FIREFIGHTERS RETIREMENT SYSTEM
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MEETING OF THE BOARD OF TRUSTEES
February 9, 2017

A meeting of the Board of Trustees was held on February 9, 2017 at the Firefighters' Retirement System building in Baton Rouge, Louisiana. Mr. Stacy Birdwell, Chairman, called the meeting to order at 8:30 a.m.

Mr. Jeselink gave the invocation and Mr. Broussard led the pledge of allegiance.

Ms. Poche called the roll. A quorum was present.

MEMBERS PRESENT

Mr. Stacy Birdwell
Mr. Perry Jeselink
Mr. Afranie Adomako (designee of Commissioner Jay Dardenne)
Mayor David Amrhein (arrived after roll call)
Mr. John Broussard (designee of Treasurer Ron Henson)
Mr. Charlie Fredieu
Representative Barry Ivey (designee of House Speaker) (arrived after roll call)
Mayor Ron Roberts
Mr. Jerry Tarleton

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Denise Poche
Jason Starns
Michael Becker
Jamie Grady
David Barnes
Gary Curran
Brandi Brown
Michelle Cunningham
Eoin Gill

MINUTES

MOTION: Mr. Jeselink moved to approve the minutes of the board meeting held on January 12, 2017. Mr. Tarleton seconded. The motion passed.

APPLICANTS

- New Members

PROCEDURE: The FRS enrollment process, including the completion of the applicant forms, the physical examination, and the completion of any waivers of preexisting conditions, must be completed and all documents received by FRS within six months of the date of employment. If the FRS enrollment process is not completed within six months from the date of employment, the applicant will be a member eligible to begin vesting for regular benefits from the date of employment, but not eligible to begin vesting for disability benefits until the completion of the enrollment process. It is the statutory responsibility of the employer to insure that the enrollment process is timely completed or to provide FRS with notice of noncompliance by the applicant. If a member who has not completed the enrollment process becomes injured in the line of duty and applies for disability benefits, then the member must prove that the disabling condition was not preexisting. Each enrollment application is reviewed by staff to determine eligible job classification, date of hire, employer certification, and medical waiver information. Each application for membership was completed and submitted in accordance with all applicable state laws.

Mr. Starns presented the list of new member applicants. (see attached Exhibit #1) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the new member applicants. Mr. Jeselink seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

- Retirees

PROCEDURE: To retire, a member must furnish the retirement office with an application for retirement. When the application is received by the retirement office, the member's file is reviewed for proper documentation and to determine that the applicant meets the legal criteria necessary to receive payment in the form of a monthly retirement benefit. Calculations for retirement are performed by the benefit analyst and verified by the system's administrator. All retirement applications were submitted and benefits calculated in accordance with all applicable state laws.

Mr. Starns presented the list of new retirees. (see attached Exhibit #2) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the retiree applicants. Mr. Adomako seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

- Survivor Applications

PROCEDURE: Survivors applying for benefits must furnish the retirement office with a notarized application for survivor benefits, a copy of the member's death certificate, a marriage licence (if beneficiary is a spouse), and the beneficiary's birth certificate. Once received, the deceased member's records are reviewed by staff to determine survivor benefit eligibility and to determine that the survivor's benefit calculation is completed per all applicable state laws and any merger agreements.

[NOTE: Individuals who retired under another retirement system where FRS is a third party administering payments as a result of a merger, and where the individual becomes deceased after the merger, the beneficiary or survivor is still required to submit all necessary documents; however, payment is made as set forth in the merger agreement (contract) affecting beneficiaries and survivors.] (R.S. 11:2256 and R.S. 11:2259)

Conard Litton Smith - Mr. Starns presented the application of Conard Litton Smith, surviving spouse of Gerald Winchell Smith. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Conard Litton Smith. Mr. Tarleton seconded. The motion passed.

Collinese Soileau Stuart - Mr. Starns presented the application of Collinese Soileau Stuart, surviving spouse of Charles Duane Stuart. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Collinese Soileau Stuart. Mr. Tarleton seconded. The motion passed.

Donna Hanks Wimberly - Mr. Starns presented the application of Donna Hanks Wimberly, surviving spouse of Paul Bryan Wimberly. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Donna Hanks Wimberly. Mr. Adomako seconded. The motion passed.

Conard Litton Smith - Mr. Starns presented the correction of administrative error request for Conard Litton Smith, surviving spouse of Gerald Winchell Smith. He explained that Mr. Smith enrolled in DROP effective July 1, 1997. The benefit calculation at the time of DROP enrollment was based upon the incorrect date-of-birth for the named beneficiary, Ms. Conard Litton Smith. Mr. Starns further explained that by revising the original benefit calculation based upon the correct date-of-birth for the named beneficiary had resulted in an underpayment of benefits.

