



FIREFIIGHTERS' RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES July 11, 2019

A meeting of the Board of Trustees was held on July 11, 2019 at the Firefighters' Retirement System building in Baton Rouge, Louisiana. Chairman Stacy Birdwell called the meeting to order at 8:30 a.m.

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

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

MEMBERS PRESENT

Mr. Stacy Birdwell
Mr. Perry Jeselink
Mr. Afranie Adomako (designee of Commissioner Jay Dardenne)
Mr. John Broussard (designee of Treasurer John Schroder)
Mr. Louis Romero
Mr. Jerry Tarleton
Mayor Ronny Walker

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Denise Poche
Ashley Duhe
Michael Becker
Griffin Guzan
Jason Starns
Brandon Trahan
David Barnes
Elizabeth Thornton
Gary Curran
Paul Schmidt

TRUSTEE TABLET USE FOR TRAINING

Ms. Poche, FRS Administrative Assistant, demonstrated to the board the FRS tablets that trustees could now utilize to access monthly board books, emails and training videos. These tablets are designated for trustees only and are 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.

MINUTES

MOTION: Mr. Broussard moved to approve the minutes of the board meeting held on June 6, 2019 pending the amendment to change the word “develop” to “advance the cause of the property sale to the City of Gainesville, including but not limited to “developing”. Mayor Walker seconded. The motion passed.

MOTION: Mr. Jeselink moved to approve the minutes of the board meeting held on June 20, 2019. 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. Mayor Walker 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. Mayor Walker 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)

Heidi Bock- Mr. Starns presented the application of Heidi Bock, surviving spouse of Jeffrey Lloyd Bock. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Heidi Bock. Mr. Adomako seconded. The motion passed.

Shannon Creel Canton- Mr. Starns presented the application of Shannon Creel Canton, surviving spouse of Rusty Evan Canton. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Shannon Creel Canton. Mr. Jeselink seconded. The motion passed.

Brandon Morrison- Mr. Starns presented the application of Brandon Morrison, surviving sibling of Joshua Keith Morrison. He stated that the application was in order.

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MOTION: Mr. Jeselink moved to approve the application of Brandon Morrison. Mr. Tarleton seconded. The motion passed.

Jeremy Morrison- Mr. Starns presented the application of Jeremy Morrison, surviving sibling of Joshua Keith Morrison. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Jeremy Morrison. Mr. Tarleton seconded. The motion passed.

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

FRS, ET AL v. CITCO GROUP LIMITED, ET AL

FRS, et al. v. Citco Group Limited, et al., Suit No. 3:13-cv-00373-SDD-EWD, U.S. District Court, Middle District, Louisiana

[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, and where an open meeting would have a detrimental effect on the litigation position of FRS in the judicial matter cited in Agenda Item II(1); all pertinent notifications had been provided.]

Mr. Layne McKinney, FRS Controller, addressed the board. Mr. McKinney recalled that he had spoken to FRS legal counsel Phil Preis regarding the funds that were payable to FRS. According to the Joint Official Liquidator, the funds would be payable after July 8, 2019. Mr. McKinney stated that FRS has yet to receive any of those funds to date and requested Mr. Preis follow up for a status update.

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

MONTHLY FLASH REPORT - JUNE 2019

Mr. Barnes presented the monthly flash report for June 2019. (see attached Exhibit #3) The overall fund was up/down as follows: 4.3% for the month of June as compared to the allocation index of 4.2%; 10.7% for the fiscal year to date as compared to the allocation index of 11.4%; 3.9% for the trailing 12 months as compared to the allocation index of 5.8%; and 8.1% for the trailing 3 years as compared to the allocation index of 8.8%.

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

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on July 10, 2019, 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 June 2019, (ii) NEPC LLC's response to the 2019 FRS Consultant Questionnaire, (iii) International small cap equity education presentation, (iv) FRS Watch List updates, 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, Mr. Romero, and Mr. Tarleton. Also present were Mr. Birdwell, 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 February 2019. (see minute entry above captioned as "Monthly Flash Report - June 2019")

- NEPC LLC's Response to FRS Consultant Questionnaire

Mr. Barnes presented the board with NEPC's response to the 2019 FRS Consultant Questionnaire. (see attached Exhibit #4) He explained that the questionnaire is required to be submitted to FRS by NEPC, the investment consultant, on a bi-annual basis.

