



## **FIREFIIGHTERS RETIREMENT SYSTEM**

3100 Brentwood Drive  
Baton Rouge, Louisiana 70809  
Telephone (225) 925-4060 • Fax (225) 925-4062



### **MEETING OF THE BOARD OF TRUSTEES February 11, 2016**

A meeting of the Board of Trustees was held on February 11, 2016 at the Public Safety Building in Baton Rouge, Louisiana. Mr. Charlie Fredieu, Chairman, called the meeting to order at 8:30 a.m.

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

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

#### **MEMBERS PRESENT**

Mr. Charlie Fredieu  
Mayor David Amrhein  
Mr. Stacy Birdwell  
Mr. Ron Henson (designee of Treasurer John Kennedy)  
Mr. Perry Jeselink  
Mr. John McLean (designee of Commissioner Jay Dardenne)  
Mayor Ron Roberts  
Mr. Jerry Tarleton

#### **OTHERS PRESENT**

Steven Stockstill  
Layne McKinney  
Jason Starns  
Michael Becker  
Brandi Brown  
David Barnes  
Gary Curran  
Paul Schmidt  
Phil Preis  
Chuck Crawford  
Jimmy Durbin  
Michelle Cunningham  
Louis Cureau

#### **MINUTES**

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on January 13-14, 2016. 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. Jeselink moved to approve the new member applicants. Mr. Birdwell 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. Birdwell moved to approve the retiree applicants. Mr. Tarleton 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)

[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. Starns presented the disability conversion application of ██████████  
██████████ He advised the board that based upon the report by State Medical Disability Board doctor, Dr. Thad Broussard, the staff recommendation was for the approval of job-related disability conversion and suspension of disability recertification.

MOTION: Mr. Birdwell moved to accept the staff recommendation. Mr. Jeselink 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. 619601, 19<sup>th</sup> Judicial District Court, East Baton Rouge Parish, 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 litigation, and where an open meeting would have a detrimental effect on the litigating position of FRS in the judicial matter cited in agenda item II(1) (see litigation cited above); all pertinent notifications had been provided.]

**FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD MEETING**

**FEBRUARY 11, 2016  
PAGE 4**

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

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

This matter was concluded with no action being needed or taken.

**COMMITTEE REPORT - BUDGET AND FINANCE COMMITTEE**

[NOTE: The Budget and Finance Committee met on February 10, 2016, at the FRS office in Baton Rouge at 2:00 p.m. to discuss the following business set forth in its posted agenda- (i) Agreed On Procedures relative to GASB 67 & 68 and all FRS Reports for fiscal year ending June 30, 2015, (ii) Statement of Changes in Plan Net Assets for QE 12/31/15, (iii) Statement of Plan Net Assets for QE 12/31/15, (iv) Year to Date Budget to Actual Comparison for QE 12/31/15, (v) Annual Budget to Year to Date Actual Comparison for QE 12/31/15; and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Mr. Tarleton, chairman; Mayor Amrhein, Mr. Birdwell, and Mr. Jeselink. Also present were Charlie Fredieu, Ron Henson, Mayor Roberts, Steven Stockstill, Layne McKinney, Brandi Brown, Denise Poche, Jamie Grady, Michael Becker, and Michelle Cunningham.]

- FRS Employer Pension Report - June 30, 2015

Mr. Tarleton gave the Budget and Finance Committee report. In doing so, he stated that the committee received a report from Michelle Cunningham, FRS Auditor (Duplantier, Hrapmann, Hogan and Maher) titled "Employer Pension Report, State of Louisiana, Firefighters' Retirement System, June 30, 2015". (see attached Exhibit #3) That report included an Independent Accountant's Report regarding: Schedule of Employer Allocations, Schedule of Pension Amounts by Employer, Schedule of Employer's Proportionate Share of Contributions and Non-Employer Contributions, Schedule of Net Pension Liability Sensitivity to Change in Discount Rate, Schedule of Amortization, and a Summary Schedule of Findings.

MOTION: Mr. Tarleton said the Budget and Finance Committee voted to recommend approval of the report to the full board and he moved that recommendation in the form of a motion. Mr. Birdwell seconded. The motion passed.

MOTION: Mr. Tarleton said the Budget and Finance Committee voted to recommend to the full board that the FRS Auditor write a letter to the Governmental Accounting Standards Board (GASB) on behalf of FRS summarizing the practical problems encountered by the FRS employers when complying with the standards regarding the employers' (municipalities/parishes) reporting their proportionate share of the system's unfunded accrued liability. Mr. Birdwell 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, Q2 FY2015-16

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

MOTION: Mr. McLean 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 Annual Budget - 2Q 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 #5) In explaining some of the line items of the report, she highlighted certain variances. Mrs. Grady indicated that, overall, FRS is under-budget for the year.

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

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

This concluded the Budget and Finance Committee report.

