



## **FIREFIIGHTERS RETIREMENT SYSTEM**

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### **MEETING OF THE BOARD OF TRUSTEES January 8, 2015**

A meeting of the Board of Trustees was held on January 8, 2015 at the Public Safety Building in Baton Rouge, Louisiana. Stacy Birdwell, Vice-Chairman, called the meeting to order at 8:30 a.m.

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

Mayor Ron Roberts was administered the oath of office as the newly appointed LMA representative to the FRS board of trustees.

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

#### **MEMBERS PRESENT**

Mr. Stacy Birdwell (Assumed the Chair in Mr. Fredieu's absence.)

Mr. John Broussard

Mr. Perry Jeselink

Mr. John McLean

Mayor Ron Roberts

Mr. Jerry Tarleton

#### **OTHERS PRESENT**

Steven Stockstill

Layne McKinney

Jason Starns

Michael Becker

Sara Etheridge

David Barnes

Greg Curran

Paul Schmidt

Stephanie Little

Margaret Corley

Gary Welchel

Farrell Crane

Paul Richmond

#### **MINUTES**

**MOTION:** Mr. Tarleton moved to approve the minutes of the board meeting held on December 11, 2014, with certain corrections designated by staff. 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. 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. Tarleton moved to approve the new retiree applicants. Mr. Jeselink seconded. The motion passed.

**FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD MEETING**

**JANUARY 8, 2015  
PAGE 3**

- 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 Barbara Bickham Dempsey, surviving spouse of James Conrad Dempsey. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Barbara Bickham Dempsey. Mr. Tarleton seconded. The motion passed.

Mr. Starns presented the application of Bonnie Lucas Meyers, surviving spouse of Lester Lee Meyers. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Bonnie Lucas Meyers. Mr. Jeselink seconded. The motion passed.

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

**ELECTION OF BOARD OFFICERS**

Mr. Birdwell conducted the election of board chairman. He placed the name of Charlie Fredieu into nomination for the position of FRS board chairman. He then opened the floor to accept other nominations. There were no other nominations.

MOTION: Mr. Tarleton moved to close nominations and deem Mr. Fredieu to be elected as chairman by acclamation. Mr. Jeselink seconded. That motion passed.

In the absence of Chairman Fredieu, and to avoid any conflict, Mr. Birdwell asked the executive director to conduct the election of board vice-chairman. Mr. Stockstill opened the floor to accept nominations for the position of vice-chairman of the FRS board of trustees. Mr. Jesselink nominated Mr. Birdwell. Mr. Stockstill then opened the floor to accept other nominations. There were no other nominations.

MOTION: Mr. Stockstill suggested that a motion would be in order to close nominations and deem Mr. Birdwell to be elected as vice-chairman by acclamation. Mr. Jeselink moved that motion. Mr. Tarleton seconded. The motion passed.

**MONTHLY FLASH REPORT - DECEMBER 2014**

Due to the date of the board meeting and the timing of investment data availability, or lack thereof, there was no flash report for the month of December 2014. In lieu thereof, Mr. Barnes presented and explained a chart titled "FRS Return Estimate (as of 12/31/2014)". (see attached Exhibit #3)

**COMMITTEE REPORT - INVESTMENT COMMITTEE**

[NOTE: The Investment Committee met on January 7, 2015, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the following business set forth in its posted agenda- Discussion and action regarding FRS investments, including but not limited to: (i) The FRS monthly investment performance results for December 2014, (ii) Fixed Income Education, (iii) Update regarding due diligence findings relative to AEW Core Real Estate REIT, (iv) Update regarding Small/Mid Cap equity manager Request For Proposal, (v) Update regarding the Orleans Energy Fund, 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. Broussard, and Mr. Jeselink. Also present were Mayor Roberts, Steven Stockstill, Layne McKinney, Michael Becker, Sara Etheridge, Rhett Humphries, and David Barnes.]

Mr. Birdwell gave the investment committee report. In doing so, he recognized Mr. Barnes who explained the content of Exhibit #3.

- Small-Mid Cap Core/Growth Equity Manager Search (RFP)

Mr. Stockstill indicated that the advertisements for the upcoming Small-Mid Cap Core/Growth Equity Manager search are scheduled to be published in POnline, P&I magazine, and the Advocate on January 12<sup>th</sup>. He also provided a reminder that the staff and board are in black-out mode during the pendency of the RFP and recommended that any RFP-related inquiries received by board members should be referred to NEPC.

