



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES March 10, 2016

A meeting of the Board of Trustees was held on March 10, 2016 at the Public Safety Building in Baton Rouge, Louisiana. Mr. Stacy Birdwell, Vice-Chairman, called the meeting to order at 8:30 a.m.

Mr. Jeselink gave the invocation and Ms. Matthews led the pledge of allegiance.

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

MEMBERS PRESENT

Mr. Stacy Birdwell
Mayor David Amrhein
Mr. Perry Jeselink
Ms. Amy Matthews (designee of Treasurer John Kennedy)
Mr. John McLean (designee of Commissioner Jay Dardenne)
Mayor Ron Roberts
Mr. Jerry Tarleton

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Jason Starns
Michael Becker
Denise Poche
Brandi Brown
Jamie Grady
David Barnes
Mark Cintolo
Gary Curran
Tom Heiner
Kirk Reasonover
Spencer King

MINUTES

MOTION: Mr. Tarleton moved to approve the minutes of the board meeting held on February 11, 2016, subject to certain technical corrections. Mayor Roberts 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. Jeselink moved to approve the new member applicants. Mr. Tarleton 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. Jeselink seconded. The motion passed.

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

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- 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 license (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).

Francis Frazier-Mr. Starns presented the application of Francis Frazier, surviving spouse of Homer Leroy Frazier. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Francis Frazier. Mr. Jeselink seconded. The motion passed.

Alice Whittington Greene-Mr. Starns presented the application of Alice Whittington Greene, surviving spouse of Dallas Whorton Greene Jr. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Alice Whittington Greene. Mr. Jeselink seconded. The motion passed.

Carla Jean Marsh-Mr. Starns presented the application of Carla Jean Marsh, surviving spouse of Johnny Marsh Jr. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Carla Jean Marsh. Mr. Tarleton 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

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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 advance review. (R.S. 11:215, 216, 218, & 2258)

[NOTE: By giving advance 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 any privacy protected physical or mental health information related to the disability applicants.]

██████████ Mr. Starns presented the disability application of ██████████. He advised the board that based upon the report by State Medical Disability Board doctor, Dr. Thad Broussard, the staff recommendation was for the approval of job-related disability retirement and suspension of disability recertification.

MOTION: Mr. Tarleton moved to accept the staff recommendation regarding ██████████ Mr. Jeselink seconded. The motion passed.

██████████ Mr. Starns presented the disability application of ██████████. He advised the board that based upon the report by State Medical Disability Board doctor, Dr. Thad Broussard, the staff recommendation was for the approval of job-related disability retirement and continuation of disability recertification.

MOTION: Mr. Jeselink moved to accept the staff recommendation regarding ██████████. Mr. Tarleton seconded. The motion passed.

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

BROYLES v. CANTOR ET AL

Joseph N. Broyles 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 the litigating position of FRS in the matters referenced in agenda item II(2) (see litigation cited above); all pertinent notifications had been provided.]

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

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

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

TIMBERVEST LLC - BUSINESS CONTINUITY PLAN

Mr. Becker, FRS CIO, advised the board that the principles of TimberVest LLC, recently received a ruling in an SEC administrative proceeding that could lead to their being disqualified to act as managers of the TimberVest LLC fund. (*In the Matter of TimberVest LLC, Joel Barth Shapiro, Walter William Anthony Boden III, Donald David Zell Jr., and Gordon Jones II*, SEC Administrative Proceeding, File No. 3-15519) Mr. Becker explained that he asked the managers of TimberVest to provide a Business Continuity Plan in case they become disqualified. The managers provided a plan to FRS. (see attached Exhibit #3) Mr. Becker explained the plan and responded to several questions by the board members.

MOTION: After a thorough discussion, Mr. Tarleton moved to refer the matter to the law firm of Reasonover & Associates for further advisement of the options available to FRS, with the objective of removing the present principles from any role as fund managers. Mayor Roberts seconded. The motion passed.

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

MONTHLY FLASH REPORT - FEBRUARY 2016

Mr. Barnes presented the monthly flash report for February 2016. (see attached Exhibit #4) The overall fund was up/down as follows: -0.1% for the month of February as compared to the allocation index of 0.1%; -7.8% for the fiscal year to date as compared to the allocation index of -6.3%; -8.5% for the trailing 12 months as compared to the allocation index of -6.7%; and 0.8% for the trailing 3 years as compared to the allocation index of 3.9%.

