



## **FIREFIIGHTERS RETIREMENT SYSTEM**

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



### **MEETING OF THE BOARD OF TRUSTEES December 8, 2016**

A meeting of the Board of Trustees was held on December 8, 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 led the pledge of allegiance.

Ms. Poche called the roll. A quorum was not yet present.

#### **MEMBERS PRESENT**

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

#### **OTHERS PRESENT**

Steven Stockstill  
Layne McKinney  
Denise Poche  
Jason Starns  
Michael Becker  
Jamie Grady  
David Barnes  
Gary Curran  
Annie Smith  
Margaret Corley  
Michelle Cunningham

#### **MINUTES**

MOTION: Mayor Roberts moved to approve the minutes of the board meeting held on November 10, 2016. Mr. Jeselink 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. Mayor Roberts 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. Jeselink moved to approve the retiree applicants. Mayor Roberts 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)

**Jennifer Guidry Chauvin** - Mr. Starns presented the application of Jennifer Guidry Chauvin, surviving spouse of Spencer James Chauvin, which also included the applications of Jude Lewis Chauvin and Jade Michel Chauvin, surviving children of Spencer James Chauvin. He stated that the joint application was in order.

MOTION: Mr. Jeselink moved to approve the joint application of Jennifer Guidry Chauvin, Jude Lewis Chauvin, and Jade Michel Chauvin. Mayor Roberts seconded. The motion passed.

**Mary Helena Price** - Mr. Starns presented the application of Mary Helena Price, surviving spouse of Alvin Price. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Mary Helena Price. Mr. Adomako seconded. The motion passed.

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

#### **FY 2015-16 FRS FINANCIAL STATEMENTS**

- FRS 2016 and 2015 Financial Report

Michelle Cunningham, FRS Auditor (Duplantier, Hrapmann, Hogan, and Maher) furnished the board with a report titled Firefighters' Retirement System 2016 and 2015 Financial Report, which is otherwise referred to as the FRS Annual Audit. (see attached Exhibit #3)

Ms. Cunningham then furnished the board with a report titled Presentation of the Results of the June 30, 2015 Financial Audit and Compliance Audit, which is a summary compendium of the FRS Annual Audit. (see attached Exhibit #4) She offered to discuss the FRS Annual Audit in detail if any

**FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD MEETING**

**DECEMBER 8, 2016  
PAGE 4**

board member would like to do so but, in the absence of such a request, she discussed the summary version in lieu thereof. The range of topics Ms. Cunningham discussed were: FRS management's responsibilities regarding preparation and fair presentation of the financial statements in accordance with GAAP principles; the auditor's responsibilities; a summary of the audit results; the scope and timing of the audit; significant accounting policies and procedures; FRS management's judgments and accounting estimates; significant accounting estimates and judgments; a comparative statement of Fiduciary Net Position; the fair value of FRS securities; the net pension liability of the FRS participating employers; the results of census data testing regarding five pre-selected participating employers; and the total end-of-year pension liability as it is allocated to each participating employer.

MOTION: Mr. Jeselink moved to accept the Firefighters' Retirement System 2016 and 2015 Financial Report. Mr. Broussard seconded. The motion passed.

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

- FRS Agreed Upon Procedures

Ms. Cunningham also furnished the board with a report titled "Firefighters' Retirement System Agreed Upon Procedures June 30, 2016". (see attached Exhibit #5) The Independent Accountant's Report explained the findings resulting from applying certain agreed upon procedures to the following participating employers: Lafayette Consolidated Government, St. Tammany Fire District #1, City of Zachary, Plaquemines Parish Government, and the City of Bogalusa. There were multiple procedures applied to each such employer including for example, but not limited to, a review of the applicable revised statutes to obtain an understanding of the contribution rates for the employees and employers, the eligible compensation on which contributions are based, and the eligibility criteria for membership in FRS.

MOTION: Mr. Broussard moved to accept the Firefighters' Retirement System Agreed Upon Procedures Report. Mr. Jeselink seconded. The motion passed.

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

- FRS LB, LLC Agreed Upon Procedures

Lastly, Ms. Cunningham furnished the board with a report titled "FRS LB, LLC Agreed Upon Procedures June 30, 2016." (see attached Exhibit #6) The Independent Accountant's Report explained the findings resulting from applying certain agreed upon procedures to the following Limited Liability Companies (LLCs): FRS-LB, FRS-LB#1, FRS-LB#3, and FRS-GA. There were multiple procedures applied to each such LLC including a review of third party agreements, payments to third party management companies, the cash disbursement process, controls over cash receipts and cash disbursements, and bank reconciliations.

