FIREFIGHTERS' RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES
September 13, 2018

A meeting of the Board of Trustees was held on September 13, 2018 at the Firefighters' Retirement System building in Baton Rouge, Louisiana. Mr. Stacy Birdwell, Chairman, called the meeting to order at 8:30 a.m. on September 13, 2018.

Mr. Jeselink gave the invocation and Mr. Romero 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 John Schroder)
Mr. Louis Romero
Mr. Jerry Tarleton
Mayor Ronny Walker

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Denise Poche
Michael Becker
Jason Starns
Ben Johnson
Brennan Leblanc
David Barnes
Gary Curran
Paul Schmidt
William Gorrondona
Thomas Sheldon
Trea Welch

MINUTES

MOTION: Mr. Tarleton moved to approve the minutes of the board meeting held on August 15-16, 2018. Mr. Adomako 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. Mayor Walker 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. Mayor Walker seconded. The motion passed.

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

- Disability Applications

PROCEDURE: To obtain disability benefits, a member must furnish the retirement office with an application for disability retirement. For the following applicant(s), the application for disability retirement, current job duties, and all medical records pertaining to the injury or illness were received and reviewed by the retirement office staff. An appointment was scheduled with a State Medical Disability Board doctor specializing in the area of the claimed disability. The doctor submitted a detailed report in laymen's terms of his findings based on the examination performed and the medical records reviewed. Prior to the meeting, the board of trustees was provided with the disability application, job description, State Medical Disability Board doctor's report and all medical records related to each applicant, for their review. (R.S. 11:215, 216, 218, & 2258)

[NOTE: By giving advance notice on its duly posted agenda, the board of trustees reserved the right to enter executive session pursuant to R.S. 42:17(A)(1) for discussion of any privacy protected physical or mental health information related to the disability applicants.]

[redacted] - Mr. Starns presented the disability application of [redacted]. [NOTE: Although the staff recommendation was not stated on the record, it was included on the cover sheet of the disability application package that was provided to the board members in advance of the meeting. Mr. Starns stated that, based on the report by State Medical Disability Board doctor, Dr. Gerald Calegan, the staff recommendation was for approval of Application for Disability Retirement (Non-Job-Related) and suspending the requirement of disability recertification.]

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

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

MOTION: Mr. Tarleton moved to accept the staff recommendation regarding [redacted] based solely on the merits of this particular case. Mr. Romero seconded. The motion passed.

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. 3:13-cv-00373-SDD-EWD, U.S. District Court, Middle District, 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)(2) for discussion of strategy or negotiations with respect to actual or prospective litigation, and where an open meeting would have a detrimental effect on

the litigation position of FRS in the judicial matter cited in Agenda Item II(1); all pertinent notifications had been provided.]

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

MOTION: Mr. Broussard moved to resume public session. Mr. Adomako seconded. The motion passed unanimously.

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

MONTHLY FLASH REPORT - AUGUST 2018

Mr. Barnes presented the monthly flash report for August 2018. (see attached Exhibit #3) The overall fund was up/down as follows: 0.1% for the month of August as compared to the allocation index of 0.4%; 2.0% for the fiscal year to date as compared to the allocation index of 2.3%; 6.4% for the trailing 12 months as compared to the allocation index of 7.8%; and 8.1% for the trailing 3 years as compared to the allocation index of 9.3%.

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

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on September 12, 2018, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the following business set forth in its posted agenda- **(I)** Feasibility of requesting Louisiana Attorney General opinion regarding certain laws governing FRS investments, **(ii)** Asset allocation mixes previously submitted by NEPC, **(iii)** Comparison of 2018 Private Equity Fund of Funds Manager Search Finalists, 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, and Mr. Romero. Also present were Mr. Birdwell, Mayor Amrhein, Mayor Walker, Steven Stockstill, Layne McKinney, Denise Poche, Michael Becker, Andrew Tufts, Elizabeth Thornton, and David Barnes.]

Mr. Jeselink gave the Investment Committee report. He stated all agenda items above were discussed but resulted in no action items. He did recognize Mr. Barnes who recalled his presentation of the monthly flash report to the Investment Committee for the month of August 2018. (see minute entry captioned above as "Monthly Flash Report - August 2018")

- Louisiana Attorney General Opinion - Construction of Contracts

Mr. Stockstill addressed the board. He stated that there is a legal theory in Louisiana law that applies where a contract is executed in Louisiana with both parties to the contract being domiciled in

Louisiana. In that case, Louisiana law governs the contract unless otherwise specified. Alternatively, if one party to the contract is not a domiciliary of Louisiana, then that party is known as a foreign domiciliary if the person is domiciled anywhere in the United States except Louisiana, or the party is know as an alien domiciliary if the person is domiciled outside of the United States. If you have a foreign or alien domiciliary that is party to a contract, then you have someone who is from outside of the state of Louisiana as a party to the contract and someone who is from inside of Louisiana that is also a party to the contract. The question arises regarding which law applies? Louisiana law or the foreign/alien jurisdiction's law? Under Louisiana law, in contractual matters, the parties have the right to select which jurisdiction's laws will apply. The parties can simply reach an agreement regarding which jurisdiction's laws they want to govern the contract. In all of FRS' prior cases, FRS has contracted with people who are non-domiciliaries of Louisiana. They have been foreign or alien entities that FRS has contracted with and the prevailing legal theory was that the parties had a choice of law, whether Louisiana law or the foreign/alien law would apply. However, in response to the recent SEC inquiry about the growing trend of managers trying to dilute or completely do away with their fiduciary duty, that gave an incentive to make sure that those new clauses in contracts are consistent with Louisiana law. The more recent contracts are beginning to dilute the fiduciary duty. Mr. Stockstill questioned that trend in light of the choice of law theory, i.e., can FRS waive Louisiana law and agree to the dilutative contractual clauses. Going through that analysis, FRS contacted multiple attorneys for their opinion on the matter. Mr. Stockstill stated one thing that all lawyers seemed to agreed about was that Louisiana law cannot be waived.

