



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES May 9, 2013

A meeting of the Board of Trustees was held on May 9, 2013 at the Public Safety Building in Baton Rouge. Mr. Charlie Fredieu, Chairman, called the meeting to order at 8:30 a.m.

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

Mrs. Susan Waite called the roll. A quorum was present.

MEMBERS PRESENT

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

OTHERS PRESENT

Steven Stockstill
Kelli Rogers
Layne McKinney
Jason Starns
Susan Waite
Margaret Corley
Greg Curran
David Barnes
Rhett Humphreys
Mike Sands
Yvonne Utz
Russell Owens

MINUTES

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on April 11, 2013. 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.

- 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. 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 Betty Coleman Brown, surviving spouse of James Otis Brown. He stated that the application was in order.

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

Mr. Starns presented the application of Patricia Mitcham Lewis, surviving spouse of Thomas Lewis. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Patricia Mitcham Lewis. Mr. Tarleton seconded. The motion passed.

- Disability Applications

PROCEDURE: To obtain disability benefits, a member must furnish the retirement office with an application for disability retirement. For the following applicant(s), the application for disability retirement, current job duties, and all medical records pertaining to the injury or illness were received and reviewed by the retirement office staff. An appointment was scheduled with a State Medical Disability Board doctor specializing in the area of the claimed disability. The doctor submitted a detailed report in laymen's terms of his findings based on the examination performed and the medical records reviewed. Prior to the meeting, the board of trustees was provided with the disability application, job description, State Medical Disability Board doctor's report and all medical records related to each applicant, for their advance review. (R.S. 11:215, 216, 218, & 2258)

[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 applicants.]

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██████████ - Mr. Starns presented the application for the job-related disability retirement of ██████████. He advised the board that based upon the report by State Medical Disability Doctor, Dr. Thad Broussard, the staff recommendation was for denial of the application for disability retirement.

MOTION: Mr. Broussard moved to enter executive session. Mr. Tarleton seconded. The motion passed unanimously. The board entered executive session.

MOTION: Mr. Jeselink moved to resume public session. Mr. Broussard seconded. The motion passed unanimously. The board resumed public session.

MOTION: Mr. Durbin moved that the board accept the staff recommendation and deny the application for disability retirement. Mr. Tarleton seconded. The motion passed.

MOTION: Mr. Tarleton moved that, if ██████████ appeals the board's decision, then an exception be made requiring ██████████ to see a State Medical Disability Doctor in Baton Rouge if staff is able to locate a State Medical Disability Doctor specializing in orthopaedics located in the Shreveport area. Mr. Broussard seconded. The motion passed.

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

LITIGATION

Firefighters Retirement System, et al. v. Northern Trust Investments, N.A., The Northern Trust Company, Civil Action No. 09-7203, United States District Court, Northern District of Illinois.

[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 where an open meeting would have a detrimental effect on the litigating position of FRS in the matter referenced in agenda item II(1); all pertinent notifications had been provided.]

MOTION: Mr. Tarleton moved to enter executive session. Mr. Durbin seconded. The motion passed unanimously. The board entered executive session.

MOTION: Mr. Broussard moved to resume public session. Mr. Jeselink seconded. The motion passed unanimously. The board resumed public session.

MOTION: Mr. Broussard moved to authorize FRS' executive director to settle the Northern Trust case at a value that is deemed reasonable by the attorney's prosecuting the case. Mr. Tarleton seconded. The motion passed.

MOTION: Mr. Broussard moved to authorize the FRS executive director and/or any board member who is available to travel to the Northern Trust lawsuit mediation in Chicago, Illinois on May 23, 2013, with the purpose of settling the lawsuit if feasible. Mr. Tarleton seconded. The motion passed.

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

FINANCIAL DISCLOSURE REPORTS

Mr. Stockstill reminded the board members that their Annual Financial Disclosure Forms are due to the Board of Ethics on or before May 15th.

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

MONTHLY FLASH REPORT - MARCH 2013

Mr. Barnes presented the monthly flash report for April 2013. (see attached Exhibit #3) The overall fund was up/down as follows: 1.0 % for the month of April as compared to the allocation index of N/A%; 13.1% for the fiscal year to date as compared to the allocation index of N/A%; 7.1% for the trailing 12 months as compared to the allocation index of N/A%; and 6.7% for the trailing 3 years as compared to the allocation index of N/A%.

