



FIREFIGHTERS RETIREMENT SYSTEM

3100 Brentwood Drive
Baton Rouge, Louisiana 70809
Telephone (225) 925-4060 • Fax (225) 925-4062



MEETING OF THE BOARD OF TRUSTEES April 14, 2016

A meeting of the Board of Trustees was held on April 14, 2016 at the Public Safety Building in Baton Rouge, Louisiana. Mr. Charlie Fredieu, Chairman, called the meeting to order at 8:30 a.m.

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

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

MEMBERS PRESENT

Mr. Charlie Fredieu
Mr. Stacy Birdwell
Mayor David Amrhein
Mr. Perry Jeselink
Mr. John McLean (designee of Commissioner Jay Dardenne)
Senator Barrow Peacock
Ms. Lori Pierce (designee of Treasurer John Kennedy)
Mayor Ron Roberts
Mr. Jerry Tarleton

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Jason Starns
Michael Becker
Denise Poche
Jamie Grady
David Barnes
Jacob Putman
Paul Schmidt
Margaret Corley
Kirk Reasonover
Phil Price
Jason Burge
John Broussard

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**APRIL 14, 2016
PAGE 2**

MINUTES

Mr. Stockstill explained that the following editorial comment had been written into the minutes of the board meeting held on March 10, 2016- "On March 16th, the FRS office was notified that the Treasurer's designee's position had changed from Yes to No. If that position had been taken on the date the original vote occurred, then the vote would have been 4-2 and the motion would have failed due to the 5-vote-rule." He further explained that the editorial comment was going to be stricken from the March 10th minutes because it was an after-event that could now be acted on at the present (April 14th) board meeting.

Mr. Stockstill explained that certain trustees "abstained" from voting on two motions that arose during the March 10th board meeting. He said that, at the time the draft minutes were prepared, he was unsure how Robert's Rules of Order* would require the vote to be listed. So he listed each abstention as a "No" vote in the minutes. Mr. Stockstill said that, after now having had an opportunity to research the question, it was discovered that Robert's Rules says an abstention is not recorded as a yes or a no vote. For that reason, he said each such No vote would be changed to "abstained" instead to accurately reflect the events.

[*NOTE: Article II, Section 1, of the FRS By-Laws provides that "Robert's Rules of Order shall govern in the absence of any applicable law, by-law, or system policy." The following excerpts are from Robert's Rules of Order, Second Edition, Frequently Asked Questions About Voting, p70- Q. Does a member have to vote? A. No. Choosing not to vote is abstaining. Even though having each member vote is in the best interest of the member and the organization, no one can compel a member to vote. Q. Is an abstention counted as a yes vote or a no vote? A. To abstain means "not to vote." You can't count a nonvote. Therefore, an abstention counts as a zero.]

MOTION: After further discussion by the trustees, Mr. McLean moved to approve the minutes of the board meeting held on March 10, 2016, subject to the edits identified above. Mr. Tarleton seconded. The motion passed.

[NOTE: At this time, Chairman Fredieu recognized Senator Peacock who requested that the discussion and action regarding SB3 be taken out of order. Although the action took place at this time, the pertinent minute entry is fully inscribed below in the section related to legislation.]

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

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**APRIL 14, 2016
PAGE 3**

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. Birdwell 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. Jeselink moved to approve the retiree applicants. Mr. Tarleton seconded. The motion passed.

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

- Survivor Application

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

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**APRIL 14, 2016
PAGE 4**

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).

Beverly Benson- Mr. Starns presented the application of Beverly Benson, surviving spouse of Peter Benson Jr. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Beverly Benson. Mr. Tarleton seconded. The motion passed.

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

JOSEPH N. BRYLES V. CANTOR FITZGERALD & CO., ET AL

Joseph N. Bryles v. Cantor Fitzgerald & Co., et al., Civil Action No. 3:10-854-JJB-SCR, United States District Court, Middle District of Louisiana consolidated with *Joseph N. Broyles, et al. versus. Cantor Fitzgerald & Co. et al.*, Civil Action No. 3:10-857-JJB-SCR, United States District Court, Middle District of Louisiana; and *In re Sand Spring Capital III*, Case No. 11-13393, US Bankruptcy Court, District of Delaware - A consolidation of five funds managed by Commonwealth Advisors.