MOTION: Mr. Jeselink moved to allow the executive director to act on behalf of the Board of Trustees to send any unanswered questions Mr. Barnes could not answer in regards to the Investment Consultant Questionnaire to an NEPC managing partner for a response and in the meantime accept the Investment Consultant Questionnaire as presented. Mr. Tarleton seconded. The motion passed.

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

- International Small Cap Equity Education Presentation

Mr. Jeselink reported that the "International Small Cap Equity" report was presented by Mr. Barnes with NEPC. (see attached Exhibit #5) Mr. Jeselink said the report was presented for educational purposes and the investment committee took no action on this item.

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

- FRS Watch List Update

Mr. Jeselink advised the board that Mr. Barnes had presented the Watch List Update report to the Investment Committee. (see attached Exhibit #6)

Mr. Barnes had recalled that the BlackRock Global Allocation Fund had been placed on the FRS Watch List in April 2019. He said NEPC itself had placed the strategy on Watch on June 19, 2017 following the retirement of portfolio manager Dennis Stattman. NEPC placed the strategy on Hold and FRS placed the strategy on its internal Watch List in April 2019 following the announcement of CIO Rick Rieder assuming the role of portfolio manager and the retirements of Dan Chamby and the departure of portfolio manager Kent Hogshire.

Mr. Barnes had also recalled to the board that the Stone Harbor Emerging Market Debt Local Currency Strategy had been placed on the FRS Watch List back in October of 2018 due to significant asset outflows and the extended period of under performance. In March of 2019, the NEPC research department had been notified of portfolio manager Pablo Cisilino's departure from Stone Harbor. Stuart Sclater-Booth and Kumaran Damodaran were both promoted to the role of portfolio manager, and a mutual agreement was made between Stone Harbor and Pablo Cisilino that he would leave Stone Harbor in order to pursue new interests. At the time of that announcement, NEPC had placed Stone Harbor on Watch List status and recommended that FRS maintain the strategy's internal Watch List status. Mr. Barnes further stated that NEPC believes the significant increase in the pace of asset outflows creates an environment with additional headwinds for the Stone Harbor Local Markets Fund (SHLMX) to generate out performance. NEPC recommends FRS initiate a search to replace the Stone Harbor Local Markets Fund. (see attached Exhibit #6)

MOTION: Mr. Jeselink moved to accept NEPC's recommendation for FRS to initiate a search to replace the Stone Harbor Local Markets fund with another emerging markets fund and, in the interim, move the assets from Stone Harbor Local Markets fund to the BlackRock US Debt index fund. Mr. Tarleton seconded. The motion passed.

Mr. Barnes further recalled that FRS had placed Thornburg on its internal watch List in October 2018 following an extended period of under performance. FRS has since initiated a plan to reduce exposure to the Thornburg strategy and implement a higher allocation to passive management within its global equity portfolio.

MOTION: In light of the statutes governing the FRS plan, Mr. Broussard moved that FRS go forward with the investment in State Street Global Collective Trust and continue to pursue FRS' mandatory, standardized side letter. Mr. Jeselink 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.

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AUGUST BOARD MEETING

Mr. Stockstill advised the board that it had been brought to his attention that were trustee scheduling conflicts with the board meeting to be held on August 8, 2019. He said that the August date also presented a scheduling challenge for himself.

MOTION: Mr. Tarleton moved to cancel the August committee and board meeting. Mr. Romero seconded. The motion passed.

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

ADJOURNMENT

Mr. Romero moved to adjourn the meeting. Mayor Amrhein seconded. The motion passed.

FUTURE MEETINGS

**FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, September 11, 2019 at 3:00 p.m.**

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, September 12, 2019 at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:


Ashley Duhe, FRS Board Secretary


Stacy Birdwell, FRS Chairman