



## **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 12, 2016**

A meeting of the Board of Trustees was held on May 12, 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. Afrani Adomako (designee of Commissioner Jay Dardenne)  
Mr. Stacy Birdwell  
Mr. Perry Jeselink  
Mayor Ron Roberts  
Ms. Kelli Rogers (designee of Treasurer John Kennedy)  
Mr. Jerry Tarleton

#### **OTHERS PRESENT**

Steven Stockstill  
Layne McKinney  
Jason Starns  
Michael Becker  
Denise Poche  
Jamie Grady  
David Barnes  
Paul Schmidt  
Kirk Reasonover  
Jason Burge  
Bob Klausner  
Gary Curran

#### **MINUTES**

**MOTION:** Mr. Birdwell moved to approve the minutes of the board meeting held on April 14, 2016. 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. Birdwell moved to approve the new member applicants. Mr. Tarleton and Mr. Jeselink jointly 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. Birdwell 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.

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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 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).

**Iris Patten Griffin-** Mr. Starns presented the application of Iris Patten Griffin, surviving spouse of Alfred Albert Griffin. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Iris Patten Griffin. Mr. Tarleton seconded. The motion passed.

**Betty Ann Shelton Jack-** Mr. Starns presented the application of Betty Ann Shelton Jack, surviving spouse of Joseph Ben Jack. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Betty Ann Shelton Jack. Mr. Birdwell seconded. The motion passed.

**Charlotte Talley Johnson-** Mr. Starns presented the application of Charlotte Talley Johnson, surviving spouse of Roland John Johnson, Sr. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Charlotte Talley Johnson. Mr. Jeselink seconded. The motion passed.

**Geraldine Theresa Pellerin-** Mr. Starns presented the application of Geraldine Theresa Pellerin, surviving spouse of Gerald Joseph Pellerin Sr. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Geraldine Theresa Pellerin. Mr. Jeselink seconded. The motion passed.

**Connie Reed Roge-** Mr. Starns presented the application of Connie Reed Roge, surviving spouse of Harold Willard Roge, Jr. He stated that the application was in order.

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MOTION: Mr. Birdwell moved to approve the application of Connie Reed Roge. Mr. Tarleton seconded. The motion passed.

**Linda Wilson Saffel-** Mr. Starns presented the application of Linda Wilson Saffel, surviving spouse of Johnny Earl Saffel. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Linda Wilson Saffel. Mr. Tarleton seconded. The motion passed.

**Joe Anne Burbank Tucker-** Mr. Starns presented the application of Joe Ann Burbank Tucker, surviving spouse of George Wesley Tucker. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Joe Ann Burbank Tucker. Mr. Tarleton seconded. The motion passed.

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

**HARBOURVEST PARTNERS CO-INVESTMENT FUND IV**

[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 entity identified in agenda item II(1); 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. Birdwell moved to resume public session. Mr. Jeselink seconded. The motion passed unanimously.

[NOTE: At this time, public session in the HarbourVest matter resumed due to the speaker not yet being available for his presentation. Instead, the board took up agenda item II(2) regarding *Bryles v. Cantor Fitzgerald, et al.* However, immediately thereafter, the board went back into executive session regarding agenda item II(1) HarbourVest. The pertinent minute entries regarding HarbourVest and *Bryles* are fully inscribed here in the order they appear on the agenda, not the order in which the subjects were taken up for discussion.]

MOTION: Mr. Birdwell moved to enter executive session to discuss agenda item II(1) identified as HarbourVest. Mr. Tarleton seconded. The motion passed unanimously.

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

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MOTION: Mr. Birdwell moved to approve the side letter language negotiated by the office of Klausner, Kaufman, Jensen & Levison as a template for all future private equity contracts. Mr. Tarleton seconded. A roll call vote was taken and the motion passed by the following tally-

Fredieu	Yes	
Birdwell	Yes	
Adomako	Yes	
Amrhein		Absent
Jeselink	Yes	
Peacock		Absent
Pearson		Absent
Roberts	Yes	
Rogers	Yes	
Tarleton	Yes	

(7-0)

MOTION: After further discussion, Mr. Birdwell moved to withdraw the authorization for the HarbourVest investment. Mayor Roberts seconded. A roll call vote was taken and the motion failed by the following tally-

Fredieu	No	
Birdwell	Yes	
Adomako	No	
Amrhein		Absent
Jeselink	No	
Peacock		Absent
Pearson		Absent
Roberts	Yes	
Rogers	No	
Tarleton	Yes	

(3-4)

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.