[NOTE: By giving notice on its duly posted agenda, the board of trustees reserved its right to enter executive session pursuant to R.S. 42:17(A)(1) for discussion of character or professional competence of the juridical entities identified in agenda item II(2); The board of trustees further reserved its right to enter executive session pursuant to R.S. 42:17(A)(2) for discussion of strategy or negotiations with respect to actual or prospective litigation where an open meeting would have a detrimental effect on litigation position of FRS in the matters referenced in agenda item II(2) (see litigation cited above); all pertinent notifications had been provided.]

MOTION: Mr. Birdwell moved to enter executive session to discuss the agenda item shown above. Mr. Tarleton seconded. The motion passed unanimously.

MOTION: Mr. Tarleton moved to resume public session. Mayor Roberts seconded. The motion passed unanimously.

MOTION: Mr. Tarleton moved to authorize the law firm of Fishman Haygood to make a settlement demand upon Walter Morales and the Commonwealth funds for the full amount of calculated damages, costs, interest and attorney's fees while preserving all rights against other parties. Mayor Roberts seconded. The motion passed.

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**APRIL 14, 2016
PAGE 5**

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

FRS, ET AL V. CITGO GROUP LIMITED, ET AL

FRS, et al. v. Citgo Group Limited, et al., Suit No. 619601, 19th Judicial District Court, East Baton Rouge Parish, Louisiana

[NOTE: By giving notice on its duly posted agenda, the board of trustees reserved its right to enter executive session pursuant to R.S. 42:17(A)(1) for discussion of character or professional competence of the juridical entities identified in agenda item II(3); The board of trustees further reserved its right to enter executive session pursuant to R.S. 42:17(A)(2) for discussion of strategy or negotiations with respect to actual or prospective litigation where an open meeting would have a detrimental effect on litigation position of FRS in the matters referenced in agenda item II(3) (see litigation cited above); all pertinent notifications had been provided.]

MOTION: Mr. McLean moved to enter executive session to discuss the agenda item shown above. Mr. Jeselink seconded. The motion passed unanimously.

MOTION: Mr. Tarleton moved to resume public session. Mr. Jeselink seconded. The motion passed unanimously.

MOTION: Mayor Roberts moved to authorize the law firm of Preis Gordan to negotiate with the receiver to consider filing a lawsuit in Connecticut against the Royal Bank of Scotland. Mr. Tarleton seconded. The motion passed.

MOTION: Mr. Tarleton moved to authorize the law firm of Preis Gordan to continue to negotiate with CSG, CITGO, Skaddin Arps, Grant Thornton, and Eisner Amper to settle the case pending the federal Middle District Court of Louisiana's decision regarding personal jurisdiction. Mayor Roberts seconded. The motion passed.

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

[NOTE: At this time, Chairman Fredieu recognized Treasury designee Pierce for a point of order regarding a request to change her vote that occurred earlier in the meeting. Although the action took place at this time, the minute entry and vote tally are fully inscribed below in the section related to legislation.]

MONTHLY FLASH REPORT - MARCH 2016

Mr. Barnes presented the monthly flash report for March 2016. (see attached Exhibit #3) The overall fund was up/down as follows: 4.7% for the month of March as compared to the allocation index of 5.2%; -3.5% for the fiscal year to date as compared to the allocation index of -1.4%; -3.7% for the

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**APRIL 14, 2016
PAGE 6**

trailing 12 months as compared to the allocation index of -1.2%; and 1.6% for the trailing 3 years as compared to the allocation index of 4.9%.

