



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES November 9, 2017

A meeting of the Board of Trustees was held on November 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
Mr. John Broussard (designee of Treasurer Ron Henson)
Mr. Charlie Fredieu
Mayor Ron Roberts
Mr. Jerry Tarleton

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Denise Poche
Jason Starns
Michael Becker
Jamie Grady
David Barnes
Gary Curran
Paul Schmidt
Lily Fontenot

RETIREE'S REPRESENTATIVE

Mr. Fredieu officially announced that he is resigning from the FRS board of trustees as the Retiree Representative, effective December 31, 2017. He thanked the board, members, and retirees for the many years he was able to serve as chairman. The board chairman asked the executive director to explain the procedures that apply when a trustee resigns from the board before that trustee's term of office has expired. Mr. Stockstill discussed those procedures and indicated that the staff would begin

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**NOVEMBER 9, 2017
PAGE 2**

implementing the procedures when the board chairman exercises his executive authority to call for a special election. Upon receiving that information, chairman Birdwell directed the staff to initiate the procedures for a special election to be held to fill the vacancy that will occur when Mr. Fredieu's resignation becomes effective.

MOTION: To supplement the board chairman's executive authority, and to demonstrate the full board's concurrence with the need for a special election, Mr. Broussard moved to approve a special election to fill Mr. Fredieu's seat on the board. Mr. Tarleton seconded. The motion passed unanimously.

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

MINUTES

MOTION: Mr. Jeselink moved to approve the minutes of the board meeting held on October 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. Adomako seconded. The motion passed.

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

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**NOVEMBER 9, 2017
PAGE 3**

- 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 manager and verified by the system's CPA. 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.

COMMITTEE REPORT - SYSTEM'S RECOMMENDATIONS COMMITTEE

[NOTE: The System's Recommendations Committee met on November 8, 2017, at the FRS office in Baton Rouge at 1:30 p.m. to discuss the following business set forth in its posted agenda- (I) Discussion and action regarding FRS policies, including but not limited to the number of work-hours that determine full time status for purposes of participating in the retirement system, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mayor Roberts, chairman; Mr. Broussard, Mr. Gary Curran, Mr. Fredieu, and Mr. Tarleton. Also present were Mr. Birdwell, Mr. Jeselink, Steven Stockstill, Layne McKinney, Denise Poche, Michael Becker, Jamie Grady, Jason Starns, and Greg Curran]

Mayor Roberts gave the System's Recommendations Committee report. He reported the following action item for consideration by the full board.

- FRS policies, including but not limited to the number of work-hours that determine full time status for purposes of participating in the retirement system

Mayor Roberts recalled that the System's Recommendations Committee thoroughly discussed FRS Policy No. 10241980 that defines the minimum hours required for a person to be employed as a full-time employee for purposes of enrollment and participation in the retirement system. He noted that the Recommendations Committee voted to recommend to the FRS board that FRS Policy No. 10241980 be amended as follows:

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**NOVEMBER 9, 2017
PAGE 4**

First, the following language of the present policy is stricken- "~~An individual must work at least 35 hours per week as an employee and earn at least \$375 per month to be eligible to join the system.~~"

Second, the following language is added to the present policy- "The hours worked by an individual must average at least 35 hour per monthly reporting period to be defined as a full-time employee for purposes of determining eligibility to enroll and participate as a member of the system. For purposes of this policy, the phrase "monthly reporting period" shall refer to each calendar month that an employer submits a report to the system listing each employee that worked an average of at least 35 hours in the applicable calendar month and the contributions that are being remitted to the system on behalf of each such employee. The work hours shall be averaged based on hours that were worked from the first day through the last day of each calendar month, irrespective of the number of pay periods that occur in that month. For clarification, there shall be 12 monthly reporting periods per calendar year."

An employee shall receive pro-rated service credit during the calendar month in which the employee first became eligible to participate in the system and the last calendar month the employee was eligible for such participation ("book ends"). In any calendar month between those two periods in which an employee does not work an average of at least 35 hours, a break in service shall be deemed to have occurred and the employee shall not receive any pro-ration of service credit for such break in service."

[EDITORIAL NOTE- "35 hours per" denotes language that was preserved from the policy being amended.]

MOTION: Mayor Roberts moved the committee's recommendation in the form of a motion. Mr. Tarleton seconded. The motion passed.

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

MONTHLY FLASH REPORT - OCTOBER 2017

Mr. Barnes presented the monthly flash report for October 2017. (see attached Exhibit #3) The overall fund was up/down as follows: 1.1% for the month of October as compared to the allocation index of 1.2%; 4.8% for the fiscal year to date as compared to the allocation index of 5.1%; 15.9% for the trailing 12 months as compared to the allocation index of 15.4%; and 5.7% for the trailing 3 years as compared to the allocation index of 6.5%.

