

Minutes of the meeting of the Board of Trustees of the Louisiana District Attorneys' Retirement System held at the Louisiana District Attorneys' Association Headquarters on Monday, March 2, 2015, at 1:30 p.m.

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

Also Present: Pete Adams, Roxie Barrios Juneau, John Vann, Greg Curran, and Bill Stamm Mergler

Absent: Representative Pearson and Senator Guillory

Mr. Falterman reported to the board that he received a letter from Mr. Vann's attorney, D. Patricia Wallace for our records stating there is no conflict of interest. Mr. Vann's first priority is the Louisiana District Attorneys' Retirement System (DARS).

A motion was made and seconded to approve the November 18, 2014, meeting minutes as published. The motion was unanimously approved.

A motion was made and seconded to approve the financial statements for November 2014, December 2014, and January 2015. The motion was unanimously approved.

A motion was made and seconded to approve the following retirements. The motion was unanimously approved:

- Wayne McDougall, effective November 15, 2014, Option II, benefit amount \$5,444.29;
- Gregory J. Noto, effective November 15, 2014, Maximum, benefit amount \$2,500.23;
- Richard Gauthier, effective December 15, 2014, Maximum, benefit amount \$3,688.52;
- James C. Downs, effective , January 12, 2015, Option II, benefit amount \$2,834.29;
- Clyde R. Simien, effective January 9, 2015, Maximum, benefit amount \$2,211.84;
- Robert W. Levy, effective January 12, 2015, Maximum,, benefit amount \$10,714.84;
- John L. Sheehan, effective January 12, 2015, Option II, benefit amount \$4,742.87;
- Michael Harson, effective January 12, 2015, Option II, benefit amount \$10,772.18;
- Houston C. Carson, effective January 10, 2015, Option II, benefit amount \$13,517.23;
- David W. Burton, effective January 12, 2015, Option II, benefit amount \$9,671.23;
- Whitley Graves, effective December 08, 2014, Maximum, benefit amount \$2,052.93;
- Richard Johnson, Jr., effective January 12, 2015, Option II, benefit amount \$8,474.23;
- John Montgomery, effective January 1, 2015, Option II, benefit amount \$1,511.25;
- Anthony Walker, effective January 1, 2015, Option II, benefit amount \$5,555.05;
- Thomas F. Daley, effective January 12, 2015, Option II, benefit amount \$3,853.40;
- Walter Reed, effective January 12, 2015, Maximum, benefit amount \$14,357.37;
- Jonathan Stewart, effective January 12, 2015, Option II, benefit amount \$10,778.88 and;

- William O'Regan, effective January 12, 2015, Option II, benefit amount \$3,831.46.

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

- John F. Rowley, died November 5, 2014, survivor benefit amount \$10,103.20;
- Maxine Wells, died December 17, 2014, no further benefits due; and
- Thomas R. Daley, died January 31, 2015, survivor benefit amount \$3,853.40.

Ms. Spinosa reported that the DARS office received a letter regarding Mike Harson stating that he might exceed the limitations set forth in Section 415(b) of the IRS code. If his benefit exceeds the limitations, a portion of his benefit will be payable from the systems excess benefit plan. Other retirees could be affected.

Discussion was had on the funding for the excessive benefit. Funding could come from the employer that the retiree was employed with. No decision was made at this time.

Mr. Falterman suggested the Mr. Curran be prepared to discuss the issue in more detail at the next meeting.

Mr. Vann reported that January was a very difficult month. Changes were made to reduce small cap holdings and made some changes in MLP's to active management. As of March 1, 2015, the portfolio was at \$356 million.

Mr. Vann also reported on the Market Review report. The S&P gained 4.9% in the fourth quarter. The ten components of the Index of Leading Economic Indicators continued to improve through January 2015. Manufacturing capacity remains below its historic average, but is improving from 2009 lows.

He further reported that by most valuation measures, equities are in line with the 25-year average. The U.S. dollar strengthened notably in the last half of 2014, was up 15%. While foreign stocks underperformed U.S. stock indices in 2014, much of the underperformance can be attributed to the relative strength of the U.S. dollar. Many foreign markets were actually positive in their own currencies.

Mr. Vann reported that GDP growth remains highly variable worldwide, and the commodity dependent countries are projected to do poorly in 2015.

He also reported that many European countries' equities remain relatively attractive to U.S. equities. Emerging market equities range widely in their relative valuations, but as a whole are they are relatively undervalued.

Mr. Vann stated that bonds have provided equity-like returns over the past 30 years as interest rates dropped to all-time lows in 2012. The expectation is for equities to outperform bonds over the next cycles.

