



FIREFIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES
May 13, 2015, and
May 14, 2015

A meeting of the Board of Trustees was held on May 13, 2015, and May 14, 2015, at the Public Safety Building in Baton Rouge. Mr. Charlie Fredieu, Chairman, called the meeting to order at 2:00 p.m. on May 13, 2015.

Mr. Jeselink gave the invocation and Mr. Birdwell led the pledge of allegiance.

Mr. Layne McKinney called the roll. A quorum was present.

MEMBERS PRESENT

Mr. Charlie Fredieu
Mayor David Amrhein
Mr. Stacy Birdwell
Mr. Perry Jeselink
Mr. John McLean
Ms. Lori Pierce
Mayor Ron Roberts
Mr. Jerry Tarleton

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Michael Becker
Brandi Brown
David Barnes
Clifford G. Fox
Erik E. Osberg
Jeffrey W. Thibault
John Brescia
Mary Jane Cullinan
Mirka Luoto
Ethan J. Meyers
Justin Moscardelli

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May 13, 2015

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

MONTHLY FLASH REPORT - APRIL 2015

Mr. Barnes presented the monthly flash report for April 2015. (see attached Exhibit #1) The overall fund was up/down as follows: 1.6% for the month of April as compared to the allocation index of 1.8%; 0.8% for the fiscal year to date as compared to the allocation index of 2.2%; 3.8% for the trailing 12 months as compared to the allocation index of 5.9%; and 5.4% for the trailing 3 years as compared to the allocation index of N/A%.

INTERVIEWS - SMALL/MID CAP GROWTH EQUITY STRATEGY INTERVIEWS

The board of trustees interviewed four Small/Mid Cap Growth Equity RFP respondents that were previously selected by the board of trustees at their meeting held in April, 2015. The candidates and applicable representatives are as follows:

Columbus Circle Investors

Clifford G. Fox, Senior Managing Director
Erik E. Osberg, Vice President

GW&K Investment Management

Jeffrey W. Thibault, Partner
John Brescia, Vice President

Rothschild Asset Management

Mary Jane Cullinan, Managing Director
Mirka Luoto, Senior Vice President

Westfield Capital Management

Ethan J. Meyers, Managing Partner
Justin Moscardelli, Partner

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 a total of one-hour, with the format being 45 minutes for the presentation and 15 minutes for questions by the board.

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Upon conclusion of the final presentation, the board members discussed various related items with NEPC representative David Barnes. (see attached Exhibit #2) Mr. Barnes gave a summary comparing and contrasting the four Small/Mid Cap Growth Equity management companies. During the course thereof, he answered several questions posed by board members. Following a thorough discussion, Mr. Barnes stated that NEPC's recommendation was to measure the value of assets held in the existing FRS investments in the Mellon Small Cap and Mid Cap Index accounts and to likewise measure the value of assets held in the Advisory Research account and then allocate 60% of the total of those assets solely to Rothschild Asset Management, thereby leaving 40% of the total solely with Advisory Research. Inherent in his recommendation was the redemption of all FRS funds held by the Mellon Small Cap and Mid Cap Index Funds and the closing of those two accounts in their entirety.

MOTION: Mr. Birdwell moved NEPC's recommendation in the form of a motion, but made the process subject to review and approval of the documents by FRS general counsel. Mr. Birdwell said that, inherent in his motion, is the authority to retain either Westfield Capital Management, Columbus Circle Investors, or GW&K Investment Management, in that order, in the event that a contract cannot be successfully completed with Rothschild. Mayor Roberts seconded. The motion passed.

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

RECESS

Mr. Tarleton moved that the board stand in recess until May 14, 2015, at 8:30 am CST. Mr. Birdwell seconded. The motion passed.

May 14, 2015

Chairman Fredieu reconvened the board meeting.

Mr. Jeselink gave the invocation and Mr. Birdwell led the pledge of allegiance.

Ms. Brandi Brown called the roll. A quorum was present.

MEMBERS PRESENT

Mr. Charlie Fredieu
Mayor David Amrhein
Mr. Stacy Birdwell
Mr. Perry Jeselink
Mr. John McLean

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Ms. Lori Pierce
Mayor Ron Roberts
Mr. Jerry Tarleton

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Michael Becker
Jason Starns
Brandi Brown
Greg Curran
Paul Schmidt

MINUTES

MOTION: Mr. Jeselink moved to approve the minutes of the board meeting held on April 9, 2015. 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 #3) He stated that all applications were in order.

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MOTION: Mr. Birdwell moved to approve the new member applicants. Mr. Tarleton seconded. The motion passed.

- 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 #4) He stated that all applications were in order.