MOTION: Mr. Tarleton moved to approve the administrative correction for Ms. Conard Litton Smith's survivor benefit. Mr. Jeselink seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

GENERAL ACCOUNTING STANDARDS BOARD, STANDARD 68 (GASB 68)

Michelle Cunningham, FRS Auditor (Duplantier, Hrapmann, Hogan, and Maher) presented the "Employer Pension Report, State of Louisiana, Firefighters' Retirement System, June 30, 2016." (see attached Exhibit #3) That report included an Independent Accountant's Report regarding: Schedule of Employer Allocations, Schedule of Pension Amounts by Employer, Schedule of Employer's Proportionate Share of Contributions and Non-Employer Contributions, Schedule of Net Pension Liability Sensitivity to Change in Discount Rate, Schedule of Amortization, and a Summary Schedule of Findings.

MOTION: Mr. Tarleton moved to accept the report as presented by Michelle Cunningham. Mr. Jeselink seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

FRS AUDITOR ROTATION POLICY

Mr. Stockstill advised the board that current FRS policy requires the system to rotate its auditor every 5 years. Mr. Stockstill directed the board's attention to an Invitation to Bid Audit Services. (see attached Exhibit #4) The invitation to bid was sent to multiple accounting firms in the area. Proposals are to be delivered to the FRS office on or before 4:30 pm, February 28, 2017.

MOTION: Mr. Broussard moved to defer until next month the discussion regarding the board policy of rotating audit firms and his motion included authorization for Duplantier-Hrapmann to submit a bid which will be held aside until after the board reviews the system's policy and decides whether or not to include the bid. Mayor Amrhein seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

COMMITTEE REPORT - SYSTEM'S RECOMMENDATIONS COMMITTEE

[NOTE: The System's Recommendations Committee met on February 8, 2017, at the FRS office in Baton Rouge at 2:00 p.m. to discuss the following business set forth in its posted agenda- **(i)** Discussion and action regarding reduction of FRS actuarially assumed interest rate, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mayor Roberts, chairman; Mr. Broussard, Mr. Fredieu, and Mr. Tarleton. Also present were Mr. Birdwell, Mr. Jeselink, Steven Stockstill, Layne McKinney, Denise Poche, Michael Becker, Jamie Grady, Margaret Corley, Annie Smith, David Barnes, and Gary Curran.]

Mayor Roberts gave the System's Recommendations Committee report. He reported that the sole agenda item shown above was discussed and resulted an action item being recommended to the full board. He said the committee voted to recommend that the FRS assumed actuarial earnings rate be reduced by 5 basis points per year over the next five years from 7.5% to 7.25%.

MOTION: After further discussions, Mayor Roberts moved to reduce the FRS assumed actuarial valuation rate by 10 basis points per year over the next five years from 7.5% to 7.00%. Mayor Amrhein seconded. The motion passed.

The discussion of this matter was concluded with no action being needed or taken.

LMA: ON-LINE MERCHANT SALES TAX COLLECTIONS RESOLUTION

Mayor Roberts advised the board that the Louisiana Municipal Association (LMA) had recently adopted a resolution urging the United States Congress to recognize the importance of putting both remote and traditional retailers on a level playing field and to enact destination rate-based legislation that would give states the option to collect sales taxes from remote online retailers in the same manner that local brick-and-mortar merchants currently collect. (see attached Exhibit #5)

MOTION: Mr. Fredieu moved to support the LMA's resolution and to inform LMA of the system's support. Mayor Amrhein seconded. The motion passed.

The discussion of this matter was concluded with no action being needed or taken.

That concluded the System's Recommendations Committee report.

MONTHLY FLASH REPORT - JANUARY 2017

Due to the date of the board meeting and the timing of the investment data availability, or lack thereof, there was no flash report for the month of January 2017. In lieu thereof, Mr. Barnes presented and explained a chart containing the composite returns for each major asset class. (see attached Exhibit #6)

The discussion of this matter was concluded with no action being needed or taken.

