



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES September 13, 2017 and September 14, 2017

A two-day meeting of the Board of Trustees was held on September 13, 2017, and September 14, 2017 at the Firefighters' Retirement System building in Baton Rouge, Louisiana. Mr. Stacy Birdwell, Chairman, called the meeting to order at 3:00 p.m on September 13, 2017.

Mr. Stockstill gave the invocation and Mr. Fredieu led the pledge of allegiance.

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

MEMBERS PRESENT

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

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Denise Poche
Michael Becker
Maxwell Eysink
David Barnes
Jeff Roberts
Elizabeth Thornton
Julie Ocko
Nathan Bishop
Arthur Levine
Lauren Leichtman
Monica Holek

September 13, 2017

Chairman Birdwell began by explaining that the meeting would be held over a two-day period, with the first day primarily involving search candidate interviews and the second day being reserved for the regular monthly business to come before the board.

INTERVIEWS - PRIVATE EQUITY MANAGER INTERVIEWS

The board of trustees interviewed managers of three Private Equity funds that were previously selected by the board of trustees at their meeting held on August 10, 2017. The managers are as follows:

HarbourVest Partners (see attached Exhibit #1)

Nathan Bishop, Managing Director
Julie Ocko, Managing Director

Levine Leichtman Capital Partners, Inc. (see attached Exhibit #2)

Arthur Levine, President and Founding Partner
Lauren Leichtman, Chief Executive Officer and Founding Partner
Monica Holek, Managing Director

Each candidate firm made a presentation to the board based on information contained in the firm's respective RFP response. Each candidate firm was allocated 45 minutes for its presentation and 15 minutes for questions by the board.

Upon conclusion of the final presentation, the board members discussed various related items with NEPC representative David Barnes and Jeff Roberts. Mr. Barnes gave a summary comparing and contrasting the three Private Equity funds. During the course thereof, he answered several questions posed by board members. Mr. Barnes concluded by identifying Levine Leichtman as the manager/fund that NEPC recommends for selection.

MOTION: Mr. Broussard moved to select Levine Leichtman Capital Partners, Inc. as the Private Equity manager finalist with the stipulation that, if the contract negotiations should fail, this matter would come back before the board. Mr. Fredieu seconded. The motion passed.

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

RECESS

Mr. Tarleton moved to recess the FRS board meeting. Mayor Adomako seconded. The motion passed.

September 14, 2017

RECONVENE

Chairman Birdwell reconvened the FRS board meeting which had previously stood in recess.

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Mr. Stockstill gave the invocation and Mr. Fredieu led the pledge of allegiance.

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

MEMBERS PRESENT

Mr. Stacy Birdwell
Mr. Afranie Adomako (designee of Commissioner Jay Dardenne)
Mayor David Amrhein
Mr. Charlie Fredieu
Representative Barry Ivey (designee of House Speaker)(arrived after roll call)
Mr. James Mack (designee of Treasurer Ron Henson)
Mr. Jerry Tarleton

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Denise Poche
Jason Starns
Michael Becker
Jamie Grady
David Barnes
Greg Curran
Paul Schmidt
Annie Smith
Clint Ward
Elizabeth Thornton
Horace Condon

MINUTES

MOTION: Mr. Tarleton moved to approve the minutes of the board meeting held on August 10, 2017. 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 #3) 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 manager and verified by the system's CPA. 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 #4) 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)

Lashaunda Sherraye Davis- Mr. Starns presented the application of Lashaunda Sherraye Davis, surviving daughter of Larry Wayne Davis. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Lashaunda Sherraye Davis. Mr. Adomako seconded. The motion passed.

Terry Paul Romero- Mr. Starns presented the application of Terry Paul Romero, surviving son of Willie Mae Romero. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Terry Paul Romero. Mr. Adomako seconded. The motion passed.

Aaron Riley McNabb Shoats- Mr. Starns presented the application of Aaron Riley McNabb Shoats, surviving child of Rudolf Korbinian Shoats. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Aaron Riley McNabb Shoats. Mr. Adomako seconded. The motion passed.

Brenna Lane Shoats- Mr. Starns presented the application of Brenna Lane Shoats, surviving child of Rudolf Korbinian Shoats. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Brenna Lane Shoats. Mr. Adomako seconded. The motion passed.

Elizabeth Megan Lee Shoats- Mr. Starns presented the application of Elizabeth Megan Lee Shoats, surviving child of Rudolf Korbinian Shoats. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Elizabeth Megan Lee Shoats. 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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- 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.]

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

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

██████████ - Mr. Starns presented the disability application of ██████████. [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 Doctor, Dr. Andrew Morson, the staff recommendation was for approval of Application for Disability Retirement (Job-Related) and continuing 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: Mayor Amrhein moved to resume public session. Mr. Tarleton seconded. The motion passed unanimously.

MOTION: Mayor Amrhein moved to the accept the staff recommendation regarding ██████████. Representative Ivey seconded. The motion passed.

██████████ - Mr. Starns presented the disability recertification of ██████████ [NOTE: Although the staff recommendation was not stated on the record, it was included on the cover sheet of the disability recertification 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 Doctor, Dr. Thad Broussard, the staff recommendation was for continuation of Disability Retirement and suspending the requirement of disability recertification.]

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

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

MOTION: Mr. Tarleton moved to approve the continuation of disability retirement for ██████████ ██████████ but continue the requirement of disability recertification. Mayor Amrhein seconded. The motion passed.