MOTION: Mr. Birdwell moved to approve the new retiree applicants. Mr. Tarleton seconded. The motion passed.

- 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).

Mr. Starns presented the application of Marie Campbell Garner, surviving spouse of Ernest Leonard Garner. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Marie Campbell Garner. Mr. Tarleton seconded. The motion passed.

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

**UNCONSTRAINED (ABSOLUTE RETURN) FIXED INCOME STRATEGY SEARCH
UPDATE**

Mr. Becker explained that FRS has built up approximately \$52 million in its cash account and the staff is seeking authority to reduce the FRS cash balance to \$10 million and allocate the remainder into the existing FRS account known as BlackRock US Debt Fund. That would leave sufficient funds in the cash account to take care of FRS operational needs. The money placed in the BlackRock US Debt fund will eventually be used to establish the account with the Unconstrained Absolute Return Fixed Income Manager once the RFP process is complete and a manager is selected.

MOTION: Mr. Tarleton moved to authorize the reduction of the FRS cash balance to \$10 million and allocate the remaining cash into the existing FRS account known as BlackRock US Debt Fund. Mr. Birdwell seconded. The motion passed.

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

FRS BANKING SERVICES - INVITATIONS TO BID (ITB)

Mr. Becker explained that FRS currently pays "bank service fees" to the system's bank service provider. He recalled that, pursuant to the board's previous authorization, the system issued invitations to bid for those services, with the primary objective of finding a service provider with lower fees or no fees. Invitations were issued to five candidate banks, including both the current bank service provider and also the FRS custodial bank, neither of which chose to participate in the competitive process. The following three candidates submitted bids- Iberia Bank, Whitney Bank, and Capital One Bank. Mr. Becker said that those three candidates were interviewed and the staff recommendation was for Capital One Bank to be retained as the new bank service provider. Mr. Becker then addressed questions from the board members. Mr. Paul Schmidt, who represents the incumbent FRS' custodial bank, noted for the record that Bank of New York had been given the opportunity but chose not to participate.

MOTION: After further discussions, Mr. Birdwell moved to accept the FRS CIO's recommendation to retain Capital One Bank as the bank service provider for FRS. Mr. Tarleton seconded. The motion passed.

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 FY2014-15

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

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

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

2015 REGULAR LEGISLATIVE SESSION - PENDING LEGISLATION

Mr. Stockstill presented and explained the provisions of the following bills pending in the 2015 regular legislative session-

HB40 Gaines RETIREMENT CREDIT: Authorizes the purchase of military service credit for vesting purposes in statewide retirement systems

HB47 St. Germain PROPERTY/COMMUNITY: Prohibits certain post-divorce earnable compensation in the Firefighters' Retirement System from being included in a former spouse's portion of community property

SB13 Peacock FIREFIGHTERS RETIREMENT: Provides benefits for members hired on or after January 1, 2016. (6/30/15)

MOTION: After discussion, Mr. Birdwell moved to oppose SB13. Mr. Jeselink seconded. The motion passed. Mr. McLean abstained.

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

FRS ANNUAL BUDGET - 3Q FY BUDGET TO ACTUAL EXPENDITURES

Mrs. Grady, FRS Accountant, addressed the board. She drew the board's attention to the Annual Budget to YTD Actual Comparison. (see attached Exhibit #6) In explaining some of the line items of the report, she highlighted certain variances. Mrs. Grady indicated that, overall, FRS is under-budget by about 15% for the year.

Mr. Stockstill explained that, in recognition of the current state budget situation, and its potential impact on funds ordinarily received by municipalities from the state, there might be some budget belt

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tightening by both the state and municipalities. He said that, in anticipation of that belt tightening, he asked Mr. McKinney and Mrs. Grady to find areas of the FRS operating budget that can be reduced without jeopardizing the critical services provided to members. In other words, FRS recognizes the fiscal situation of the state and municipalities and has begun its own belt tightening. As a consequence, and as a result of recommendations by the FRS accountants, FRS is under-budget for the year and the operating budget for next fiscal year is expected to be lower than the current fiscal year.

MOTION: Mr. Birdwell moved to accept the staff budget reports as presented by Mrs. Grady. Mr. Jeselink seconded. The motion passed.

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

ADJOURNMENT

MOTION: Mr. Tarleton moved to adjourn. Mr. Birdwell seconded. The motion passed. There being no further business, the meeting of the FRS board of trustees was adjourned.

FUTURE MEETINGS

**FRS Budget and Finance Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, June 10, 2015 at 1:00 p.m.**

**FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, June 10, 2015 at 3:00 p.m.**

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, June 11, 2015 at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:



Steven S. Stockstill, Executive Director



Mr. Charles Fredieu, FRS Chairman