#### **MONTHLY FLASH REPORT - JANUARY 2016**

Mr. Barnes presented the monthly flash report for January 2016. (see attached Exhibit #6) The overall fund was up/down as follows: -3.5% for the month of January as compared to the allocation index of -3.3%; -7.7% for the fiscal year to date as compared to the allocation index of -6.4%; -5.3% for the trailing 12 months as compared to the allocation index of -3.9%; and 1.0% for the trailing 3 years as compared to the allocation index of 4.0%.

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

#### **COMMITTEE REPORT - INVESTMENT COMMITTEE**

[NOTE: The Investment Committee met on February 10, 2016, 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 January 2016, (ii) NEPC Private Equity Review report as of

**FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD MEETING**

**FEBRUARY 11, 2016  
PAGE 6**

09/30/15, (iii) NEPC Real Estate report as of 09/30/15, (iv) Update regarding private equity funds managed by HarbourVest and Private Advisors, (v) Key man departures relative to the Standish Opportunistic Fixed Income fund, (vi) Structural changes to the investment platform of the BlackRock Global Allocation fund, (vii) Change of control of Kleinwort Benson Investors International Ltd (KBII); and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Mr. Birdwell, chairman; Mr. Henson, Mr. Jeselink, Mayor Roberts, and Mr. Tarleton. Also present were Mr. Fredieu, Mr. McLean, Mayor Amrhein, Steven Stockstill, Layne McKinney, Brandi Brown, Denise Poche, Michael Becker, and David Barnes.]

Mr. Birdwell gave the investment committee report. In doing so, he recognized Mr. Barnes who gave an overview of the capital markets. He also provided a summary of each agenda item discussed by the investment committee, saving the firm known as KBII for last.

In discussing KBII, the board recognized the volatility of returns associated with the fund's performance. The board also discussed the asset-liability study that will be presented by NEPC at the next month's board meeting. The combination of these two subjects prompted a thorough discussion of removing some of the volatility from the portfolio before the asset-liability study is addressed by the board next month.

MOTION: In furtherance of that discussion, Mr. Birdwell moved to terminate the KBII account effective immediately. Mr. Tarleton seconded. The motion passed.

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

This concluded the Investment Committee report.

**FRS v. GRECO, ET AL., SUIT NO. 641,387, 19<sup>TH</sup> JUDICIAL DISTRICT COURT, EAST  
BATON ROUGE PARISH, LOUISIANA**

[By giving advance 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 litigation, and where an open meeting would have a detrimental effect on the litigating position of FRS in the judicial matter cited above; all pertinent notifications had been provided.]

Mr. Stockstill advised the board that the defendants in the above captioned lawsuit filed a dilatory exception raising the objection of prematurity. He said the the judge conducted a hearing, and considered the briefs and oral arguments, and then overruled the exception. Mr. Stockstill said that means the lawsuit will continue on track.

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



**FRS LEGISLATION - 2016 REGULAR SESSION**

Mr. Stockstill explained the following 2016 legislative bill drafts to the board and addressed questions that arose relative thereto-

- HB49 Ivey RETIREMENT BENEFITS: Provides relative to payment of the actuarial cost of certain future expansions or augmentations of a member's benefit
- HB52 Ivey RETIREMENT SYSTEMS: Provides relative to the composition of the Public Retirement Systems' Actuarial Committee
- HB63 Ivey RETIREMENT SYSTEMS: Requires that an hour of annual training for members of boards of trustees of retirement systems be conducted by the legislative auditor
- HB64 Jones RETIREMENT/STATE-STWIDE: Provides relative to the content of reports submitted by state and statewide retirement systems to the legislative retirement committees
- HB65 Ivey RETIREMENT/STATE-STWIDE: Establishes a new hybrid retirement benefit structure for members of state retirement systems first hired on or after July 1, 2018
- SB3 Peacock FIREFIGHTERS RETIREMENT: Provides benefits for members hired on or after January 1, 2017. (6/30/16)

Mr. Stockstill explained that all the bills that were sponsored by the FRS board were presented last month (Jan 2016) and all the non-FRS-board bills are presented this month (Feb 2016). He said the board will be asked to take a position on all the bills next month (Mar 2016). Thereafter, Mr. Birdwell asked to have HB14 (see below) included in the legislative package to be discussed next month.

- HB14 Pearson RETIREMENT/BDS - COMMISSIONS: Replaces the chairmen of the House and Senate committees on retirement with the speaker of the House of Representatives and the president of the Senate as trustees on each state and statewide retirement system board

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

**ADJOURNMENT**

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

**FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD MEETING**

**FEBRUARY 11, 2016  
PAGE 8**

**FUTURE MEETINGS**

**FRS Board of Trustees  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Thursday, March 10, 2016 at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:



Steven S. Stockstill, Executive Director



Mr. Charles Fredieu, FRS Chairman