



## **FIREFIIGHTERS RETIREMENT SYSTEM**

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### **MEETING OF THE BOARD OF TRUSTEES October 13, 2016**

A meeting of the Board of Trustees was held on October 13, 2016 at the Firefighters' Retirement System 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. Poche called the roll. A quorum was present.

#### **MEMBERS PRESENT**

Mr. Charlie Fredieu  
Mr. Afranie Adomako (designee of Commissioner Jay Dardenne)  
Mayor David Amrhein (arrived after roll call)  
Mr. Stacy Birdwell  
Mr. Perry Jeselink  
Mayor Ron Roberts  
Mr. Jerry Tarleton

#### **OTHERS PRESENT**

Steven Stockstill  
Layne McKinney  
Jason Starns  
Michael Becker  
Denise Poche  
David Barnes  
Gary Curran  
Paul Schmidt  
Annie Smith  
Rhett Humphries  
Jerry Cronin

#### **MINUTES**

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on September 7-8, 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. Birdwell moved to approve the new member applicants. Mr. Tarleton 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.

- 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)

**Alice Benoit** - Mr. Starns presented the application of Alice Benoit, surviving spouse of Lawrence Benoit. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Alice Benoit. Mr. Tarleton seconded. The motion passed.

**Michael D. Broussard** - Mr. Starns presented the application of Michael D. Broussard, surviving sibling of John Leslie Broussard. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Michael D. Broussard. Mr. Birdwell seconded. The motion passed.

**Vivian H. DeRouen** - Mr. Starns presented the application of Vivian H. DeRouen, surviving spouse of Billy Ray DeRouen. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Vivian H. DeRouen. Mr. Birdwell seconded. The motion passed.

**Sarah D. Kimball** - Mr. Starns presented the application of Sarah D. Kimball, surviving spouse of Raymond W. Kimball. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Sarah D. Kimball. Mr. Birdwell and Mr. Tarleton jointly seconded. The motion passed.

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

**N.O. INSPECTOR GENERAL DISABILITY REPORT - NOFF**

Mr. Birdwell recalled that, at last month's board meeting, he requested the FRS staff to prepare a written report of FRS' disability pensions listed by jurisdiction and showing the percentage of each jurisdiction's disability retirements compared to their total retirees. He presented the board with the completed staff report. (see attached Exhibit #3)

MOTION: Mr. Jeselink moved to adopt the FRS disability report and introduced it as part of the record. Mr. Birdwell seconded. The motion passed.

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

**COMMITTEE REPORT - FRS POLICY, BY-LAWS & PROCEDURE COMMITTEE**

[NOTE: The FRS Policy, By-Laws & Procedure Committee met on October 12, 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) Discussion and action regarding FRS policy relative to the number of hours that must be worked to be defined as full-time or part-time employment for retirement purposes, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mayor Amrhein, chairman; Mr. Jeselink, and Mayor Roberts. Also present were Mr. Fredieu, Mr. Birdwell, Mr. Tarleton, Steven Stockstill, Layne McKinney, Brandi Brown, Michael Becker, Henry Olinde, and Annie Smith.]

[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 litigating position of FRS.]

Mayor Amrhein gave the FRS Policy, By-Laws & Procedure Committee report. He reported that one agenda item was discussed, resulting in one action item being approved for recommendation to the full board.

- FRS Policy

Mayor Amrhein recalled the committee's discussion regarding the number of hours that must be worked to be defined as full-time or part-time employment for retirement purposes. He stated that after thorough discussions, the committee was inclined to allow more time for research into this matter.

Mr. Stockstill offered and introduced into the record, a list of questions that he had raised after applying a legal review of the existing FRS policy. The questions were designed to elicit further guidance regarding FRS' administration of the policy. Moreover, the questions showed that the

breadth and scope of the subject matter was too comprehensive to be completed without further forethought and analysis. Mr. Stockstill requested that the list of questions be submitted into the record to demonstrate to the FRS auditor that the board was making a good faith effort to address questions raised by the auditor regarding the existing FRS policy. (see attached Exhibit #4)

MOTION: Mayor Amrhein moved to moved that request in the form of a motion. Mayor Roberts seconded. The motion passed.

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

#### **MONTHLY FLASH REPORT - SEPTEMBER 2016**

Mr. Barnes presented the monthly flash report for September 2016. (see attached Exhibit #5) The overall fund was up/down as follows: 0.6% for the month of September as compared to the allocation index of 0.6%; 3.9% for the fiscal year to date as compared to the allocation index of 3.6%; 8.5% for the trailing 12 months as compared to the allocation index of 10.9%; and 2.6% for the trailing 3 years as compared to the allocation index of 5.1%.

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

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

[NOTE: The Investment Committee met on October 12, 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) Monthly flash report for September 2016, (ii) AEW Capital Management LP's receipt of offer to purchase joint venture interest, and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Mr. Birdwell, chairman; Mr. Adomako, Mr. Fredieu, Mr. Jeselink, and Mayor Roberts. Also present Mayor Amrhein, Steven Stockstill, Layne McKinney, Denise Poche, Michael Becker, David Barnes, Rhett Humphries and Annie Smith.]

