



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES August 10, 2017

A meeting of the Board of Trustees was held on August 10, 2017 at the Firefighters' Retirement System building in Baton Rouge, Louisiana. Mr. Charlie Fredieu, Acting Chairman, called the meeting to order at 8:30 a.m.

Mayor Roberts gave the invocation and Mr. Broussard led the pledge of allegiance.

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

MEMBERS PRESENT

Mr. Charlie Fredieu
Mr. Afranie Adomako (designee of Commissioner Jay Dardenne)
Mayor David Amrhein
Mr. John Broussard (designee of Treasurer Ron Henson)
Mayor Ron Roberts
Mr. Jerry Tarleton

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Denise Poche
Michael Becker
Jason Starns
Jamie Grady
Gary Curran
Maxwell Eysink
Annie Smith
David Barnes
Aarish Patell
Paul Schmidt
Elizabeth Thornton

MINUTES

MOTION: Mr. Adomako moved to approve the minutes of the board meeting held on July 13, 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.

- 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. Adomako seconded. The motion passed.

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

- 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)

Anna Cunningham Gautreaux- Mr. Starns presented the application of Anna Cunningham Gautreaux, surviving spouse of Roy Joseph Gautreaux. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Anna Cunningham Gautreaux. Mr. Adomako seconded. The motion passed.

Judy Ann Larocca- Mr. Starns presented the application of Judy Ann Larocca, surviving spouse of Michael Wayne Larocca. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Judy Ann Larocca. Mr. Adomako seconded. The motion passed.

Cecile Conque Picard- Mr. Starns presented the application of Cecile Conque Picard, surviving spouse of Calvin Joseph Picard. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Cecile Conque Picard. Mr. Adomako seconded. The motion passed.

Deanna Milligan Turnage- Mr. Starns presented the application of Deanna Milligan Turnage, surviving spouse of James Edgar Turnage. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Deanna Milligan Turnage. Mr. Adomako seconded. The motion passed.

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

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[NOTE: The Policy, Bylaws & Procedure Committee met on August 9, 2017, 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 updating certain policies set forth in the FRS Policy and Procedure Manual, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mayor Amrhein, chairman; Mr. Adomako, and Mayor Roberts. Also present were Mr. Fredieu, Mr. Tarleton, Margaret Corley, Steven Stockstill, Layne McKinney, Denise Poche, Michael Becker, Maxwell Eysink, and Elizabeth Thornton.]

Mayor Amrhein gave the FRS Policy, By-Laws & Procedure Committee report. He reported the following action items for consideration by the full board.

- FRS Travel Related Expense Receipt Policy

Mayor Amrhein recalled that the Investment Committee entertained a motion (made by him) regarding recommending creation of a policy requiring board members to provide cost receipts for all travel expenses when reimbursement is being requested. He said that, after a full discussion, he decided to re-urge his motion before the full board.

MOTION: Mayor Amrhein moved to adopt a policy requiring board members to provide cost receipts for all travel expenses when reimbursement is being requested. Mr. Tarleton seconded. A roll call vote was taken and the motion failed by the following tally-

Birdwell	Absent
Jeselink	Absent
Fredieu	No
Adomako	No
Amrhein	Yes
Broussard	Yes
Ivey	Absent
Peacock	Absent
Roberts	No
Tarleton	Yes

(3-3)

- General FRS Policies

Mayor Amrhein reported that the Policy, Bylaws & Procedure Committee addressed a series of policies as part of an ongoing, comprehensive effort to update the FRS Policy and Procedure Manual. He reported the following committee action relative thereto-

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MOTION: The Policy, Bylaws & Procedure Committee voted to recommend that the FRS board repeal the below listed FRS policies. Mr. Tarleton moved the committee's recommendation in the form of a motion.

Policy No. 06161986(b): Tax Deferred Treatment of Lump Sum Withdrawals
Policy No. 06141990: Request for Withdrawal (from FRS membership)
Policy No. 02281984: Option 4 Benefit

Mr. Broussard seconded. The motion passed.

MOTION: The Policy, Bylaws & Procedure Committee voted to recommend that the FRS board amend and reenact Policy No. 05122005, titled "Process in Handling Delinquent Contributions". Mr. Tarleton moved the committee's recommendation in the form of a motion. Mr. Adomako seconded. The motion passed.

MOTION: Mr. Tarleton moved to accept the staff recommendation to amend and reenact Policy No. 12022003, titled "Capitalization Policy". Mr. Broussard seconded. The motion passed.

MOTION: The Policy, Bylaws & Procedure Committee voted to recommend that the FRS board amend and reenact the below listed FRS policies. Mr. Broussard moved the committee's recommendation in the form of a motion.

Policy No. 09101982(c): Employee and Employer Contributions
Policy No. 11191982(a): Payment of Members Benefits
Policy No. 09281983(b): Employee Annual and Sick Leave Policy
Policy No. 02171984(a): Delinquent Merger Payments
Policy No. 12111987(b): Methods of DROP Withdrawal
Policy No. 09261991(b): Investigative Policy
Policy No. 03212003: Budgetary Procedures
Policy No. 10092003: Cellular Phone Policy
Policy No. 12022003: Capitalization Policy
Policy No. 01122006: Processing Travel Expense Reports
Policy No. 09132006: Requirements for Minimum Distributions
Policy No. 05122005: FRS Bylaws
Policy No. 06132013: Education Policy
Policy No. 08102017(a): Irregular or Nonrecurring Earnable Compensation
Policy No. 08102017(b): tax Deferred Treatment of Annuity Payments and Lump Sum DROP/IBO
Withdrawals

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

Birdwell	Absent
Jeselink	Absent
Fredieu	Yes
Adomako	Yes
Amrhein	No
Broussard	Yes
Ivey	Absent
Peacock	Absent
Roberts	Yes
Tarleton	Yes

(5-1)

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

That concluded the Policy, By-Laws & Procedure Committee report.

