



FIREFIGHTERS RETIREMENT SYSTEM

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



MEETING OF THE BOARD OF TRUSTEES May 11, 2017

A meeting of the Board of Trustees was held on May 11, 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

OTHERS PRESENT

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

MINUTES

MOTION: Mr. Adomako moved to approve the minutes of the board meeting held on April 13, 2017. Mr. Jeselink 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. Adomako 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. 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**

**MAY 11, 2017
PAGE 3**

- 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)

MOTION: Mr. Jeselink moved to enter executive session. Mayor Roberts seconded. The motion passed unanimously.

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

Myrtle Begnaud Champagne- Mr. Starns presented the application of Myrtle Begnaud Champagne, surviving spouse of Louis Nelson Champagne. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Myrtle Begnaud Champagne. Mr. Adomako seconded. The motion passed.

Janis Patrick Johnson- Mr. Starns presented the application of Janis Patrick Johnson, surviving spouse of James Patrick Johnson. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Janis Patrick Johnson. Mayor Amrhein seconded. The motion passed.

Barry C. Weinstein - Mr. Starns presented the Drop/Option 4 selection application of Barry C. Weinstein. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the Drop/Option 4 selection application of Barry C. Weinstein. Mayor Roberts seconded. The motion passed.

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

MONTHLY FLASH REPORT - APRIL 2017

Mr. Barnes presented the monthly flash report for April 2017. (see attached Exhibit #3) The overall fund was up/down as follows: 1.1% for the month of April as compared to the allocation index of 1.0%; 11.6% for the fiscal year to date as compared to the allocation index of 10.2%; 11.9% for the trailing 12 months as compared to the allocation index of 11.1%; and 3.7% for the trailing 3 years as compared to the allocation index of 5.0%.

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

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on May 10, 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 April 2017, (ii) NEPC recommendation regarding Acadian Asset Management CEO Succession, (iii) NEPC recommendation regarding OFI Asset Management Emerging Markets Equity Team Update, (iv) NEPC Consultant Contract Annual Fee Report; 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 Mayor Roberts. 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 April 2017. (see minute entry captioned above as "Monthly Flash Report - April 2017")

- Acadian Asset Management CEO Succession

Mr. Barnes notified the board that Acadian Asset Management had recently announced the next phase of its leadership succession plan that was initiated in 2012. Acadian CEO Churchill Franklin announced that his five year term will finish at the end of 2017. John Chisholm (Acadian co-founder and Chief Investment Officer) and Ross Dowd (Chief marketing Officer) have been appointed as co-CEOs of Acadian, effective January 1, 2018. NEPC recommended to the investment committee that no action be taken at this time. (see attached Exhibit #4) In turn the investment committee voted to accept NEPC's recommendation and to forward that recommendation to the full board.

MOTION: Mr. Jeselink moved to accept the recommendations of NEPC and the Investment Committee to take no action regarding Acadian Asset Management's CEO Succession. Mayor Roberts seconded. The motion passed.

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

- OFI Asset Management

Mr. Barnes advised the board that there had been a personnel change on the OFI Emerging Market equity team. (see attached Exhibit #5) Mr. Barnes recalled that FRS originally hired OFI with some concerns that there were only five OFI investment professionals managing the multi-billion dollar fund. OFI was hired with a precondition that any change or reduction in the OFI management team might possibly result in the termination of OFI. NEPC had recommended that the Investment Committee take no action at this time. Mr. Barnes stated that the NEPC research team concluded that the OFI strategy still maintains appropriate resources. He said, although there has been a change in the OFI team, the overall number of team members has increased since the inception of FRS' investment therein. During Investment Committee, Mayor Roberts offered a motion to recommend to the full board to accept NEPC's recommendation to take no action regarding this personnel change. After much discussion, this motion failed and was therefore not brought to the board. During further discussion by the board, Mr. Broussard requested that Mr. Barnes provide additional information. The board requested to know if FRS could move the current funds from the OFI investment into the existing Acadian Emerging Market Equity Fund and if there was any overlap in the fund's stock ownership.

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

- NEPC Consultant Contract Annual Fee Reporting

Mr. Barnes explained that the contract between FRS and NEPC requires NEPC to provide an annual report showing two things, which are: (1) The average of fees for all NEPC clients (without disclosure of client identity) that have an investment asset base ranging between \$750 million and \$1.75 billion, and (2) The average of fees for all NEPC public fund clients (without disclosure of client identity) that have an investment asset base ranging between \$750 million and \$1.75 billion. Mr. Barnes presented the board with NEPC's Annual Fee Report. (see attached Exhibit #6) Mr. Barnes advised that this item was for informational purposes only.

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

That concluded the Investment Committee report.

G.S. CURRAN & COMPANY, LTD EDUCATION SESSION

Mr. Gary Curran with G.S. Curran & Company, Ltd. presented the board with an hour long educational session regarding the role of investment performance on employer contribution rates and the system's unfunded accrued liability, and all related matters.

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, Q3 FY2016-17**

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 #7) He explained each report on a line-by-line basis.

MOTION: Mr. Jeselink moved to accept the report as presented by Mr. McKinney. Mr. Broussard seconded. The motion passed.

The discussion of this matter was concluded with no action being taken at this time.

FRS ANNUAL BUDGET - Q3 BUDGET TO ACTUAL EXPENDITURES

Ms. Grady, FRS Accountant, addressed the board. She drew the board's attention to the Annual Budget to YTD Actual Comparison. (see attached Exhibit #8) In explaining each line item of the report, she highlighted some of the variances.

MOTION: Mr. Jeselink moved to accept the report as presented by Ms. Grady. Mr. Broussard seconded. The motion passed.

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

FRS LEGISLATION - 2017 REGULAR SESSION

SB8 Peacock RETIREMENT SYSTEMS: Provides for correction of membership and enrollment errors in the state and state-wide retirement systems

MOTION: Mayor Roberts moved to support SB8. Mr. Jeselink seconded. The motion passed.

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

G.S. CURRAN & COMPANY, LTD

Mr. Gary Curran, FRS actuary, with G.S. Curran & Company, LTD presented his proposed annual contract (see attached Exhibit #9) for actuarial services for fiscal year 2018. He noted there were no significant changes from the prior year.

MOTION: Mayor Roberts moved to approve G.S. Curran's annual contract. Mayor Amrhein seconded. The motion passed.

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**MAY 11, 2017
PAGE 7**

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 Budget and Finance Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, June 14, 2017 at 2:00 p.m.**

**FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, June 14, 2017 at 3:00 p.m.**

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, June 15, 2017 at 8:30 a.m.**

SUBMITTED BY:



Denise Poche, FRS Board Secretary

APPROVED BY:



Stacy Birdwell, FRS Chairman