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

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on April 13, 2016, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the following business set forth in its posted agenda- HarbourVest Partners Co-Investment Fund IV, and then (i) Monthly flash report for March 2016, (ii) NEPC recommendation regarding Fisher Investment's replacement of CEO, (iii) Request for Proposals, Global Equity (long only) Strategy, (iv) Active vs. Passive investment strategy education presentation; and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Mr. Fredieu, acting chairman; Mr. Jeselink, Ms. Pierce, Mayor Roberts, and Mr. Tarleton. Also present were Mayor Amrhein, Mr. McLean, Steven Stockstill, Layne McKinney, Denise Poche, Michael Becker, David Barnes and Bob Klausner.]

Mr. Fredieu gave the investment committee report. In doing so he first recognized Mr. Stockstill to explain the discussion and action of the committee regarding HarbourVest Partners Co-Investment Fund IV.

- HarbourVest Partners Co-Investment Fund IV

Mr. Stockstill recalled that the Investment Committee received a presentation from one of the system's litigation attorneys, Robert Klausner of Klausner and Kaufmann. (see attached Exhibit #4) Mr. Klausner described to the committee the typical provisions that are in contracts regarding private equity and hedge fund investments. Mr. Klausner explained that those provisions cause problems because they are sometimes not consistent with the laws of the state of Louisiana. He further explained the process that his other Louisiana pension clients use to reconcile the investment contracts with Louisiana law.

Mr. Stockstill said the Investment Committee voted to recommend that FRS retain the office of Klausner and Kaufmann, and incurrence of the cost associated therewith, to compile a list of points that represent the positions of FRS that must be in any contract that the system uses to retain an investment manager; and that the list be prepared for the purpose of submitting to managers when NEPC does their initial review, so that only the managers that pass that screen would be presented to the FRS board for consideration.

MOTION: Mr. Tarleton moved the foregoing recommendation of the Investment Committee in the form of a motion. Mr. Jeselink seconded. The motion passed.

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**APRIL 14, 2016
PAGE 7**

Mr. Stockstill said the Investment Committee also voted to recommend that FRS retain the office of Klausner and Kaufmann, and incurrence of the cost associated therewith, to review the governing documents of HarbourVest and negotiate with HarbourVest to require the insertion of the positions that FRS deems necessary into any governing document or contract involving FRS and HarbourVest Partners Co-Investment Fund IV.

MOTION: Mr. Tarleton moved the foregoing recommendation of the Investment Committee in the form of a motion. Mr. Jeselink seconded. The motion passed.

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

Chairman Fredieu then recognized Mr. Barnes to present the following items that were on the committee's duly posted agenda-

- Fisher Investments - Replacement of CEO

Mr. Barnes reminded the board that the Fisher Investments Institutional Group announced that Damian Ornani was selected to replace Ken Fisher as the firm's Chief Executive Officer, effective July 1, 2016. (see attached Exhibit #5) Mr. Barnes said NEPC recommends no action on the part of FRS.

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

- Request for Proposals, Global Equity (long only) Strategy

Mr. Barnes recalled that the Investment Committee reviewed the draft Request for Proposal (RFP) regarding the FRS search for a Global Equity (long only) Strategy manager. (see attached Exhibit #6) He noted that the committee voted to recommend adoption of the RFP, but including the following edits- (1) The wording of the criteria listed as #2 of the "minimum qualifications" will be rephrased to inquire whether "any individual client makes up more than 50% of the assets of the total strategy being proposed", (2) Additional criteria will be added regarding the applicable governing law and jurisdiction, and (3) The black-out starting date will be changed to April 18th.

MOTION: Mr. Jeselink moved to approve the recommendation of the Investment Committee to adopt the RFP, with the recommended edits. Mr. Tarleton seconded. The motion passed.

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

- Trustee Education - Active/Passive Management Comparative Analysis

Mr. Barnes provided follow-up information related to an educational presentation that he made to the FRS Investment Committee on 04/13/16. (see attached Exhibit #7)

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**APRIL 14, 2016
PAGE 8**

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

That concluded the Investment Committee report.

- GASB 67 & 68; Components/Payments of FRS UAL (Trustee Training)

[NOTE: By giving notice on its duly posted agenda, the board of trustees reserved its right to apply this subject matter as credit for trustee training pursuant to R.S. 11:185.]