Mr. Birdwell gave the Investment Committee report. In doing so he recognized Mr. Barnes who recalled his presentation of the monthly flash report to the Investment Committee for the month of September 2016. (see minute entry captioned above as "Monthly Flash Report - September 2016")

- AEW Capital Management

Mr. Birdwell reported that the AEW agenda item was discussed by the committee and resulted in an action item being approved for recommendation to the full board.

[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)(1) for discussion of character or professional competence of the juridical entities identified in Agenda Item III(2)(ii); The board of trustees further

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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 litigation position of FRS; all pertinent notifications had been provided.]

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

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

MOTION: Mr. Birdwell moved to authorize the FRS executive director to communicate the sentiments expressed by the board in executive session to AEW. Mr. Tarleton seconded. The motion passed.

MOTION: Mr. Birdwell then moved to authorize the chairman of the FRS investment committee, the FRS executive director, and the FRS chief investment officer to survey any available investment diligence service providers and determine the feasibility of retaining a provider and to approve the costs associated therewith; and, further, to authorize the FRS board of trustees to delegate authority to the FRS board chairman and the FRS investment committee chairman to retain an investment diligence service provider at a reasonable expense and have that service provider appear at the AEW corporate office to conduct a diligence exercise. Mayor Roberts seconded. The motion passed.

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

**EARNABLE COMPENSATION - WORKERS' COMPENSATION**

Mr. Stockstill addressed the board. He said the question before the board is- "Are Workers' Compensation benefits included as 'earnable compensation' for purposes of making employee and employer contributions to FRS?". The governing statutes do not provide an answer, and FRS does not have a policy, and one of FRS' participating employers has asked for guidance on the subject.

Mr. Stockstill then explained a Louisiana Supreme Court case that provides an analytical framework for answering the same type of question regarding earnable compensation (the only difference being the supreme court case involved teacher supplemental pay). (see attached Exhibit #6) He then said that-

- To find that Workers' Compensation is included in earnable compensation for contribution purposes, then you must conclude that the legislature decided not to specifically exclude Workers' Compensation pay from the definition of "earnable compensation" in the list of exclusions in La. R.S. 11:233(B)(2).

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- To find that Workers' Compensation is not included in earnable compensation for contribution purposes, then you must conclude that Workers' Compensation is a form of insurance that is paid or payable in lieu of unused annual or sick leave, or that it is analogous to any of the exclusions in La. R.S. 11:233(B)(2).

The board discussed several possible scenarios involving workers' compensation, such as- How it is paid or the method by which it is paid, whether it is paid directly to the employee or, alternatively, to the employer, whether the employee authorizes the payment(s) to be made directly to the employer on his behalf, and whether such payments cover all or part of the salary formerly being earned by the employee. After discussing these and other possible scenarios, the board narrowed its focus to the following single set of facts- Where workers' compensation benefits are being paid directly to the employee, and, the employer does not pay any salary directly to the employee, then workers' compensation should not be reported to FRS as earnable compensation.

MOTION: Mayor Roberts moved to define Worker's Compensation in this narrow framework as not being remunerative in nature, but as being more in nature of insurance. Mayor Amrhein seconded. A roll call vote was taken and the motion passed with the following tally -

Fredieu	Yes
Birdwell	Yes
Adomako	Yes
Amrhein	Yes
Jeselink	Yes
Roberts	Yes
Tarleton	Yes
(7-0)	

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

**LEAVE CONVERSION ORDINANCE - ST. BERNARD PARISH**

Mr. Starns recalled that there is legislation, Act 403 of the 2014 Regular Session, that allows a member, when he either retires or enters in DROP, to convert his unused annual and sick leave into service credit; but only if his employer has passed an ordinance irrevocably opting in to the leave conversion program. In order to opt-in, an employer must first submit a duly adopted ordinance to the FRS board for approval.

MOTION: Mr. Tarleton moved to approve St. Bernard Parish Council's ordinance authorizing conversion of unused leave to retirement credit at the time of entry into DROP. Mr. Jeselink seconded. The motion passed. (see attached Exhibit #7)

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

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**BANK OF NEW YORK - EDUCATION SESSION**

Mr. Paul Schmidt, with the Bank of New York, completed the educational session that he started at last month's meeting related to the role of a custodian, custody technology changes, selecting subcustodians, life of a trade, global institutional accounting, class action process and filing, global risk solutions, daily cash sweep investment, and all related matters that was held over from the last meeting.

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

**ADJOURNMENT**

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

**FUTURE MEETINGS**

**FRS Investment Committee  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Wednesday, November 9, 2016 at 3:00 p.m.**

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

SUBMITTED BY:

APPROVED BY:



Steven S. Stockstill, Executive Director



Mr. Charlie Fredieu, FRS Chairman