After a question and answer session, the discussion of this matter was concluded with no action being needed or taken.

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on May 8, 2013, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the following business set forth in its posted agenda - (A) The FRS monthly investment performance results for April 2012, (B) NEPC Asset Allocation Implementation, including but not limited to allocation decisions related to the Orleans Energy Opportunities Fund and KBI Water Fund, (C) NEPC Index Fund Manager Summary, (D) RFP - Emerging Market Equity Strategy, (E) RFP-Emerging Market Debt Strategy, and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Charlie Fredieu in the capacity of ex officio member and acting chairman; Afranie Adomako, John Broussard, Perry Jeselink acting in the capacity of alternate committee member, and Jerry Tarleton.

Also present were Mayor James Durbin, Steven Stockstill, Kelli Rogers, Layne McKinney, Susan Waite, David Barnes and Rhett Humphreys.]

Committee chairman pro tem Fredieu gave the committee report and, in doing so, he recognized Mr. Stockstill who provided information to the board as follows:

NEPC ASSET ALLOCATION IMPLEMENTATION

Mr. Stockstill said that the FRS investment committee voted to recommend to the full board the adoption of Proposal Number 2 as submitted by NEPC in the Asset Allocation Implementation. (see attached Exhibit #4) Mr. Broussard indicated that, upon further review, he suggested an alternate proposal as both Orleans Capital and KBI Water are funds which have preformed well, as opposed to not knowing what will happen with the reallocated portion from those two funds.

MOTION: Mr. Broussard moved to accept Proposal Number 2 in the Asset Allocation Implementation except to adjust the size of the current allocation to Orleans Energy Fund and KBI Water Fund to one-half (1/2) of the current allocation amount. Mayor Durbin seconded. After further questions and discussions between the board, the motion passed.

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

RFP-EMERGING MARKET DEBT STRATEGY

Mr. Stockstill said the next recommendation made by the FRS investment committee was for adoption of the proposed Request For Proposals concerning an Emerging Market Debt Strategy, including the timeline set forth therein. (see attached Exhibit #5)

MOTION: Mr. Jeselink moved the recommendation of the FRS investment committee in the form of a motion. Mr. Broussard seconded. The motion passed.

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

RFP-EMERGING MARKET EQUITY STRATEGY

Mr. Stockstill said the next recommendation made by the FRS investment committee was for adoption of the proposed Request For Proposals concerning an Emerging Market Equity Strategy, including the timeline set forth therein. (see attached Exhibit #6)

MOTION: Mr. Broussard moved the recommendation of the FRS investment committee in the form of a motion. Mr. Tarleton seconded. The motion passed.

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

INDEX FUND MANAGER SUMMARY

Mr. Stockstill said the next recommendation made by the FRS investment committee was for the board to terminate its allocation of funds in the Vanguard Index Funds and to place those funds with the Mellon Index Fund as the index provider for large cap, mid cap and small cap funds. (see attached Exhibit #7)

MOTION: Mr. Broussard moved the recommendation of the FRS investment committee in the form of a motion. Mr. Jeselink seconded. The motion passed.

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

This concluded the committee report of the Investment Committee.

FRS OPERATING BUDGET - FY2013-14

Mr. McKinney advised the board that the draft FRS operating budget for fiscal year 2013-2014 was provided in the board packet for their advance review and comment. The matter will lay over until the June 2013 board meeting.

PENDING LEGISLATION

- House Bill 25

Mr. Stockstill began with a brief explanation of HB25, regarding conversion of annual leave to retirement credit. He said that Mike Sands, a representative of the Lafayette Consolidated Parish Government, and individual firefighters from Jefferson Parish attended and spoke in favor of the bill at the April 2013 board meeting. HB25 was introduced in the House and moved out of Committee. While in the process, it was being looked at more closely both by Mr. Sands and the firefighters in Jefferson Parish, who pointed out some problems that need to be addressed before the bill moves through the process. Based on the severity of the problems expressed to him, Mr. Stockstill asked the board to authorize him to request the author to return the bill to the calendar, without any further action for the duration of this legislative session. This would allow the bill to be revised next year and then brought back to the FRS board for its consideration.