Mr. Stockstill introduced Mr. Bob Klausner, attorney, and Mr. Trae Welch, attorney, and asked them to provide their commentary. Both lawyers spoke in support of seeking an attorney general's opinion based on a need for clarity regarding the application of Louisiana law.

MOTION: Mr. Broussard moved to try to work with the other state and statewide retirement systems to draft a request for an attorney general's opinion with sufficient documentation supporting the fact that the request is not being based on pending litigation but actual facts that are in contracts and contractual law; and, moreover, should the other retirement systems not be willing to go forward with the request, then the FRS board of trustees authorizes its executive director to draft and submit a letter requesting an attorney general opinion on behalf of FRS. Mayor Walker seconded. The motion passed.

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

- Asset Allocation Mixes

Mr. Stockstill reminded the board that, if the attorney general's opinion, as discussed in the minute entry immediately above, came back saying that FRS cannot enter into those types of dilutative contracts and must cease and desist from executing them, then the board might recall that Mr. Barnes had previously submitted an Asset Allocation Mix that did not have any allocation towards Private Equity. (see attached Exhibit #4)

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

- Comparison of 2018 Private Equity Fund of Funds Manager Search Finalists

Mr. Barnes presented the Investment Committee with the Comparison of 2018 Private Equity Fund of Funds Search Finalists report. (see attached Exhibit #5) He stated that it is still NEPC's recommendation to allocate $50 million to Harbourvest Partners and $20 million to Private Advisors.

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

That concluded the Investment Committee report.

RECESS FRS BOARD MEETING

MOTION: Mr. Broussard moved to recess the FRS board meeting and convene a meeting of the FRS-LLC Joint Advisory Committee. Mr. Tarleton seconded. The motion passed.

CONVENE FRS-LLC JOINT ADVISORY COMMITTEE MEETING

[NOTE: The FRS-LLC Joint Advisory Committee met on September 13, 2018, 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 recommendations to manager regarding appraised values of Limited Liability Corporations identified as FRS-LB#3 and FRS-GA, 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. Romero, Mr. Tarleton, and Mayor Walker. Also present were Layne McKinney, Denise Poche, Michael Becker, Ben Johnson, David Barnes, Gary Curran, Brennan Leblanc and Paul Schmidt.]

Appraised Values of Limited Liability Corporations FRS-LB#3 and FRS-GA

Mr. Stockstill presented the advisory committee with an appraisal report of the property held by FRS-GA along with Municipal Employees' Retirement System. (see attached Exhibit #6) He stated that Municipal Employees' Retirement System recently had obtained an appraisal of the property's value. According to the appraisal, the land was valued at $26.6 million dollars, which if it were sold at that value would give FRS-GA a good recovery of its initial investment.

MOTION: Mr. Tarleton moved to advise the manager to explore joining with MERS to put the Georgia property on the market for a period of 18 months, with an option to extend it to

24 months, at a sale value equal to the appraised value of $26.6 million dollars, plus or minus $1 million dollars. Mr. Broussard seconded. The motion passed.

Mr. Stockstill then presented the advisory committee with an appraisal report of the property held by FRS-LB#3. (see attached Exhibit #7) According to the appraisal, the land was valued at $9.28 million dollars.

MOTION: Mr. Tarleton moved to advise the manager to explore the cost of marketing the St. George, Utah property and come back to the advisory committee with a cost analysis to put the property on the market for the appraised value of $9.28 million for a period of 18 months, with an option to extend to 24 months. Mayor Walker seconded. The motion passed.

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

ADJOURN FRS-LLC JOINT ADVISORY COMMITTEE MEETING

RE-CONVENE FRS BOARD MEETING

MOTION: Mr. Tarleton moved to reconvene the FRS Board Meeting. Mr. Jeselink seconded. The motion passed.

BANK OF NEW YORK EDUCATION SESSION

Mr. Schmidt with the Bank of New York presented the board with an hour long educational session related to the role of a custodial bank, selecting subcustodians, the life cycle of a securities trade transaction, global institutional accounting, class action processing and filing, compliance monitoring, daily cash sweep investing, technology and how BoNY delivers information, and all related matters.

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

RE-AMORTIZATION SCHEDULES AND COLAS

Mr. Curran advised the board that G.S. Curran and Company is continuing to work on the re-amortization schedules and one item they have observed thus far in the process is that restructuring the amortization schedule now looks even more favorable. He stated that hopefully, by the next board meeting, his office would have a report prepared with some recommendations.
Mr. Birdwell advised Mr. Curran that he had received numerous phone calls in the past week from retirees questioning when a COLA could be granted. In response, Mr. Curran discussed the laws and financial criteria that must be satisfied before a COLA can be paid to retirees.

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

ADJOURNMENT

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

FUTURE MEETINGS

FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, October 10, 2018 at 3:00 p.m.

FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, October 11, 2018 at 8:30 a.m.

SUBMITTED BY:

Denise Poche, FRS Board Secretary

APPROVED BY:

Stacy Birdwell, FRS Chairman