MONTHLY FLASH REPORT - JULY 2017

Due to the date of the board meeting and the timing of the investment data availability, or lack thereof, there was no flash report for the month of July 2017. In lieu thereof, Mr. Barnes presented and explained a chart containing the composite returns for each major asset class. (see attached Exhibit #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 August 9, 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 July 2017, (ii) Review of Request for Proposal related to Small-Mid Cap Equity manager (iii) Report regarding Private Equity Search, (iv) Update regarding personnel change at existing FRS investment manager known as Putnam Trust Company, (v) Response from BlackRock Global Asset Allocation fund regarding being placed on Watch Status; and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Mr. Fredieu, Acting Chairman; Mr. Adomako, Mr. Broussard, Mayor Roberts and Mr. Tarleton. Also present were Mayor Amrhein, Steven Stockstill, Layne McKinney, Denise Poche, Michael Becker, David Barnes, Aarish Patell, Maxwell Eysink and Elizabeth Thornton.]

Mr. Fredieu gave the investment committee report. In doing so he recognized David Barnes who recalled his presentation of the investment performance results to the Investment Committee for the month of July 2017. (see minute entry captioned above as "Monthly Flash Report - July 2017")

- Request for Proposals, Small-Mid (SMID) Cap Equity (long only) Strategy

Mr. Barnes recalled that the Investment Committee reviewed the draft Request for Proposal (RFP) regarding the FRS search for a Small-Mid (SMID) Cap Equity (long only) Strategy manager. (see attached Exhibit #4) He noted that the Investment Committee voted to recommend that the FRS board approve the RFP.

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

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

- Private Equity Manager Search (RFP)

Mr. Barnes and Aarish Patell jointly appeared before the board. Mr. Patell is NEPC's Private Equity Consultant. Together, they presented the results of NEPC's Private Equity manager search screening process included in NEPC's report titled "Private Equity Screening Process". The report contained a list of managers being proposed for further consideration in the search. (see attached Exhibit #5) 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 September 2017.

- HarbourVest Partners XI Buyout Fund
- HarbourVest Partners XI Micro Buyout
- Levine Leichtman Capital Partners VI

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

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

- Putnam Trust Company

Mr. Barnes recollected NEPC's prior notice to the board (11/2016) that there had been an 8% staffing reduction and CIO change at Putnam Investments to lower costs and increase efficiency. Additionally, Putnam's CIO Walter Donovan was leaving the firm. Mr. Barnes had said that Mr. Donovan was going to be replaced by a group of CIOs, e.g., Aaron Cooper, William Kohli, and Robert Schoen. Mr. Barnes said that NEPC believes that any broad reduction in staff is concerning,

but this type of "right-sizing" has become somewhat common for mid-size and large firms with a focus on active management given recent industry trends and performance. Mr. Barnes said, at that time, NEPC was recommending no action regarding the changes at Putnam.

In this month's Investment Committee meeting (08/2017), Mr. Barnes notified the board that there had been additional staff changes at Putnam. He said Putnam's Co-Head of the GAA fund was retiring. Mr. Barnes said NEPC recommended that the Investment Committee take no action regarding this most recent staff change at Putnam. The Investment Committee voted to recommend that the board accept NEPC's recommendation of no action.

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

- BlackRock Global Allocation

Michael Becker, FRS' CIO, recalled that FRS had recently placed BlackRock on a "watch list". Mr. Becker said that FRS had received a response from BlackRock's Director, Hadi Tabbaa. (see attached Exhibit #6) Mr. Becker opined that BlackRock's response was adequate.

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

That concluded the Investment Committee report.

FRS PRELIMINARY STATEMENT OF CHANGES IN PLAN NET ASSETS AND PRELIMINARY STATEMENT OF PLAN NET ASSETS

Mr. McKinney, FRS CPA, addressed the board. He drew the board's attention to the Preliminary Statement of Changes in Plan Net Assets and the Preliminary Statement of Plan Net Assets. (see attached Exhibit #7) He explained each report on a line-by-line basis.

MOTION: Mr. Adomako moved to accept the staff reports as presented by Mr. McKinney. Mr. Tarleton seconded. The motion passed.

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

FRS BUDGET TO ACTUAL COMPARISON

Mrs. Grady, FRS Accountant, addressed the board. She drew the board's attention to the FRS Budget to Actual Comparison. (see attached Exhibit #8) In explaining some of the line items of the report, she highlighted certain variances. Mrs. Grady indicated that, at this point in the overall fiscal year, FRS was over-budget for the year by 2%.

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

FUTURE MEETINGS

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

SUBMITTED BY:

APPROVED BY:



Denise Poche, FRS Board Secretary



Charlie Fredieu, Acting Chairman