Mr. Jacob Putman (associate actuary/G.S. Curran & Co.) presented a report containing information necessary to prepare financial statements which comply with Governmental Accounting Standards Board (GASB) Statements 67 and 68. (see attached Exhibit #8) The report reflected actuarial present values and liabilities based on information through June 30, 2015. The presentation addressed the FRS plan description, comments on the data set forth in the report, account balances, actuarial methods and assumptions, net pension liability and pension expense, and sensitivity to changes in the plan discount rate. Mr. Putman also presented and explained a chart titled "UAL Amortization Schedule Review". (see attached Exhibit #9)

MOTION: Mr. Birdwell moved to approve expenditures up to \$25,000.00 for census data testing as required by GASB 68. Mayor Roberts seconded. The motion passed.

MOTION: Mr. McLean moved to adopt the GASB 67 and 68 financial reports and amortization schedule as presented by G.S. Curran & Company, Ltd. Mr. Birdwell 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 April 13, 2016, 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 appropriation of funds to FRS subsidiary LLC's for purposes of obtaining financial audit or agreed upon procedures, and all related matters (ii) Discussion and action regarding pre-tax treatment of monthly premiums deducted from FRS employees' salary when such employee(s) elect to participate in the Cafeteria Plan of the Louisiana Office of Group Benefits, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mr. Jeselink, chairman; Ms. Pierce, Mayor Roberts and Mr. Tarleton. Also present were Mayor Amrhein, Mr. Fredieu, John McLean, Steven Stockstill, Layne McKinney, Denise Poche, Michael Becker, Michelle Cunningham, and Jamie Grady.]

Mr. Jeselink gave the System's Recommendations Committee report. He reported that the two agenda items were discussed, but only one resulted in an action item being approved for recommendation to the full board.

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**APRIL 14, 2016
PAGE 9**

- Accountancy of FRS Subsidiary LLCs

Mr. Jeselink said the committee discussed whether a full audit or, alternatively, agreed upon procedures would be the appropriate accounting process for the FRS LLCs. He said the committee directed the FRS staff and Michelle Cunningham (FRS auditor) to return to the committee next month with additional information.

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

- Cafeteria Plan of the Louisiana Office of Group Benefits

MOTION: Mr. Jeselink said the committee voted to recommend approval of the FRS employees' participation in the Cafeteria Plan of the Louisiana Office of Group Benefits, with monthly premiums being deducted from each participating employee's salary on a pre-tax basis and he moved that recommendation in the form of a motion. (see attached Exhibit #10) Mr. Tarleton seconded. The motion passed.

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

That concluded the System's Recommendations Committee report.

FRS LEGISLATION - 2016 REGULAR SESSION

Mr. Stockstill explained the following 2016 legislative bills' statuses to the board and addressed questions that arose relative thereto-

- | | |
|----------------|---|
| HB22 Montoucet | RETIREMENT/FIREFIGHTERS: Establishes a funding deposit account for the Firefighters' Retirement System and authorizes the board of trustees of the system to modify required employer contribution rates in certain circumstances and within certain limits in order to fund the account (EG NO IMPACT APV); Status-Pending Senate Referral to Committee 04/06/16 |
| HB24 Montoucet | RETIREMENT/FIREFIGHTERS: Provides that a member of the Firefighters' Retirement System is not eligible for disability retirement benefits if his disability is indirectly a result of a preexisting condition (EG DECREASE APV); Status-Pending Senate Referral to Committee 04/06/16 |
| HB25 Montoucet | RETIREMENT/FIREFIGHTERS: Provides relative to the reemployment of retirees of the Firefighters' Retirement System (EG DECREASE APV); Status-Returned to House Calendar - Subject to Call 04/06/16 |

