



FIREFIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES May 8, 2014

A meeting of the Board of Trustees was held on May 8, 2014 at the Public Safety Building in Baton Rouge, Louisiana. Mr. Charlie Fredieu, Chairman, called the meeting to order at 8:30 a.m.

Mayor Durbin gave the invocation and Mr. Birdwell led the pledge of allegiance.

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

MEMBERS PRESENT

Mr. Charlie Fredieu
Mr. Stacy Birdwell
Mr. Afranie Adomako
Mayor Jimmy Durbin
Mayor Mayson Foster
Mr. Perry Jeselink
Mr. Jerry Tarleton

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Jason Starns
Sara Etheridge
David Barnes
Paul Schmidt
Bob Klausner
Hank Habicht

MINUTES

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on April 9&10, 2014. 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

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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. 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 #2) He stated that all applications were in order.

MOTION: Mr. Birdwell moved to approve the new retiree applicants. Mr. Jeselink 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

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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 Ericka Hudson and Aaliyah Hudson, surviving spouse and child, respectively, of Anthony Louis Hudson. He stated that the application was in order and recommended approval based on the "heart and lung presumption".

MOTION: Mr. Birdwell moved to approve the staff recommendation. After further discussion, Mr. Birdwell withdrew his motion.

Due to the factual basis for which this application was submitted, there was some question as to whether the medical evidence would support the presumption that the decedent's pulmonary embolism was caused by his occupation as a firefighter.

MOTION: Mayor Mayson Foster expressed sincere condolences for the loss suffered by the Hudson family and, based on the uncertain factual circumstances, he moved to approve the immediate payment of non-job-related survivor benefits and to table action regarding job-related survivor benefits until a second medical opinion could be obtained regarding the etiology of the decedent's pulmonary embolism. Mayor Durbin seconded. The motion passed.

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

SAIL CAPITAL PARTNERS

Mr. Hank Habicht addressed the board concerning the history and status of FRS' investment in SAIL and SAIL's investment focus and approach. In doing so, he described SAIL Exit Partners, LLC, which is a financing plan intended to enhance value. Mr. Habicht's update included a discussion of strategy to achieve most favorable possible exits.

Mr. Habicht then discussed the state of FRS investment in SAIL funds. In doing so, he discussed the types of companies that had been assembled in the portfolio; the performance of the technologies used by the companies; the sources of new ideas and capital in the last 4-5 years; the expected IRR's of the portfolio companies; and the exits of the companies including pending IPOs.

Mr. Habicht discussed the "Fund Snapshots" of SAIL II and SAIL Sustainable Louisiana, including capital contributed, year-end value of FRS holdings, and possible range of exit values. In conclusion, Mr. Habicht discussed a "Dropdown Fund" referred to as SAIL Exit Partners, LLC.

MOTION: Mr. Tarleton moved to enter executive session. Mr. Jeselink seconded. The motion passed unanimously.

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

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

FRS-LB#2 LLC ADVISORY COMMITTEE

Chairman Fredieu recessed the regular board meeting. The board members then assembled in their capacity as the "Advisory Committee" to FRS-LB#2 LLC.

MOTION: Mr. Birdwell moved that the FRS-LB#2 LLC Advisory Committee enter executive session. Mr. Tarleton seconded. The motion passed unanimously.

MOTION: Mr. Birdwell moved that the FRS-LB#2 LLC Advisory Committee resume public session. Mayor Durbin and Mr. Adomako jointly seconded. The motion passed unanimously.

After meeting in that separate capacity, Chairman Fredieu reconvened the regular board meeting.

MONTHLY FLASH REPORT - APRIL 2014

There was no monthly flash report available this month due to the date of the board meeting occurring on or before the 8th business day of the month.

COMMITTEE REPORT - INVESTMENT COMMITTEE

There was no investment committee meeting held this month.