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

MONTHLY FLASH REPORT - AUGUST 2017

Mr. Barnes presented the monthly flash report for August 2017. (see attached Exhibit #5) The overall fund was up/down as follows: 0.3 for the month of August as compared to the allocation index of 0.4%; 2.2% for the fiscal year to date as compared to the allocation index of 2.4%; 12.5% for the trailing 12 months as compared to the allocation index of 11.7%; and 3.9% 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.

STANDISH-MELLON

Mr. Barnes advised the board that Standish-Mellon recently announced that Raman Srivastava, Co-Deputy Chief Investment Officer and Managing Director of Global Fixed Income had left the firm for personal reasons. Mr. Srivastava was one of two senior leaders overseeing the Global Fixed Income team and upon whom CEO and CIO David Leduc relied heavily. The investment teams had began reporting directly to Co-Deputy CIO's Raman Srivastava and David Horsfall following the departure of CEO Des MacIntyre and the subsequent appointment of CIO David Leduc as CEO in late 2015. In addition, Javier Murico, Director of Emerging Markets, Portfolio Manager, and Senior Emerging Markets Sovereign Analyst will be retiring from the firm, effective September 15, 2017. NEPC had placed the Opportunistic Fixed Income strategy on HOLD in early 2016 due to senior investment professional turnover. Mr. Barnes further advised that NEPC has placed the Standish-

Mellon Opportunistic Fixed Income strategy on Client Review and the Emerging Markets strategies have received a Terminate recommendation. (see attached Exhibit #6)

MOTION: Representative Ivey moved to initiate a new absolute return fixed income search to liquidate the Standish-Mellon Opportunistic Fixed income account and place those assets temporarily during the search into the BlackRock U.S. Debt index fund. Mr. Tarleton seconded. The motion passed.

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

ACTUARIAL EQUIVALENCE AND OPTION FACTORS

[NOTE: FRS provided notice on its duly posted agenda, that this agenda item involved but was not limited to discussing the role and scope of actuarial equivalence factors used in calculating transfers, purchases of service credit, IBO lump sum conversions, disability award lifetime equivalences, single life option factors, joint & survivor option factors, DROP balance life annuity conversions, sick and annual leave conversions, and retirement valuations. It was further noted on the agenda that the discussion of this agenda item may be applied as credit for trustee training pursuant to R.S. 11:185.]

Mr. Greg Curran presented the board with the Update of Actuarial Equivalence Factors. (see attached Exhibit #7) He recalled that the Board of Trustees had recently approved a plan to reduce the actuarial rate of return from 7.5% to 7.0% over the five fiscal years from 2017 through 2021 in equal 0.10% increments. These changes will result in changes in assumptions in each of the annual actuarial valuation reports for fiscal 2017 through 2021. Although the board has elected to phase-in the effect of the change in actuarial rate of return over the coming five years to smooth out the effect of the change on employer contribution rates, the ultimate long-term rate of return assumption adopted by the board is 7.0%. Mr. Curran stated that it is G.S. Curran & Company's recommendation that the actuarial equivalence factors be recalculated at the ultimate long-term rate of return assumption approved by the board of 7.0% with an effective date of July 1, 2018 for implementation. He explained that an effective date of July 1, 2018 would align with the implementation of the new employer contribution rate calculated based upon the first step of the change in assumed rate of return. This will give the system time to calculate new actuarial equivalence factors and to incorporate new option factors in the software used by the staff to determine plan benefits. This lead time would also allow staff to incorporate the new factors in time to be used for estimated benefits with proposed dates of requirement on or after July 1, 2018.

Mr. Stockstill suggested the discussion of this item continue at next month's board meeting so Mr. Curran could complete his presentation and also provide more information regarding alternative scenarios and rates.

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

BANK OF NEW YORK MELLON

Mr. Paul Schmidt, Vice-President, Relationship Executive with Bank of New York, discussed Bank of New York Mellon's proposed fee schedule. He advised that the fees would be staying "as is" for the next three years. He proposed that since Bank of New York's billing cycle is quarterly, that the effective date of the new fee schedule would be October 1, 2017 for ease of billing.

MOTION: Mr. Adomako moved to approve the Bank of New York Mellon's proposed fee schedule effective October 1, 2017. Representative Ivey seconded. The motion passed.

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

GENERAL FRS POLICIES

Ms. Jamie Grady, FRS Staff Accountant, presented the board with Policy No. 07012004, titled "Procurement Policy". She stated this policy was mainly being amended to correct out-of-date wording and job titles. (see attached Exhibit #8)

MOTION: Representative Ivey moved to amend and reenact Policy No. 07012004, titled "Procurement Policy as presented by staff. Mr. Tarleton seconded. The motion passed.

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

TRUSTEE INTERNET USE FOR TRAINING

Ms. Poche, FRS Administrative Assistant, demonstrated to the board the FRS web page area that trustees could now utilize to access monthly board books and training videos online. This area is designated for trustees only and is protected by user name and password. This demonstration was for informational purposes only.

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

ADJOURNMENT

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

FUTURE MEETINGS

**FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, October 11, 2017 at 3:00 p.m.**

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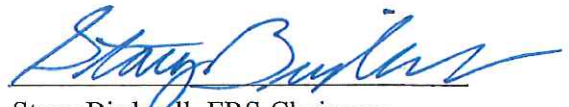
**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, October 12, 2017 at 8:30 a.m.**

SUBMITTED BY:



Denise Poche, FRS Board Secretary

APPROVED BY:



Stacy Birdwell, FRS Chairman