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

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on February 10, 2016, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the following business set forth in its posted agenda- (i) Monthly flash report for February 2016, (ii) NEPC 2016 Asset Liability Study dated 03/09/16, (iii) Sale of Simmons & Company International's 50% ownership interest in the fund known as Energy Opportunities Capital

Management, (iv) Closing of fund know as the BlackRock Global Focus Strategy, (v) Contractual provisions governing HarbourVest Partners Co-Investment Fund IV; and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Mr. Birdwell, chairman; Mr. Jeselink, Ms. Matthews, Mr. McLean, Mayor Roberts, and Mr. Tarleton. Also present were Mayor Amrhein, Steven Stockstill, Layne McKinney, Brandi Brown, Denise Poche, Michael Becker, David Barnes and Mark Cintolo.]

Mr. Birdwell 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 February 2016. (see minute entry captioned above as "Monthly Flash Report - February 2016")

- NEPC Asset Liability Study 2016

Mr. Barnes recalled that the 2016 Asset Liability Study published by NEPC was presented to the Investment Committee. (see attached Exhibit #5) He further recalled that the Investment Committee voted to recommend to the full board Mix B as the new asset allocation policy targets. (see p152 of Exhibit #5) Chairman Birdwell confirmed the recommendation of the Investment Committee.

MOTION: Mayor Roberts moved to approve the recommendation of the Investment Committee regarding adoption of Mix B of the proposed asset allocation. Mr. Tarleton seconded. A roll call vote was taken and the motion passed by the following tally-

Birdwell	Yes
Amrhein	No
Jeselink	Yes
Matthews	Yes
McLean	Yes
Roberts	Yes
Tarleton	Yes

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

- Energy Opportunity Capital Management

Mr. Barnes notified the board that the Energy Opportunity Capital Management fund recently announced that one of the shareholders in the fund ("SCI") agreed to sell its 50% stake in the fund to several of the fund managers. Based on that information, NEPC recommended a "Watch" status for the strategies managed by the Energy Opportunity Capital Management fund. [NOTE: NEPC's Watch status means that issues have surfaced which may or may not undermine the long-term viability of the product, but which are considered serious in the near-term. A memo furnished by NEPC indicated that NEPC intends to reevaluate the Watch status in six months, and will closely

monitor asset flows, performance, and additional changes to the investment during the six-month period. (see attached Exhibit #6)]

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

- BlackRock Global Focus Strategy (and KBI Water Fund)

Mr. Barnes recalled that FRS has an investment in the BlackRock Global Focus Strategy and the portfolio manager left the BlackRock firm. Consequently, BlackRock decided to close the strategy. (see attached Exhibit #7) He said NEPC recommends that FRS redeem its full value of the BlackRock Global Focus Strategy and temporarily invest those funds, along with the funds received from the KBI water fund redemption, in an index fund that seeks to replicate the ACWI index. Mr. Barnes said the Investment Committee voted to adopt NEPC's recommendation and also voted to recommend placement of those funds in the Mellon ACWI index fund and to forward those recommendations to the full board for consideration.

MOTION: Mayor Roberts moved to accept the recommendations of NEPC and the Investment Committee. Mr. Jeselink seconded. A roll call vote was taken and the motion passed by the following tally-

Birdwell	Yes
Amrhein	Yes
Jeselink	Yes
Matthews	Yes
McLean	Yes
Roberts	Yes
Tarleton	Yes

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

That concluded the Investment Committee report.

FRS CORRECTION OF DISABILITY BENEFITS

Mr. Starns, FRS Benefits Manager, explained that state law requires the retirement system to reduce or "offset" the benefits of a disability retiree who is employed and the combination of his disability benefits, plus earned income, exceeds the final average compensation that he was earning as a firefighter. He further explained that the retirement system staff began a review process in 2013 to assure that the offset is being applied correctly. He explained that he recently concluded a comprehensive review of all disability retirees who are not receiving workers' compensation benefits. He found that some disability retirees benefits were not being calculated correctly. He said he recalculated their benefits and had the FRS CPA and the FRS Actuary review the corrections. He

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explained the basis for the errors found in the members files. He said the staff is requesting authority to pay the effected members 90% of the total back-payment that will be due to them, pending the outcome of legislation being heard this year which allows for interest to be included in the correction to benefits. He said the remaining 10% would be paid after the bill passes (if it passes), plus interest. He clarified that, if the full back-payment is paid now, then their file would be closed out before the bill authorizing interest passes, if it passes.

MOTION: After further lengthy discussions, Mayor Amrhein moved to authorize the back-payment of underpaid disability benefits at 90% of the total, with a permanent correction of benefits on a going-forward basis. Messrs. Jeselink and Tarleton jointly seconded. The motion passed.

