



FIREFIIGHTERS' RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES September 12, 2019

A meeting of the Board of Trustees was held on September 12, 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)
Mayor David Amrhein
Mr. Louis Romero
State Treasurer John Schroder
Mr. Jerry Tarleton
Mayor Ronny Walker

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Michael Becker
Ben Johnson
Brandon Trahan
Ashley Duhe
David Barnes
Elizabeth Thornton
Gary Curran
Paul Schmidt

MINUTES

MOTION: Mr. Tarleton moved to approve the minutes of the board meeting held on July 11, 2019. Mr. Romero seconded. The motion passed.

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

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.

[NOTE: There was no board meeting held in the month of August 2019. For that reason, the new applicant lists for the months of August and September 2019 were presented at this board meeting.]

Mr. Trahan, FRS Benefits Analyst, presented the list of new member applicants for the month of August 2019. (see attached Exhibit #1) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the new member applicants for the month of August 2019. Mr. Romero seconded. The motion passed.

Mr. Trahan, presented the list of new member applicants for the month of September 2019. (see attached Exhibit #2) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the new member applicants for the month of September 2019. Mr. Jeselink 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.

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[NOTE: There was no board meeting held in the month of August 2019. For that reason, the new retiree lists for the months of August and September 2019 were presented at this board meeting.]

Mr. Trahan presented the list of new retirees for the month of August 2019. (see attached Exhibit #3) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the retiree applicants for the month of August 2019. Mr. Romero seconded. The motion passed.

Mr. Trahan presented the list of new retirees for the month of September 2019. (see attached Exhibit #4) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the retiree applicants for the month of September 2019. Mr. Jeselink 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)

Barbara Brown- Mr. Trahan presented the application of Barbara Brown, surviving spouse of Joseph Ferdie Brown Jr . He stated that the application was in order.

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

Barbara J. Courville- Mr. Trahan presented the application of Barbara J. Courville, surviving spouse of Lawrence J. Courville . He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Barbara J. Courville. Mr. Tarleton seconded. The motion passed.

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Linda Haynes - Mr. Trahan presented the application of Linda Haynes, surviving spouse of Olden Haynes. He stated that the application was in order.

MOTION: Mr. Romero moved to approve the application of Linda Haynes. Mr. Tarleton seconded. The motion passed.

Dana Fuller Hill - Mr. Trahan presented the application of Dana Fuller Hill, surviving spouse of David Malcolm Hill. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Dana Fuller Hill. Mr. Tarleton seconded. The motion passed.

Bernadine Holder - Mr. Trahan presented the application of Bernadine Holder, surviving spouse of James Boyd Holder. He stated that the application was in order.

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

Michelle Kinchen Stewart- Mr. Starns presented the application of Michelle Kinchen Stewart, surviving spouse of Jeffrey Klinton Stewart. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Michelle Kinchen Stewart. Mr. Adomako seconded. The motion passed.

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

- Disability Conversion Applicant

PROCEDURE: Retirees who apply for conversion from regular retirement to a disability retirement are required to submit detailed medical information as part of the application in support of their claim that the disability was job-related and occurred during active employment as a firefighter, even though the actual physical disability may not have become manifest until after the effective date in DROP or after commencement of service retirement. Once received, the application is reviewed by staff and medical records are forwarded to a State Medical Disability Board doctor to determine if sufficient documentation is present to certify that the retiree's disability occurred during active employment and was a direct result of working as a firefighter. If the medical information submitted is not sufficient for the doctor to determine the date and cause of the disability, then an appointment is scheduled for the applicant to undergo a physical examination. For the applicant to become eligible for conversion, the State Medical Disability Board doctor must furnish a medical report certifying the retiree's disability and that the disability was a direct result of employment as a firefighter. (R.S. 11:2258(B) and Administrative Rule)

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[NOTE: By giving advance notice on its posted agenda, the board of trustees reserved its 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 conversion applicant.]

██████████ - Mr. Trahan presented the disability conversion application of ██████████. He advised the board that based upon the report by State Medical Disability Board doctor, Dr. Janine S. Parker, the staff recommendation was for the approval of disability conversion and discontinuing the requirement of disability recertification.

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

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

JOSEPH N. BROYLES v. CANTOR FITZGERALD & CO., ET AL

Joseph N. Broyles v. Cantor Fitzgerald & Co., et al., Suit No. 3:10-854-JJB-SCR, 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.]

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

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

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

RECESS FRS BOARD MEETING

CONVENE FRS-GA LLC ADVISORY COMMITTEE MEETING

[NOTE: The FRS-GA LLC Advisory Committee met on September 12, 2019, at the FRS office in Baton Rouge to discuss the following business set forth in its duly posted agenda- Discussion and advice regarding interest expressed by the City of Gainesville to purchase a certain tract of land from FRS-GA LLC. The minutes of that meeting are embedded herein. Committee members present were Mr. Stockstill, manager; Mr. Birdwell, Mr. Jeselink, Mr. Adomako, Mayor Amrhein, Mr. Romero,

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State Treasurer Schroder, Mr. Tarleton, and Mayor Walker. Also present were Layne McKinney, Michael Becker, Ben Johnson, Brandon Trahan, Ashley Duhe, David Barnes, Elizabeth Thornton, Gary Curran, and Paul Schmidt.