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

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on November 8, 2017, at the FRS office in Baton Rouge upon adjournment of the System's Recommendations Committee meeting to discuss the following business set forth in its posted agenda- (i) Monthly flash report for October 2017, (ii) Results of Request for Proposal related to Small-Mid Cap Equity Manager search, (iii) Discussion and action regarding Second Quarter 2017 Private Equity Review, (iv) Private Equity manager profiles, (v) Second Quarter 2017 Real Estate Review, (vi) Advisory Research Investment Management data security breach, 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, Mayor Amrhein, Mr. Fredieu, Steven Stockstill, Layne McKinney, Denise Poche, Michael Becker, David Barnes, and Chris Hill.]

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

- Small-Mid Cap Equity Manager Search (RFP)

Mr. Barnes presented the results of NEPC's Small-Mid Cap Equity manager search screening process included in NEPC's report titled "Small-Mid Cap Equity Manager Search". The report contained a list of managers being proposed for further consideration in the search. (see attached Exhibit #4) Mr. Barnes noted that the FRS Investment Committee voted to recommend to the board that representatives of the below listed funds be invited to appear for finalist-interviews at the FRS board meeting to be held in January 2018.

- Fidelity Institutional Asset Management
- Quantitative Management Associates, LLC
- Great Lakes Advisors, LLC

MOTION: Mr. Jeselink moved the committee's recommendation in the form of a motion. Mr. Tarleton seconded. The motion passed.

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

- Second Quarter 2017 Private Equity Review

Mr. Barnes presented the board with NEPC's report titled "Second Quarter 2017 Private Equity Review". (see attached Exhibit #5) The report provided a variety of performance analyses for the overall portfolio, including trailing performance, performance by investment stage and vintage year performance. Mr. Barnes addressed questions that arose relative thereto.

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

- Private Equity Manager Search

Mr. Barnes recalled that the board had requested that NEPC bring more manager selection options for the Private Equity Manager Search. He presented the results of NEPC's Private Equity manager search screening process included in NEPC's report titled "Private Equity". The report contained a list of managers being proposed for further consideration in the search. (see attached Exhibit #6) Mr. Barnes noted that the FRS Investment Committee voted to recommend to the board that representatives of the below listed fund be invited to appear for a finalist-interview at the FRS board meeting to be held in December 2017.

- Carlyle Partners VII L.P.

MOTION: Mr. Jeselink moved the committee's recommendation in the form of a motion. Mr. Tarleton seconded. The motion passed.

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

- Second Quarter 2017 Real Estate Review

Mr. Barnes presented the board with NEPC's report titled "Second Quarter 2017 Real Estate Review". (see attached Exhibit #7) The report provided a variety of performance analyses for the overall portfolio, including trailing performance, performance by investment stage and vintage year performance. Mr. Barnes addressed questions that arose relative thereto.

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

- Advisory Research

Mr. Becker, FRS CIO, advised the board that Advisory Research Investment Management recently notified FRS of a security breach regarding data contained in all investors accounts, including FRS' account. (see attached Exhibit #8) Mr. Becker stated that he had spoken to the Managing Director, Matt Swaim, as well as the Chief Compliance Officer. Advisory Research stated that at this time, they are not aware of any misuse of account information by unauthorized third parties. On behalf of the FRS board, chairman Birdwell directed the staff to request Advisory's appearance before the board to provide further information.

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

That concluded the Investment Committee report.

RECESS FRS BOARD MEETING

CONVENE FRS-LB#3 ADVISORY COMMITTEE

[NOTE: The FRS-LB#3 Advisory Committee met on November 9, 2017, at the FRS office in Baton Rouge at 8:30 a.m. to discuss the following business set forth in its posted agenda- Discussion and action regarding a letter from the City of Gainesville GA inquiring regarding an interest in purchasing 50-70 acres of property held by FRS-GA LLC in joint ownership with Gainesville Vision LLC, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mr. Stockstill, manager; Mr. Birdwell, Mr. Jeselink, Mr. Adomako, Mayor Amrhein, Mr. Broussard, Mr. Fredieu, Mayor Roberts, and Mr. Tarleton. Also present were Layne McKinney, Denise Poche, Michael Becker, David Barnes, Gary Curran, Paul Schmidt and Lily Fontenot.]