PORTFOLIO RISK MANAGEMENT

[NOTE- Trustee Training. By giving notice on its duly posted agenda, it was noted that discussions of the subject of Portfolio Risk Management, including introductory concepts, credit risk, inflation risk, valuation risk, market structure risk, and the risks required to be considered by R.S. 11:263(C) may be applied as credit for trustee training pursuant to R.S. 11:185.]

Mr. Barnes presented educational information related to the foregoing subject matter for the purpose of trustee training. (see attached Exhibit #4)

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

CUSTODIAL BANK (BoNY) CONTRACT RENEWAL

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Mr. Paul Schmidt presented the board with a schedule of increased fees to which he asked the board to consider approving. (see attached Exhibit #5) The schedule showed the current cost of services on a per unit basis along with the proposed unit costs and the changes relative thereto. The total proposed fee increase equaled \$29,196 or a 12% increase compared to the current contract. Mr. Schmidt explained each line item as shown on the referenced schedule.

MOTION: Mr. Tarleton moved to authorize the FRS executive director to negotiate the terms of the renewed custodial bank contract with an increase in fees up to but not to exceed 12%. Mayor Durbin seconded. The motion passed.

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

**STATEMENT OF NET ASSETS AND STATEMENT OF CHANGES IN NET ASSETS FOR
Q3, 2014**

Mr. Layne McKinney presented the 3rd Quarter financial reports of FY 2013-14. (see attached Exhibit #6)

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

2014 LEGISLATION

Mr. Stockstill presented an update regarding the following bills which were being processed in the legislature as of the date of the board meeting-

HB65*	Montoucet	RETIREMENT/FIREFIGHTERS: Authorizes the board of trustees of the Firefighters' Retirement System to adopt group trust provisions pursuant to Internal Revenue Service rulings Pending Senate Retirement
HB66*	Montoucet	BOARDS/COMMISSIONS: Requires state-affiliated physicians to serve on the State Medical Disability Board upon request of the Firefighters' Retirement System Pending Senate Health and Welfare
HB67*	Montoucet	RETIREMENT/FIREFIGHTERS: Provides relative to the accrual rate and Deferred Retirement Option Plan participation in the Firefighters' Retirement System Pending Senate Retirement
HB75*	Montoucet	RETIREMENT/FIREFIGHTERS: Requires court order be provided to the Firefighters' Retirement System before the system can seize or garnish benefits of a member Pending Senate Retirement
HB76*	Montoucet	RETIREMENT/FIREFIGHTERS: Provides relative to the removal of a former spouse as a designated beneficiary of an active member of the Firefighters' Retirement System

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		Pending Senate Retirement
HB77*	Montoucet	RETIREMENT/FIREFIGHTERS: Provides for conversion of leave to service credit in the Firefighters' Retirement System Pending Senate Retirement
HB80	Miller	RETIREMENT/STATE-STWIDE: Provides relative to investments by the state, statewide, and Harbor Police retirement systems Pending House Retirement
SB4	Peacock	FIREFIGHTERS RETIREMENT: Provides benefits for members hired on or after January 1, 2015. (6/30/14) Involuntarily Deferred - House Retirement
SB6	Martiny	FIREFIGHTERS RETIREMENT: Adds an additional retiree representative to the board of trustees. (6/30/14) Pending House Retirement

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

FRS OPERATING BUDGET (FY 2014-15)

Mr. Stockstill noted that the proposed FRS Operating Budget for FY 2014-15 was provided to each board member and, by operation of policy, will lay over until next month (June) when it will be available for discussion and action. (see attached Exhibit #7) He also noted that Chairman Foster authorized the scheduling of a FRS Budget and Finance Committee meeting next month.

ADJOURNMENT

MOTION: Mr. Tarleton moved to adjourn. Mr. Birdwell seconded. The motion passed.

FUTURE MEETINGS

**FRS Budget and Finance Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, June 11, 2014 at 2:00 p.m.**

**FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, June 11, 2014 at 3:00 p.m.**

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**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, June 12, 2014 at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:



Steven S. Stockstill, Executive Director



Mr. Charles Fredieu, FRS Chairman