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

- AEW Core Real Estate Contract

Mr. Stockstill explained certain concerns that arose during the review of AEW's documents regarding the "Volker rule" and the fact that AEW is a subsidiary fund of a French bank. He said that the Volker rule requires AEW to comply with its requirements by July of 2015. AEW asserts that AEW is exempt from the Volker rule, even though AEW's governing documents state that, if they

don't fit into one of two exceptions, then they will have to make material changes to their structure and/or management operations by July 2015; but, AEW could not or had not explained what changes AEW would make or how they would come in to compliance by that date if they do not fit within an exception to the Volker rule.

Mr. Broussard indicated that he was not concerned by the foreign ownership of AEW, but he was concerned that AEW could not explain what AEW would do to bring AEW's operations into compliance with the Volker rule by July 2015.

Mr. Birdwell asked if the update required any action by the board. Mr. Stockstill explained that he was simply apprising the board of concerns that warrant further study before a decision is made regarding the AEW contract.

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

- Orleans Energy Opportunity Fund

Messrs. Farrell Crane and Gary Welchel appeared before the board to present a "Strategy Update" regarding FRS' existing investment in the Energy Opportunities fund. (see attached Exhibit #4) Mr. Crane provided a management update, explained the portfolio process, and discussed the performance and attribution of the portfolio. He further explained the portfolio composition and provided an update regarding the energy industry, including recent trends.

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

This concluded the Investment Committee report.

#### **CHANGE OF FRS BOARD MEETING DATE**

MOTION: Mr. Jesselink moved to change the February FRS board meeting date from its regularly scheduled date to Friday, February 13, 2015. Messrs. Broussard and Tarleton jointly seconded. The motion passed.

#### **COST-OF-LIVING ADJUSTMENT (COLA) - ACT 170**

A discussion of this subject was taken up but, because there are several ways that a COLA can be calculated, further discussion of the matter was postponed until the February 2015 board meeting. The FRS actuary was asked to provide the final calculations to the board at that meeting.

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

**FRS ENROLLMENT REPORT**

[NOTE: At the prior month's board meeting (Dec 2014, see minutes), the staff was instructed to conduct an examination of persons who are not enrolled in FRS but who are receiving state fire supplemental pay, and to report back to the board.]

Mr. Jason Starns (FRS Benefits Manager) addressed the board. He recalled the prior instruction from the board regarding a study that he was to conduct regarding any employee receiving state fire supplemental pay, but who was not enrolled in and contributing to FRS. Mr. Starns said the State Supplemental Pay Board furnished him with a list of all employees receiving state fire supplemental pay. FRS then hired a computer programmer to write a program that compared the list of state fire supplemental pay recipients to the FRS membership records. The program compiled a list of everyone who was receiving state fire supplemental pay, but who was not actively contributing to FRS. The initial list included 1,617 people, which included employers that are known to be legally excluded from participation in FRS, e.g., New Orleans, Baton Rouge, Gonzales, the Ports of Lake Charles and New Orleans, and the Indian tribes. (see attached Exhibit #5) Those employers were taken off the list.

The list also includes employees of other types of employers that are known to be ineligible to participate in FRS, such as non-profit organizations, associations, and fire departments that are contracted to provide fire services. Those employees were taken off the list.

The list includes employees of employers that FRS is not aware of whether the employer is exempted from participating in FRS, such as any employer that passed an ordinance prior to 1980 legally exempting the employer from the mandatory participation provisions of the law. Mr. Starns indicated that more research would be conducted to determine the eligibility status of such employers.

The list includes employees that are receiving state fire supplemental pay, but may have legally opted out of FRS participation because they are participating in the federal social security program, or those employees that were ineligible for FRS membership because they were over age 50 on their date of hire.

The list includes persons who retired from FRS, but are working and receiving state fire supplemental pay. There are seven such employees highlighted on the list.

Mr. Starns said that he was able to reduce the list from 1,617 to 367 employees that require additional research to determine whether they should be enrolled in FRS.

Mr. Starns concluded his presentation by reporting the next steps that will be taken. Mr. Starns said he will now contact the individual employers by telephone to determine: (1) Whether the employer meets the statutory definition of "employer" for purposes of enrolling its employees in FRS, (2) If not, then those employees will be taken off the list, but (3) If the employer does meet the definition

**FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD MEETING**

**JANUARY 8, 2015  
PAGE 7**

of employer, then FRS will follow up with a letter notifying that employer that its employees should be enrolled in FRS unless there is a legal exemption.

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

**ADJOURNMENT**

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

**FUTURE MEETINGS**

**FRS Board of Trustees  
739 Canal Street  
New Orleans, Louisiana  
Friday, February 13, 2015 at 02:30 p.m.**

SUBMITTED BY:

APPROVED BY:



Steven S. Stockstill, Executive Director



Mr. Charles Fredieu, FRS Chairman