Mr. Stockstill advised the committee that FRS-GA, LLC had received a letter from Attorney Abbot S. Hayes, Jr, who represents the City of Gainesville, Georgia. (see attached Exhibit #9) He inquired of FRS-GA, LLC's willingness to engage in discussions regarding the possibility of the City acquiring a 50 to 70 acre portion of the large tract, located in the northeast end of the City. Mr. Stockstill said the City is asking FRS-GA to provide information regarding the amount it would be willing to accept for sale of the partial tract.

All members of the advisory committee expressed an interest in further discussions regarding the Gainesville inquiry. However, Mayor Amrhein recommended, and the full committee concurred, that the most efficient manner to further discussions was to ask the City of Gainesville to submit a proposal with more specificity and a proposed purchase offer. Upon receipt thereof, the committee would be in a position to make recommendations.

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

ADJOURN FRS-LB#3 LLC ADVISORY COMMITTEE

RE-CONVENE FRS BOARD MEETING

ACTUARIAL VALUATION - FY 2016-17

Mr. Curran, FRS Actuary, addressed the board. He drew the board's attention to the FRS Annual Valuation for FY 2016-17. (see attached Exhibit #10) Mr. Curran then explained the pertinent portions of the valuation, including the schedules. He highlighted the Summary Results by indicating that, since last year, FRS has - (i) Increased its funding percentage from 75.48% to 75.82%, (ii) Increased its UAL by \$20.1 million, and (iii) Decreased the employer contribution rate by 0.25% beginning July 1, 2018.

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**NOVEMBER 9, 2017
PAGE 8**

After receiving several questions from the board members, and discussing subjects related thereto, Mr. Curran concluded his presentation.

MOTION: Mr. Broussard moved to adopt the Valuation report as presented by Mr. Curran. Mr. Tarleton seconded. The motion passed.

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

**FRS STATEMENT OF PLAN NET ASSETS AND STATEMENT OF CHANGES IN PLAN
NET ASSETS, Q1 FY2017-18**

Mr. Layne McKinney, FRS CPA, addressed the board. He drew the board's attention to the Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets. (see attached Exhibit #11) He explained each report on a line-by-line basis.

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

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

FRS BUDGET TO ACTUAL COMPARISON

Ms. Grady, FRS Accountant, addressed the board. She drew the board's attention to the FRS Budget to Actual Comparison. (see attached Exhibit #12) In explaining some of the line items of the report, she highlighted certain variances.

MOTION: Mr. Tarleton moved to accept the staff report as presented by Ms. Grady. Mayor Roberts seconded. The motion passed.

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

FRS POLICY

Ms. Grady presented the board with FRS Policy No. 09281983(b), titled "Employee Annual and Sick Leave Policy". (see attached Exhibit #13) She stated that the policy was being amended to add the wording "including early voting" to Section 8-Civil, Emergency, and Special Leave. The present FRS policy already recognizes an employee's right to have limited paid leave time for purposes of voting in governmental elections. However, the FRS policy had not yet been updated to recognize the state's change of law whereby absentee voting had been changed to an all-purpose, early voting period.

MOTION: Mayor Roberts moved to approve amending the policy to include early voting as part of the Civil, Emergency, and Special Leave. Mr. Tarleton seconded. The motion passed.

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**NOVEMBER 9, 2017
PAGE 9**

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

FRS LEGISLATION - 2018 REGULAR SESSION

Mr. Stockstill explained the following 2018 legislative bill drafts to the board and addressed questions that arose relative thereto-

- Provides with respect to the Deferred Retirement Option (DROP) Plan and the subaccount to which individuals' benefits are deposited. Mr. Jeselink moved to approve submission of the bill draft to the legislature. Mayor Roberts seconded. The motion passed. (see attached Exhibit 14)
- Provides with respect to the refund of accumulated employee contributions and to repeal the provision allowing for accelerated refunds based on hardship. Mayor Roberts moved to approve submission of the bill draft to the legislature. Mr. Tarleton seconded. The motion passed. (see attached Exhibit 15)
- Provides with respect to fiduciary relationships with system's investment advisors, jurisdiction and time limitations for institution of any lawsuit relative thereto, and disclosures required by system's investment advisors. Mr. Tarleton moved to approve submission of the bill draft to the legislature. Mayor Roberts seconded. The motion passed. (see attached Exhibit 16)

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

ADJOURNMENT

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

FUTURE MEETINGS

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, December 13, 2017 at 3:00 p.m.
and
Thursday, December 14, 2017 at 8:30 a.m.**

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**NOVEMBER 9, 2017
PAGE 10**

SUBMITTED BY:

A handwritten signature in blue ink that reads "Denise Poche".

Denise Poche, FRS Board Secretary

APPROVED BY:

A handwritten signature in blue ink that reads "Stacy Birdwell".

Stacy Birdwell, FRS Chairman