Mr. Birdwell asked what were the new concerns. Mr. Stockstill yielded to Mr. Sands to discuss Lafayette Parish concerns, while Mr. Stockstill would convey the concerns provided to him from Jefferson Parish.

Mr. Sands indicated that Lafayette Parish had suggested an amendment to the bill to say that the bill applies, as written, to leave accrued by the employer for the firefighters only. It does not have anything to do with R.S. 33:1995. Mr. Sands advised that the bill will have an amendment to clarify this point and, it was his understanding, that the amendment will be presented at the Senate Retirement Committee. Mr. Sands requested FRS' support of the amended bill and allow it to go through.

Mr. Stockstill said the information he had received from Jefferson Parish firefighters was that they wanted credit to be convertible at the time of entry into DROP, not at the time of actual retirement as the bill is currently postured. Mr. Sands stated that Lafayette Parish is opposed to that position. Mr. Stockstill further advised that even if Lafayette didn't approve of the amendment by Jefferson Parish, Jefferson Parish could ask another senator or representative to submit the amendment. Mr. Stockstill indicated that based on prior experience, it is best to present one cohesive plan.

There was much discussion among the board members, Mr. Sands and Mr. Stockstill regarding the implications of Jefferson Parish's position, opposition of that position by Lafayette Parish, what current law allows, and because of the numerous issues that remain and affect HB25, Mr. Stockstill recommended that this bill be pulled, revised to the satisfaction of all parties and re-submitted next year.

MOTION: Mr. Birdwell moved to defer HB25 in order to revise and re-submit for the next legislative session. Mr. Tarleton seconded. The motion passed.

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

- Senate Bill No. 259 (Substitute of Senate Bill No. 7)

Mr. Stockstill indicated that this bill was originally SB7 and that it addressed the final average compensation of all state and statewide public retirement systems. In SB7's substitute form, SB259, the bill only applies to FRS new hires. He said it proposes to define the "average compensation" for new hires as the average of their highest 60 consecutive months of earnings. It establishes retirement eligibility for new hires as 20 or more years of service at age 50 and 12 or more years of service at age 55. It deletes the 25 and out provision for new employees. It provides a 3% benefit accrual rate for new hires. However, any employee, even new hires, who attain 30 years of service credit would still have the 3⅓% benefit accrual rate for all years of service. Lastly, the 60 month final average compensation would apply to any post-DROP supplemental benefits that are accrued.

Mr. Stockstill suggested that the board take a position on SB259. When the bill comes up in the House Retirement Committee, they will probably want to know the FRS board's position.

The board discussed various issues regarding the revised bill and its affect, or assumed affect on new hires and retirees. The board received input from the system actuary.

MOTION: Mr. Birdwell moved to oppose SB259. Mr. Jeselink seconded. A roll call vote was taken. Chairman Fredieu, Mr. Birdwell, Mayor Durbin, Mr. Jeselink and Mr. Tarleton voted in favor of opposing SB259. Mr. Adomako, Mr. Broussard and Mayor Foster voted against the motion. The motion passed.

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

PROPOSED POLICY - CHANGING EMPLOYERS DURING DROP

Upon request by the executive director, Chairman Fredieu deferred this item until the June 2013 board meeting.

PROPOSED POLICY - NON-JOB RELATED DISABILITY RETIREE MAKING APPLICATION FOR JOB-RELATED DISABILITY

Upon request by the executive director, Chairman Fredieu deferred this item until the June 2013 board meeting.

FRS 2008 MARKET CRASH RECOVERY

Mr. Stockstill provided and discussed various charts that address the monthly FRS asset values beginning before the 2008 market crash though January 2013, and the effects of the 5-year smoothing of asset devaluations following the 2008 market crash. (see attached Exhibit #8)

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

ADJOURNMENT

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

There being no further business, the meeting of the FRS board of trustees was adjourned.

FUTURE MEETINGS

**FRS Investment Committee
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, June 12, 2013 at 3:00 p.m.**

**FRS Budget and Finance Committee
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, June 12, 2013 at 2:00 p.m.**

**FRS Board of Trustees
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, June 13, 2013 at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:



Susan L. Waite, FRS Board Secretary



Mr. Charles Fredieu, FRS Chairman