MOTION: Mr. Broussard moved to accept the FRS LB, LLC Agreed Upon Procedures Report. Mr. Jeselink seconded. The motion passed.

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

**MONTHLY FLASH REPORT - NOVEMBER 2016**

Due to the date of the board meeting and the timing of the investment data availability, or lack thereof, there was no flash report for the month of November 2016. In lieu thereof, Mr. Barnes presented and explained a chart containing the composite returns for each major asset class. (see attached Exhibit #7)

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

**PUTNAM INVESTMENTS**

Mr. Barnes advised the board that in November 2016, Putnam Investments announced an 8% staff reduction. Additionally, Putnam's CIO Walter Donovan is leaving the firm. Mr. Donovan will be replaced by a group of CIOs, Aaron Cooper, William Kohli, and Robert Schoen. Mr. Barnes stated that NEPC's recommendation following this announcement is that no action be taken at this time.

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

**JP MORGAN GLOBAL REAL ASSETS UPDATE**

Mr. Barnes advised the board that JP Morgan had announced that its Global Head of Real Assets, Joe Azelby, has decided to retire. NEPC recommended that no action be taken at this time.

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

**ASSET ALLOCATION/RISK BUDGETING - EDUCATIONAL PRESENTATION**

[NOTE: By giving notice on its duly posted agenda, the board of trustees gave notice that this agenda item involves a presentation regarding Asset Allocation and Risk Budgeting that may be applied as credit for trustee training pursuant to R.S. 11:185.]

Mr. Barnes presented to the board with an educational session related to Asset Allocation and Risk Budgeting; including defining the process, statistical mean-variance analysis, return forecasts, statistical correlations, volatility forecasts, diversification, efficient frontier analysis, multiple modeling, asset-liability studying, risk budgeting, and implementation. (see attached Exhibit #8)

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

**CUSTODIAL BANK CASH ACCOUNT BALANCE POLICY**

Michael Becker, FRS CIO, drew the board's attention to the FRS policies relating to investment management. He said that FRS needs an additional policy to assure that there is always an adequate level of cash in the system's cash account maintained by the system's custodial bank. In furtherance thereof, Mr. Becker presented the board with proposed Policy No. 12082016 titled "Custodial Bank Cash Account Balance Policy." (see attached Exhibit #9)

MOTION: Mayor Roberts moved to accept the Custodial Bank Cash Account Balance Policy as proposed. Mr. Jeselink and Mr. Tarleton jointly seconded. The motion passed.

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

**FY2016-2017 FRS BUDGET AMENDMENT**

Layne McKinney, FRS CPA, addressed the board. He drew the board's attention to the FRS 2016-2017 Capital Budget Amendment Request. (see attached Exhibit #10) He explained that the currently approved capital budget already contains a new office telephone system with call recording capabilities at a cost of \$20,000.00. Based on a survey of cost, Mr. McKinney explained that this telephone system may require up to an additional \$5,000.00.

MOTION: Mayor Roberts moved to approve the Capital Budget Amendment Request. Mr. Tarleton seconded. The motion passed.

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

**FRS LEGISLATION - 2017 REGULAR SESSION**

Mr. Stockstill explained the following 2017 legislative bill drafts to the board and addressed questions that arose relative thereto-

- Provides for certain types of pay to be included as earnable compensation. Mr. Jeselink moved to approve submission of the bill draft to the legislature with authority to make necessary changes. Mr. Tarleton seconded. The motion passed. (see attached Exhibit 11)
- Provides order of payment for certain types of death benefits. No action was taken at this time. (see attached Exhibit 12)

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

**FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD MEETING**

**DECEMBER 8, 2016  
PAGE 7**

**ADJOURNMENT**

Mr. Tarleton moved to adjourn the meeting. Mayor Amrhein and Mr. Adomako jointly seconded. The motion passed.

**FUTURE MEETINGS**

**FRS System's Recommendations Committee  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Wednesday, January 11, 2017 at 2:00 p.m.**

**FRS Investment Committee  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Wednesday, January 11, 2017 at 3:00 p.m.**

**FRS Board of Trustees  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Thursday, January 12, 2017 at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:

  
\_\_\_\_\_  
Steven S. Stockstill, Executive Director

  
\_\_\_\_\_  
Charlie Fredieu, FRS Chairman