Mr. Stockstill provided an update to the Advisory Committee regarding the contract which had been negotiated between the City of Gainesville and the Georgia attorney who was acting on behalf of FRS-GA LLC. He said all of the terms formerly discussed by the Advisory Committee had been successfully included in the contract and he provided a copy of a draft version of the contract to each committee member. Mr. Stockstill said the contract, in its final draft form, contains all of the input from attorneys on both sides of the real estate transaction. He said the contract is now postured for Treasurer Schroder's recommendations regarding acceptance or rejection thereof.

Treasurer Schroder explained his analysis of the situation and recommended that the FRS-GA Advisory Committee advise the LLC manager to go forward with the real estate purchase and sale agreement. He acknowledged that the Municipal Employees' Retirement System (MERS) is also a party to the contract and they might have some edits for the contract. Treasurer Schroder further recommended that the FRS-GA Advisory Committee advise the LLC manager to review any edits suggested by MERS and proceed with discretion as to whether FRS-GA should agree with any contract changes proposed by MERS.

MOTION: Mr. Tarleton moved to advise the FRS-GA manager to proceed with the Real Estate Purchase and Sale Agreement; and further advised that, if MERS proposes any changes, those changes are advised to be accepted if, in the FRS-GA manager's discretion, the changes are consistent with the objectives that have been previously expressed by the FRS-GA LLC Advisory Committee. Mr. Romero seconded. The motion passed.

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

ADJOURN FRS-GA LLC ADVISORY COMMITTEE MEETING

RECONVENE FRS BOARD MEETING

FRS POLICY NO. 09122019-1

Mr. Stockstill presented proposed FRS Policy No. 09122019-1 regarding Electronic Device Usage. (see attached Exhibit #5) He said the policy provides rules and guidelines for the appropriate use of FRS-owned computer equipment and electronic devices issued to FRS board members and staff.

MOTION: Mayor Walker moved to adopt FRS Policy No. 09122019-1 regarding Electronic Device Usage as written. Mr. Tarleton seconded. The motion passed.

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

FRS POLICY NO. 09122019-2

Mr. Stockstill presented proposed FRS Policy No. 09122019-2 regarding the Process for Handling Overpayment of Contributions. (see attached Exhibit #6) After a thorough discussion by the board, it was apparent that the proposed policy needed additional work. Mr. Stockstill asked the board to allow him and the staff to redraft the policy in light of observations made by the board members. He said the staff would resubmit the policy after further drafting has been completed.

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

MONTHLY FLASH REPORT - JULY 2019

Mr. Barnes presented the monthly flash report for the month of July 2019. (see attached Exhibit #7) The overall fund was up/down as follows: 0.2% for the month of July as compared to the allocation index of 0.2%; 11.0% for the fiscal year to date as compared to the allocation index of 11.8%; 2.3% for the trailing 12 months as compared to the allocation index of 4.2%; and 7.3% for the trailing 3 years as compared to the allocation index of 8.0%.

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

MONTHLY FLASH REPORT - AUGUST 2019

Mr. Barnes presented the monthly flash report for the month of August 2019. (see attached Exhibit #8) The overall fund was up/down as follows: -0.6% for the month of August as compared to the allocation index of -0.6%; -0.4% for the fiscal year to date as compared to the allocation index of -0.3%; 1.6% for the trailing 12 months as compared to the allocation index of 3.2%; and 6.9% for the trailing 3 years as compared to the allocation index of 7.6%.

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

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on September 11, 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 July and August, 2019, (ii) Rothschild U.S. Small/Mid Cap Core Team Update, (iii) Emerging Market Debt Education, (iv) Request for Proposals Emerging Market Debt - Blended Local/Hard Currency (long only) Strategy, (v) Terminated manager performance report, 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. Romero, and Mr. Tarleton. Also present were Mr. Birdwell, Mayor Amrhein, Steven Stockstill, Layne McKinney, Ashley Duhe, Griffin Guzan, Michael Becker, David Barnes, and Elizabeth Thornton.]

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 months of July 2019 and August 2019. (see minute entry captioned above as "Monthly Flash Report - July 2019 and August 2019")

- Rothschild U.S. Small/Mid-Cap Core Team Update

Mr. Barnes presented an update regarding the Rothschild U.S. Small/Mid-Cap Core team. (see attached Exhibit #9) He explained that NEPC has placed Rothschild on NEPC's own watch list because one of the members of Rothschild's six-member portfolio management team, who is also the leader of the team, will be retiring at the end of 2019. He said that decisions to buy and sell stocks in and out of Rothschild's portfolio are made as a group based on consensus discussion and voting by the Rothschild team members. He also stated that the team will bring in Rothschild's Large Cap Energy Analyst to fill the vacant role. Mr. Barnes recommended that FRS place the Rothschild U.S. Small/Mid-Cap Core fund on FRS' watch list.