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on February 8, 2017, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the following business set forth in its posted agenda- **(i)** The FRS monthly investment performance results for January 2017, **(ii)** 2017 Annual Asset Allocation update and Risk Budget Report, **(iii)** Appraisal appropriation to FRS-GA, LLC, **(iv)** Murphree Venture Partners request to extend operation of fund, **(v)** Proposed distribution option as presented by General Partner

of Greenspring Crossover Ventures fund; and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Mr. Jeselink, chairman; Mr. Adomako, Mr. Broussard, Mayor Roberts, and Mr. Tarleton. Also present were Mr. Birdwell, Mr. Fredieu, Steven Stockstill, Layne McKinney, Denise Poche, Michael Becker, and David Barnes.]

Mr. Jeselink gave the investment committee report. In doing so he recognized Mr. Barnes who recalled his presentation of the investment performance results to the Investment Committee for the month of January 2017. (see minute entry captioned above as "Monthly Flash Report - January 2017")

- 2017 Annual Asset Allocation Update and Risk Budget Report

Mr. Jeselink reported that the 2017 Annual Asset Allocation Update and Risk Budget Report was presented by Mr. Barnes of NEPC, and that NEPC recommended Alternative Mix A as the new asset allocation target for 2017. (see attached Exhibit #7) Mr. Jeselink said the committee voted to accept NEPC's recommendation and to forward that recommendation on to the full board of trustees.

MOTION: Mr. Jeselink acknowledged the foregoing and moved the Investment Committee's recommendation in the form of a motion. Mr. Fredieu seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

- Appraisal Appropriation to FRS-GA, LLC

Layne McKinney addressed the board. He requested an appropriation of up to $6,000.00 to allow FRS-GA, LLC to update its property appraisal.

MOTION: Mr. Fredieu moved to approve the appropriation request of up to $6,000.00 to FRS-GA, LLC for the appraisal. Mr. Broussard seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

- Murphree Venture Partners

Michael Becker, FRS CIO, drew the board's attention to an email received from Murphree Venture Partners, in regards to the MVP Fund VI status. (see attached Exhibit #8) The email requested a written vote on how each Limited Partner would like to proceed with the fund.

The discussion of this matter was concluded with no action being needed or taken.

- Greenspring Crossover Ventures I, L.P.

Mr. Becker presented the board with an email received from Greenspring Associates in regards to Greenspring Crossover Ventures I, L.P. ("Crossover") (see attached Exhibit #9) The email requested feedback regarding a potential distribution that will be made from the fund to its Limited Partners.

The discussion of this matter was concluded with no action being needed or taken.

That concluded the Investment Committee report.

FRS STATEMENT OF CHANGES IN PLAN NET ASSETS AND STATEMENT OF PLAN NET ASSETS

Mr. McKinney, FRS CPA, addressed the board. He drew the board's attention to the Statement of Changes in Plan Net Assets and the Statement of Plan Net Assets. (see attached Exhibit #10) He explained each report on a line-by-line basis.

MOTION: Mr. Jeselink moved to accept the staff reports as presented by Mr. McKinney. Mr. Tarleton seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

FRS ACTUAL TO BUDGET EXPENDITURE COMPARISON

Mrs. Grady, FRS Accountant, addressed the board. She drew the board's attention to the Annual Budget to YTD Actual Comparison. (see attached Exhibit #11) In explaining some of the line items of the report, she highlighted certain variances. Mrs. Grady indicated that, overall, FRS is under-budget for the year.

MOTION: Mr. Jeselink moved to accept the staff reports as presented by Mrs. Grady. Mr. Tarleton seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

PROCEDURE FOR ENROLLMENT INTO DROP

Mr. Starns presented the board with a draft version of amended Procedure No. 02092012. (see attached Exhibit #12) The amendment no longer requires the signature of the Mayor or Fire Chief when a member is enrolling into DROP.

MOTION: Mayor Roberts moved to amend and re-enact Procedure 02092012 and repeal Policy 02092012. Mr. Tarleton seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

FRS LEGISLATION - 2017 REGULAR SESSION

Mr. Stockstill explained the following 2017 legislative bill draft to the board and addressed questions that arose relative thereto-

- Provides regarding offset of disability retirement benefits based on receipt of Workers' Compensation benefits. (see attached Exhibit #13)

MOTION: Mayor Roberts moved to approve submission of the bill draft to the legislature. Mr. Tarleton seconded. The motion passed.

The discussion of this matter was concluded with no further action being needed or taken.

ADJOURNMENT

Mayor Roberts moved to adjourn the meeting. Mr. Tarleton seconded. The motion passed.

FUTURE MEETINGS

FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, March 8, 2017 at 3:00 p.m.

FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, March 9, 2017 at 8:30 a.m.

SUBMITTED BY:

Denise Poche

Denise Poche, FRS Board Secretary

APPROVED BY:

Stacy Birdwell, FRS Chairman