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[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 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. Mr. Birdwell seconded. The motion passed unanimously.

MOTION: Mr. Birdwell moved to authorize the FRS executive director to approve any reasonable settlement offer made by the attorneys representing FRS in this lawsuit. Mr. Tarleton seconded. A roll call vote was taken and the motion passed by the following tally-

Fredieu	Yes	
Birdwell	Yes	
Adomako	Yes	
Amrhein		Absent
Jeselink	Yes	
Peacock		Absent
Pearson		Absent
Roberts	Yes	
Rogers	Yes	
Tarleton	Yes	

(7-0)

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

**TIMBERVEST LLC**

[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 entity identified in agenda item II(3); all pertinent notifications had been provided.]

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

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

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

**COMMITTEE REPORT - SYSTEM'S RECOMMENDATIONS COMMITTEE**

[NOTE: The System's Recommendations Committee met on May 11, 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 FRS employee benefits, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mr. Jeselink, chairman; Mayor Roberts, Ms. Rogers, and Mr. Tarleton. Also present were Mr. Fredieu, Steven Stockstill, Layne McKinney, Denise Poche, Michael Becker, 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.

- Agreed Upon Procedures

Mr. Jeselink said the committee discussed the Agreed Upon Procedures that would be the appropriate accounting process for the FRS LLCs. (see attached Exhibit #3)

MOTION: Mr. Jeselink said the System's Recommendations Committee voted to recommend approval of the Agreed Upon Procedures as submitted and he moved that recommendation in the form of a motion. Mr. Tarleton seconded. The motion passed.

- FRS Employee Benefits

Mr. Jeselink explained that this agenda item was postponed for discussion until the next month's board meeting.

That concluded the System's Recommendations Committee report.

**MONTHLY FLASH REPORT - APRIL 2016**

Mr. Barnes presented the monthly flash report for April 2016. (see attached Exhibit #4) The overall fund was up/down as follows: 0.9% for the month of April as compared to the allocation index of 1.1%; -2.7% for the fiscal year to date as compared to the allocation index of -0.1%; -4.4% for the trailing 12 months as compared to the allocation index of -1.7%; and 1.5% 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 11, 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 April 2016, (ii) Cash flow rebalancing proposal to move assets closer to the recently approved Policy Target Allocations; 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, Mayor Roberts, Ms. Rogers, and Mr. Tarleton. Also present were Mr. Adomako, Mr. Fredieu, Steven Stockstill, Layne McKinney, Denise Poche, Michael Becker, and David Barnes.]

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 April 2016. (see minute entry captioned above as "Monthly Flash Report - April 2016")

- Cash Flow Rebalancing Proposal (Mellon/LSV/Fisher)

Mr. Barnes presented the Portfolio Rebalancing Proposal. (see attached Exhibit #5)

MOTION: Mr. Birdwell reported that the Investment Committee voted to recommend acceptance of NEPC's Portfolio Rebalancing Proposal to reallocate \$45 million from the Mellon S&P 500 Large Cap Equity fund and \$15 million from the cash account and to redistribute the funds equally between both International Equity Composite managers, LSV and Fisher, \$30 million each, and he moved that 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.

That concluded the Investment Committee report.

**RECESS FRS BOARD MEETING**

MOTION: Mr. Tarleton moved to recess the FRS board meeting in order to facilitate a meeting of the FRS-LB#3 Advisory Committee. Mr. Jeselink seconded. The motion passed.

**CONVENE FRS-LB#3 ADVISORY COMMITTEE**

[NOTE: The FRS-LB#3 Advisory Committee met on May 11, 2016, at the FRS office in Baton Rouge at 3:30 p.m. to discuss the following business set forth in its posted agenda- Consideration of offer to purchase parcel in whole or in part regarding property held by FRS-LB#3 LLC and listing agreement existing between FRS-LB#3 LLC and Avison Young applicable thereto, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mr. Stockstill, manager; Mr. Fredieu, Mr. Birdwell, Mr.



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Adomako, Mr. Jeselink, Ms. Rogers, and Mr. Tarleton. Also present were Layne McKinney, Denise Poche, and Michael Becker.]