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**APRIL 14, 2016
PAGE 10**

- HB26 Montoucet RETIREMENT/FIREFIGHTERS: Provides relative to appeals of certain disability eligibility decisions in the Firefighters' Retirement System (EG DECREASE APV); Status-Pending Senate Referral to Committee 04/06/16
- HB27 Montoucet RETIREMENT/FIREFIGHTERS: Provides with respect to payment of interest in certain cases of administrative error in the Firefighters' Retirement System (EG INCREASE APV); Status-Pending Senate Referral to Committee 04/06/16
- HB38 Montoucet RETIREMENT/FIREFIGHTERS: Provides relative to reenrollment in the Firefighters' Retirement System by employees covered by Social Security (EG NO IMPACT APV); Status-Pending Senate Referral to Committee 04/06/16
- HB14 Pearson RETIREMENT/BDS-COMMISSIONS: Replaces the chairman of the House and Senate committees on retirement with the speakers of the House of Representatives and the president of the Senate as trustees on each state and stateside retirement system board; Status-Pending House Retirement Committee
- HB52 Ivey RETIREMENT SYSTEMS: Provides relative to the composition of the Public Retirement Systems' Actuarial Committee; Status-Pending House Retirement Committee
- HB63 Ivey RETIREMENT SYSTEMS: Requires that an hour of annual training for members of boards of trustees of retirement systems be conducted by the legislative auditor; Status-Pending House Retirement Committee
- HB64 Jones RETIREMENT/STATE-STWIDE: Provides relative to the content of reports submitted by state and statewide retirement systems to the legislative retirement committees; Status-Pending House Retirement Committee
- HB78 Ivey ETHICS/FINANCIAL DISCLOS: Requires the executive director of each of the state and statewide retirement systems to file annual financial disclosure statements; Status-Pending House & Governmental Affairs Committee
- SB3 Peacock FIREFIGHTERS RETIREMENT: Provides benefits for members hired on or after January 1, 2017. (6/30/16); Status-Pending Senate Floor

[NOTE: As noted above, Chairman Fredieu had previously recognized Senator Peacock who requested that the discussion and action regarding SB3 be taken out of order. Although the action took place earlier in the meeting, the pertinent minute entry is fully inscribed here.]

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**APRIL 14, 2016
PAGE 11**

MOTION: Senator Peacock moved for the FRS board to not oppose SB3. Mayor Roberts seconded. A roll call vote was taken and the motion failed by the following tally-

Fredieu	No
Birdwell	No
Amrhein	No
Jeselink	No
McLean	No
Peacock	Yes
Pierce	No
Roberts	Yes
Tarleton	No

The tally of this vote was changed from 7-2 to 6-3 based on a change of vote as inscribed herein below, but that did not change the overall outcome of the vote on this motion.

[NOTE: As noted above, Chairman Fredieu had previously recognized Treasury designee Pierce who raised a point of order requesting to change her vote regarding SB3. Although the action took place earlier in the meeting, the pertinent minute entry is fully inscribed here.]

MOTION: Ms. Pierce stated that the Treasurer's office is in support of SB3 and, for that reason, she moved to change her prior vote regarding SB3 from "No" to "Yes". Mayor Roberts seconded. A roll call vote was taken and the motion passed by the following tally, which did not change the outcome of the original motion shown immediately above by Senator Peacock regarding SB3-

Fredieu	Yes
Birdwell	Yes
Amrhein	Yes
Jeselink	Yes
McLean	Yes
Peacock	Absent
Pierce	Yes
Roberts	Yes
Tarleton	Yes

[NOTE: Regarding the question of changing a vote, the following excerpt is taken from Robert's Rules of Order, Second Edition, p71. "Q. Can a member change his or her vote? A. Yes, a member has the right to change his or her vote until the result is announced. After the result is announced, however, the member can change his or her vote only by permission of the assembly. Permission can be granted by general consent or by a motion to grant permission which needs a second, is undebatable, and takes a majority vote to adopt."]

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

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**APRIL 14, 2016
PAGE 12**

ADJOURNMENT

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

FUTURE MEETINGS

**FRS System's Recommendations Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, May 11, 2016 at 2:00 p.m.**

**FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, May 11, 2016**


Upon Adjournment of FRS System's Recommendations Committee

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, May 12, 2016 at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:


Steven S. Stockstill, Executive Director


Mr. Charlie Fredieu, FRS Chairman