He stated that the P/E ratio on the S&P 500 is in what is referred to as the “yellow zone” meaning valuations are high enough that investors need to use caution in stock selection. However, given low fixed income yields, they believe equities will outperform bonds over the next several years.

Mr. Vann next reviewed the Level II Attribution and Risk Analysis report for December 31, 2014. He reviewed the current asset allocation.

He stated that the administrative fees are \$500,000.00 a year to manage the fund.

Mr. Vann reported on the alternative investments stating that \$28 million is committed capital and that the estimated value is \$36 million. However, this will be determined once some of things are cashed out. Storage and real estate has been cashed out at one time.

Mr. Vann reported that the disclosure letters required pursuant the following: R.S. 11:312 and R.S. 11:316; La. R.S. 11:269; and Act 9 of the 2005 Regular Legislative Session.

Mr. Bill Stamm, Senior Auditor with Duplantier, Hrapmann, Hogan & Maher, L.L.P., reported on the audit for June 30, 2014.

Mr. Stamm reported that there three phases of the audit: financial, internal control, and compliance testing. He gave a brief explanation of each stating that in all three phases did not find anything to report.

He reviewed the financial highlights and reported that DARS assets exceeded liabilities at the close of fiscal year 2014 by \$358,527,405, which represents an increase from last year. Contributions to the plan by members totaled \$44,705,330, an increase of \$437,139 or 10.24% from the prior year. The fair market value of investments reflected a net increase of \$442,826,020. The net position held in trust for pension benefits increased by \$55,453,854 or 18.3%. The rate of return on the system’s investments was 17.01% based on the market value. This was higher than the prior year’s 14.01% market rate of return. (This was required by GASB) Pension benefits paid to retirees and beneficiaries increased by \$1,440,966 or 14.33%. This increase is due to an increase in the number of retirees and their benefit amounts.

Mr. Stamm reported that the total investments and cash equivalents on June 30, 2014, were \$356,936,232, as compared to \$301,610,722 on June 30, 2013, which is increase of \$55,325,510 or 18.34%. The major factor contributing to this increase was the increase in bonds and exchange traded funds.

Mr. Stamm stated that they always do extra testing on the Alternative Investments.

Mr. Stamm reported on the Net Pension Liability of Employers and reviewed the components of the net pension liability of the Plan’s employers determined in accordance with GASB No. 67 as of June 30,

2014. He stated that the plan fiduciary net position as a percentage of the total pension liability was 99.45%, which was very good.

Mr. Stamm stated that audit was very good.

Mr. Falterman recommended that the Board review the audit report and contact Mr. Adams with any questions. The audit report will be added to agenda for next meeting for approval.

Mr. Greg Curran distributed the Governmental Accounting Standards Board (GASB) report to the board.

Mr. Falterman recommended that the Board review the GASB report before the next meeting for approval.

Mr. Adams reported an update on Mr. Rowley's funds that were received for the Sheriffs' Retirement Fund in the amount \$1.4 million. The funds in this account are not part of Mr. Rowley's DARS retirement benefit. This amount could only be taken as a lump sum.

He stated that he would advise Mr. Rowley's attorney that this was an asset and will be held until action is taken by his estate. DARS will wait on a Judgment of Possession before distributing assets.

Mr. Adams reported on House Bill No. 56 pertaining to modification of employer contributions rates. As written, the bill would permit the employer contribution rate to be changed by administrative rule. This process generally takes a couple of months and must file notice.

Mr. Adams reported on House Bill No. 48 which addresses the authority of statewide retirement system funding cost of living increases with a funding deposit account balances.

Mr. Falterman suggested to the Board to review the bill and to advise Mr. Adams at the next meeting.

Ms. Spinosa and Mr. Curran updated the Board about City of Orleans Consent Judgment which requires our actuary to provide the City of New Orleans with information regarding the ad valorem tax contribution rate to be applied for the current year. Advise only.

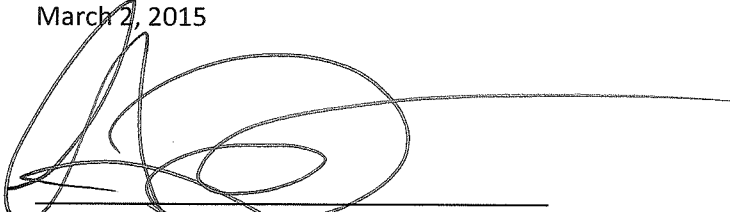
Mr. Adams stated that Pomerantz was an advise only.

Ms. Spinosa report that the Frank Brindisi case has been set on the docket in the First Circuit.


Discussion was had on the date of the next meeting. Meeting was set for Sunday, June 28, 2015, at 1:30 PM.

With no further business the meeting was adjourned.

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Anthony G. Falterman



E. Pete Adams