[NOTE: By giving notice on its duly posted agenda, the FRS-LB#3 Advisory Committee reserved its right to enter executive session pursuant to R.S. 42:17(A)(1) for discussion of the character or professional competence of the juridical entity known as Avison Young.]

MOTION: Mr. Birdwell moved to recommend that the FRS-LB#3 manager decline the offer presented by CDK Realty Advisors to sell a portion of the St. George property. Mr. Tarleton seconded. A roll call vote was taken and the motion passed by the following tally-

Fredieu	Yes	
Birdwell	Yes	
Adomako	Yes	
Amrhein		Absent
Jeselink	Yes	
Peacock		Absent
Pearson		Absent
Roberts		Absent
Rogers	Yes	
Tarleton	Yes	
(6-0)		

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

**ADJOURN FRS-LB#3 LLC ADVISORY COMMITTEE**

MOTION: Mr. Birdwell moved to adjourn the FRS-LB#3 LLC Advisory Committee meeting and reconvene the FRS Board meeting. Mr. Tarleton seconded. The motion passed.

**RE-CONVENE FRS BOARD MEETING**

**FRS STATEMENT OF PLAN NET ASSETS AND STATEMENT OF CHANGES IN PLAN NET ASSETS, Q3 FY2015-16**

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

MOTION: Mr. Birdwell moved to accept the report as presented by Mr. McKinney. Mr. Tarleton 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 #7) In explaining each line item of the report, she highlighted some of the variances.

MOTION: Mr. Tarleton moved to accept the report as presented by Ms. Grady. Mr. Jeselink 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 status of the following legislative bills pending in the 2016 regular session of the legislature 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 Floor |
| 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 Floor   |
| 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  |
| HB26 | Montoucet | RETIREMENT/FIREFIGHTERS: Provides relative to appeals of certain disability eligibility decisions in the Firefighters' Retirement System (EG DECREASE APV); Status-Pending Senate Floor  |
| 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 Floor   |

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[NOTE: At this point, the board took action with regard to payment of interest in certain cases of administrative error. However, the minute entry relative to that action is inscribed fully below.]

- 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 Floor
- 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 Senate Retirement Committee
- HB52 Ivey RETIREMENT SYSTEMS: Provides relative to the composition of the Public Retirement Systems' Actuarial Committee; Status-Pending House Retirement Committee (Scheduled 05/05/16)
- 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 Senate & Governmental Affairs Committee
- SB3 Peacock FIREFIGHTERS RETIREMENT: Provides benefits for members hired on or after January 1, 2017. (6/30/16); Status-Pending House Retirement Committee

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

**CORRECTED BENEFITS - AUTHORIZATION FOR PAYMENT OF INTEREST**

[NOTE: The subject matter of this minute entry was discussed during the staff presentation of HB27 above. It is presented here for convenience of the reader and for purposes of ease of understanding.]

During the discussion of HB27, Mr. Stockstill explained that the bill had passed through the legislative process and was pending gubernatorial action. He further explained that the bill, if signed into law, will authorize the payment of interest in situations where there has been a miscalculation of benefits leading to underpayment thereof. Mr. Stockstill said the bill allows for interest payable at a rate up to the the judicial rate or the system's valuation rate, whichever is lower.

MOTION: Mr. Tarleton moved to authorize payment of interest on certain disability under-payments at a rate equal to the lower of the judicial rate or the system's valuation rate, but only if HB27 is signed into law by the governor. Mr. Birdwell 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 #8) for actuarial services for fiscal year 2017. He noted there were no changes from the prior year.

MOTION: Ms. Rogers moved to approve G.S. Curran's annual contract. Mr. Birdwell 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. Birdwell seconded. The motion passed.

**FUTURE MEETINGS**

**FRS System's Recommendations Committee  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Wednesday, June 8, 2016 at 2:00 p.m.**

**FRS Budget and Finance Committee  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Wednesday, June 8, 2016**

**Upon Adjournment of FRS System's Recommendations Committee**

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**FRS Investment Committee  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Wednesday, June 8, 2016  
Upon Adjournment of FRS Budget and Finance Committee**

**FRS Board of Trustees  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Thursday, June 9, 2016 at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:



Steven S. Stockstill, Executive Director



Mr. Charlie Fredieu, FRS Chairman