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

FRS LEGISLATION - 2016 REGULAR SESSION

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

HB14 Pearson RETIREMENT/BDS - COMMISSIONS: Replaces the chairmen of the House and Senate committees on retirement with the speaker of the House of Representatives and the president of the Senate as trustees on each state and statewide retirement system board

MOTION: Mr. Jeselink moved to take a neutral position regarding HB14. Mayor Amrhein seconded. The motion passed.

HB52 Ivey RETIREMENT SYSTEMS: Provides relative to the composition of the Public Retirement Systems' Actuarial Committee

MOTION: Mr. Jeselink moved to take a neutral position regarding HB52, unless there is opposition to the bill from any other affected retirement system and, if there is such opposition, then the board reserves its right to join such system in opposition to HB52. Mr. Tarleton seconded. The motion passed.

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

MOTION: Ms. Matthews moved to take a neutral position regarding HB63. Mr. Jeselink seconded. The motion passed.

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HB64 Jones RETIREMENT/STATE-STWIDE: Provides relative to the content of reports submitted by state and statewide retirement systems to the legislative retirement committees

MOTION: Mr. Jeselink moved to take a neutral position regarding HB64, unless such bill requires the public disclosure of information that would ordinarily be protected by an exception to the public records laws which, if that is the case, then the board reserves its right to oppose HB64. Mayor Amrhein seconded. The motion passed.

HB78 Pearson ETHICS/FINANCIAL DISCLOS: Requires the executive director of each of the state and statewide retirement systems to file annual financial disclosure statements

MOTION: Mayor Amrhein moved to take a supportive position regarding HB78. Mr. Tarleton seconded. The motion passed.

SB3 Peacock FIREFIGHTERS RETIREMENT: Provides benefits for members hired on or after January 1, 2017. (6/30/16)

MOTION: Mr. Jeselink moved to take a position in opposition regarding SB3. Mr. Tarleton seconded. A roll call vote was taken and the motion failed by the following tally-

Birdwell	Yes
Amrhein	Yes
Jeselink	Yes
Matthews	Abstain*
McLean	Abstain*
Roberts	Absent
Tarleton	Yes

5-Vote-Rule. According to law, any FRS motion requires 5 affirmative votes to pass. This motion failed by a vote of 4-0. (R.S. 11:2260(A)(6))

MOTION: Ms. Matthews moved to take a position in opposition regarding SB3, but that would change to a position in support of SB3 if the following two amendments are added to the bill-

- (1) The portion of the bill that reduces the benefit accrual rate would not apply to any disability retiree or survivor whose benefit is based on a calculation using the benefit accrual rate as a factor.
- (2) The employee contribution rate of any person employed after January 1, 2017, would be reduced by one-percent in perpetuity.

Mr. Jeselink seconded. A roll call vote was taken and the motion passed by the following tally-

Birdwell	Yes	
Amrhein	Yes	
Jeselink	Yes	
Matthews	Yes	
McLean		Abstain*
Roberts		Absent
Tarleton	Yes	

[*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.]

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

OPTION/ACTUARIAL EQUIVALENCE FACTORS

Mr. Greg Curran, FRS Actuary, explained the need to update certain mortality tables for persons retiring on or after July 1, 2016. (see attached Exhibit #8) He said that the tables are used for purposes of the annual FRS actuarial valuation.

MOTION: Mr. Tarleton moved to approve the new actuarial assumptions and mortality table, effective beginning July 1, 2016. Mayor Amrhein seconded. The motion passed.

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

FRS LEAVE POLICY

Mr. Stockstill explained that the FRS leave policy had not yet been updated to conform to the federal Family and Medical Leave Act of 1993 (FMLA Act). He then recommended that the FRS leave policy be updated to authorize any FRS employee to use or apply his or her accrued annual, sick, or compensatory leave to care for themselves or any person identified in the FMLA Act.

MOTION: After further discussion, Mr. McLean moved to amend the present FRS leave policy to allow any FRS employee to use or apply his or her accrued annual, sick, or compensatory leave to care for themselves or any person identified in the FMLA Act. Mr. Jeselink seconded. The motion passed.

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

ADJOURNMENT

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

FUTURE MEETINGS

**FRS System's Recommendations Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, April 13, 2016 at 2:00 p.m.**

**FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, April 13, 2016 at 3:00 p.m.**

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, April 14, 2016 at 8:30 a.m.**

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SUBMITTED BY:

APPROVED BY:



Steven S. Stockstill, Executive Director



Mr. Stacy Birdwell, FRS Vice-
Chairman (Acting in absence of Board
Chairman)