MOTION: Mr. Romero moved to accept NEPC's recommendation that FRS place the Rothschild U.S. Small/Mid-Cap Core fund on FRS' watch list. Mr. Tarleton seconded. The motion passed.

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

- Emerging Market Debt Education

Mr. Barnes made an educational presentation to the board titled "Emerging Market Debt Education". (see Exhibit #10) He began by recalling that FRS previously terminated the managers of a fund known as Stone Harbor Emerging Markets Debt Local Currency Strategy; and thereafter allocated the funds temporarily into the BlackRock U.S. Debt Index fund. He said that a draft RFP will be presented to the board later today to replace the terminated Stone Harbor fund. He explained to the board that, as a prelude, he felt like it is important to provide educational material about the Emerging Market Debt (EMD) asset class, including the reasons why NEPC recommends that FRS invest in EMD and the options for implementing an investment in the EMD markets. He explained what an emerging market is and the outlook for EMD. He described EMD Investment Universes, Expanding EMD Opportunity Sets, Growth in Emerging Markets, Active vs. Passive EMD funds, Local Rates and Currencies, Sovereign and Corporate Debt, EMD Forecasted Earnings, and Benchmarking.

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

- Request for Proposals (RFP) Emerging Market Debt - Blended Local/Hard Currency (long only) Strategy

Mr. Barnes presented the board with a document titled "Request for Proposals Emerging Market Debt - Blended Local/Hard Currency (long only) Strategy". (see attached Exhibit #11) He stated that, if the board approves the RFP, then NEPC will be advertising the RFP as a replacement for the Stone Harbor Emerging Market Debt Local Currency fund. He recalled that Stone Harbor was terminated from the FRS portfolio due to loss of assets and personnel turnover. FRS then temporarily moved that money into a bond index fund. This RFP is designed to select a manager to replace the Stone Harbor fund. Mr. Becker then presented certain proposed amendments to the RFP.

MOTION: Mr. Jeselink moved to accept NEPC's recommended RFP for Emerging Market Debt - Blended Local/Hard Currency Strategy as presented, including the amendments suggested by FRS staff. Mr. Tarleton seconded. The motion passed.

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

- Terminated Manager Performance Report

Mr. Griffin Guzan, FRS Intern, presented the board with data and graphical charts depicting the post-termination investment performance of former FRS investment managers known as Advisory Research, Putnam, Standish Mellon, Orleans Energy Capital, and the KBI Water fund. (see attached Exhibit #12) Following his presentation, the FRS board chairman commended Mr. Guzan on the value of the information and the tremendous display of knowledge that he possessed. The chairman asked for the reports presented by Mr. Guzan to become an ongoing subject matter including regular updates as a way for the board to analyze its decisions regarding manager terminations.

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

That concluded the Investment Committee report.

STATEMENT OF FIDUCIARY NET POSITION - PRELIMINARY - 4Q FY2018-19

- Statement of Changes in Fiduciary Net Position - Preliminary - 4Q FY2018-19

Mr. McKinney presented to the board the Statement of Changes in Fiduciary Net Position - Preliminary for the fourth quarter of FY2018-19. (see Exhibit #13) He explained each report on a line-by-line basis.

MOTION: Mr. Jeselink moved to accept the Statement of Changes in Fiduciary Net Position - Preliminary for the fourth quarter of FY2018-19 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.

- Statement of Fiduciary Net Position - Preliminary - 4Q FY2018-19

Mr. McKinney presented to the board the Statement of Fiduciary Net Position - Preliminary for the fourth quarter of FY2018-19. (see attached Exhibit 14) He explained each report on a line-by-line basis.

MOTION: Mr. Jeselink moved to accept the Statement of Fiduciary Net Position - Preliminary for the fourth quarter of FY2018-19 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 - 4Q FY 2018-19

Mr. Ben Johnson, FRS Accountant, drew the board's attention to a report titled FRS "Budget to Actual Comparison" for the 4th Quarter of FY 2018-19. (see attached Exhibit #15) He highlighted pertinent line items of the report and explained certain variances related thereto. Mr. Johnson summarized by saying that the close of the 4th quarter is also the close of the 2018-19 fiscal year and, as such, FRS ended the year at 91% of total budgeted expenses.

MOTION: Mr. Jeselink moved to approve the FRS Budget to Actual Comparison for 4Q FY 2018-19 as presented by Mr. Johnson. Mr. Romero seconded. The motion passed.

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

HARDSHIP DISTRIBUTION

Mr. Trahan presented a request for an accelerated distribution of refunded employee contributions based on a hardship experienced by Mr. Justin Woodall. (see attached Exhibit #16)

MOTION: Mr. Tarleton moved to approve the hardship request by Mr. Justin Woodall. Mr. Romero seconded. The motion passed.

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

ADJOURNMENT

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

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FUTURE MEETINGS

**FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, October 9, 2019 at 3:00 p.m.**

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, October 10, 2019 at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:



Ashley Duhe, FRS Board Secretary



Stacy Birdwell, FRS Chairman