash from all accounts has been moved to each new fixed strategy. In addition, they sold fixed income ETF's in the BCGI account, which was needed

because Dorsey had spent the available cash of around \$8,000,000 that was available as of the last report. This resulted in \$10,000,000 deposited into each new account, as shown on the handout presented to Board. The accounts are open, and all contracts signed and delivered. They are currently waiting for the cash to be implemented and this should be completed soon.

As of today, Orleans Capital fixed income has invested \$1.5 million and Eaton Vance about \$1.2 million.

Mr. Vann reported their goal over the next two years is to continue to reduce equity exposure and increase structured notes.

Mr. Vann reviewed the portfolio value and stated that not much more than 3-4% improvement is expected for remainder of the year.

Mr. Falterman requested that someone give a presentation on structured notes at the July meeting. Mr. Vann stated that he has already spoken to Tim Daniels about presenting at the next meeting.

Mr. Vann reviewed the current structured note allocation as of March 31, 2018. Currently there are five different structured notes in the amount of \$1 million each. If one of the notes ended today there is full principal protection.

Aaron Vann reported to the Board that currently the economy is generally in great shape but they are beginning to see some skittish behavior over the fear of 2008. As they move forward, consumer sentiment is only 16 points above the high, so not extremely high. This is another reason why they will move over time to more fixed income and decrease equity exposure.

He reported the move to an increased fixed income allocation will be slow and steady. Looking for positive slow growth. Absent something dramatic, the future is a goldilocks type of economy. Their main goal is preserving the fund and the secondary goal is steady growth.

Mr. Curran reviewed the proposed G.S. Curran & Company contract for fiscal year 2019. He reported that there is a slight increase of around \$100.00 from last year.

A motion was made, and seconded to approve the contract for G.S. Curran & Company for fiscal year 2019. The motion was unanimously approved.

Mr. Adams reviewed the DARS budget for fiscal 2019, stating that there was a decrease in actuals for legal fees for 2018. He stated that there was a one-time increase on budget for 2019 for office furniture for the move of the DARS office.

Mr. Falterman asked if there has been a search for new legal attorney for DARS and if not could Mr. Adams report at the next meeting. Mr. Adams stated that he would report at the next meeting.

A motion was made, and seconded to approve the DARS budget for fiscal year 2018- 2019. The motion was unanimously approved.

Mr. Falterman stated that there will be openings in 2019 for the DARS Board. He feels that any candidate that wants to be on the DARS Board should attend at least two DARS meetings. Candidates should have some knowledge of what is required of a candidate.

Mr. Adams stated that the Board cannot change the statutory qualifications but could chose not to endorse any candidate that has not attended at least two meetings.

A motion was made, and seconded that the DARS office notify membership before the next election that a member must attend two DARS meetings before becoming a candidate, with Board endorsement, for the election. The motion carried. Mr. Walters and Mr. Burkett recused themselves.

Mr. Falterman stated at another meeting there will have more discussion about the elections.

Mr. Burkett reported to the Board that he would like to discuss the possibility of a study to determine the actuarial cost of a four year Back-Drop. He said that he had talked to Gary Curran to see if this could be done and what would the cost be, which he said around \$4,000.

Mr. Falterman questioned whether this would impact Mr. Burkett personally and if it was ethical for him as a Board member to request.

Mr. Burkett stated that it would not only impact him only but could other members also. He would never want anything done that would give the system a negative impact, but would like a study to be done by the Currans.

Discussion was had on what impact it would do to the system and what it would do for the membership of the system.

A motion was made, and seconded to allow the Curran's to do a cost study of a four year Back-Drop. The motion carried. Mr. Burkett recused himself from the motion.

Mr. Adams and Ms. Spinosa gave a brief review of the lease contract between the LDAA and DARS. Ms. Spinosa will produce a draft of a lease contract before the next meeting.

Mr. Adams reported that Jimmy Long applied for retirement before he was eligible for an early retirement. His estimate went out in an error and was paid one payment of 75% of the estimate before discovering the error that the Curran's found. Mr. Long had the years but not the age.

Ms. Spinosa reported that Mr. Long was notified of the error and discussed with him arrangements to repay the \$7,572.61 erroneously paid in April 2018. The office will proceed to collect the money.

Ms. Spinosa further reported that until a new system can be acquired, or our existing system upgraded, they have instituted additional safeguards on both processes to help prevent a recurrence of this type of human error.

Mr. Curran gave his input of Senate bill 4 and Senate bill 13.

Ms. Spinosa reported to Board that staff needs guidance regarding using calendar year vs. fiscal year for minimum salary requirements.

A motion was made, and seconded to approve using fiscal year going forward to determine annual salary requirements. The motion was unanimously approved.

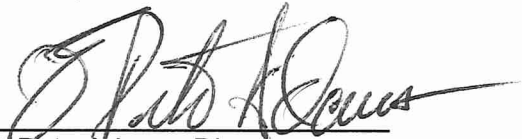
Mr. Falterman stated that he would like to host the next DARS meeting, Thursday, July 19, 2018, in Pierre Part and would like to start the meeting at 9:00 am. The meeting will be held at the same location as last year.

A notice will be sent out before the meeting of the location and directions.

With no further business the meeting was adjourned.



Anthony G. Falterman, Chairman



E. Pete Adams, Director