



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES July 9, 2015

A meeting of the Board of Trustees was held on July 9, 2015 at the Public Safety 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. Tarleton led the pledge of allegiance.

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

MEMBERS PRESENT

Mr. Charlie Fredieu
Mayor David Amrhein
Mr. John Broussard
Mr. Perry Jeselink
Mayor Ron Roberts
Mr. Jerry Tarleton

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Jason Starns
Michael Becker
Brandi Brown
David Barnes
Greg Curran
Stephanie Little
Margaret Corley
Robert Lawrence

MINUTES

MOTION: Mr. Tarleton moved to approve the minutes of the board meeting held on June 11, 2015. Mr. Jeselink seconded. The motion passed.

APPLICANTS

- New Members

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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. Tarleton moved to approve the new member applicants. Mr. Jeselink 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. Tarleton moved to approve the retiree applicants. Mr. Jeselink seconded. The motion passed.

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

- Survivor Applications

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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 Lorraine Yeomans Faust, surviving sister of David Menge Yeomans. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Lorraine Yeomans Faust. Mr. Tarleton seconded. The motion passed.

Mr. Starns presented the application of Toni Trichel Hall, surviving spouse of Richard Layne Hall. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Toni Trichel Hall. Mr. Tarleton seconded. The motion passed.

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

**FRS, ET AL. v. CITCO GROUP LIMITED, ET AL., SUIT NO. 619601, 19TH JUDICIAL
DISTRICT COURT, EAST BATON ROUGE PARISH, LOUISIANA**

[By giving advance 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 litigation, and where an open meeting would have a detrimental effect on the litigating position of FRS in the judicial matter cited above; all pertinent notifications had been provided.]

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

MOTION: Mr. Jeselink 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.

MONTHLY FLASH REPORT - JUNE 2015

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 June 2015. In lieu thereof, Mr. Barnes presented and explained a chart containing the composite returns for each major asset class. (see attached Exhibit #3)

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on July 8, 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 June 2015, (ii) Review of funds allocated to existing FRS manager known as Sentinel Real Estate, (iii) Update regarding Small/Mid Cap Growth equity manager, (iv) Update regarding Request for Proposal (RFP) for Unconstrained (Absolute Return) Fixed Income Strategy manager, (v) Real Estate Program Review and 2015 Strategic Plan, and (vi) The accounting treatment for certain legacy investments recommended by former investment consultant known as CSG, and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Mr. Fredieu (acting as chairman in his ex officio capacity in the absence of Mr. Birdwell); Mr. Broussard, Mr. Jeselink, Mayor Roberts, and Mr. Tarleton. Also present were Mayor Amrhein, Steven Stockstill, Layne McKinney, Brandi Brown, Michael Becker, David Barnes, Stephanie Little, and Nicholas Stein.]

Mr. Fredieu gave the investment committee report. In doing so, he recognized Mr. Barnes who explained the following items-

- Sentinel Real Estate Fund Reallocation - FRS 2015 Real Estate Strategic Plan

Mr. Barnes recalled that a representative of the Sentinel Real Estate Fund (an existing FRS real estate fund manager) appeared before the investment committee and explained his rationale in support of FRS continuing its investment with Sentinel instead of reallocating the funds to another real estate fund. He further recalled that Sentinel is a manager that concentrates on multi-family apartment sector as a focused strategy. He said NEPC provided the committee with an updated Real Estate Strategic Plan and made the recommendation that FRS make a \$15 million dollar commitment to the "value added" real estate sector for fiscal year 2015, including the making of a \$12 million redemption from the Sentinel Real Estate Fund, with the remaining investment in Sentinel being redeemed in equal parts over the next two years. Mr. Barnes said that the investment committee voted to forward the NEPC plan as a recommendation to the full board.

MOTION: Mr. Jeselink moved the NEPC plan in the form of a motion. Mr. Broussard seconded. Messrs. Fredieu, Broussard, Jeselink, and Tarleton voted yea. Mayors Amrhein and Roberts voted nay. The motion failed by a vote of 4-2. (see note below)

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[NOTE: R.S. 11:2260(A)(6) provides, in part: "An affirmative vote by at least five members of the board of trustees shall be necessary for a decision by the trustees at any meeting of the board. The phrase 'affirmative vote' shall mean that the vote shall be cast in favor of approving any motion."]

After additional discussion, this matter was concluded with no further action being needed or taken.

- Unconstrained ("Absolute Return") Fixed Income Strategy Search; Request for Proposal (RFP)

Mr. Barnes referred to a report relative to the ongoing search for an Unconstrained ("Absolute Return") Fixed Income Strategy manager that had previously been provided to the board. He said NEPC recommended the following three managers be invited as finalists to interview with the FRS board- (1) Standish Mellon Asset Management Company, (2) BlackRock, and (3) GAM USA Inc. Mr. Barnes said the investment committee voted to forward that recommendation to the full board.

MOTION: Mr. Jeselink moved the NEPC recommendation 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.

This concluded the FRS Investment Committee report.

ENROLLMENT STATUS OF CERTAIN JEFFERSON PARISH EMPLOYEES

[The subject matter of this minute entry was the first item of business taken up by the board of trustees. However, the entry is recorded at this point of the minutes in order to coordinate with its position as listed on the FRS agenda for this meeting.]

Mr. Stockstill recalled that there were issues previously brought before the board for discussion regarding the possibility that the Jefferson Parish governing authority had been applying job titles to certain employees that would cause those employees to be exempt from participating in FRS. He said there had been allegations made indicating that those same employees were performing duties that are defined in the municipal fire civil service, and which if true would require their enrollment in FRS, notwithstanding the job titles that were assigned to each employee. He said the Jefferson Parish governing authority and the Jefferson Parish Fire Civil Service Board allowed the office of the State Examiner to examine the job duties of each such employee and to make a recommendation as to whether the employees' positions should be in the Municipal Fire Civil Service. He said that Mr. Robert Lawrence (the State Examiner) was in attendance and prepared to present a summary of his findings resulting from the examination.

Mr. Lawrence addressed the board. He said that his office had recently undertaken a review of the positions in question and that his office had made certain recommendations to the Jefferson Parish Fire Civil Service Board, but they had not yet decided whether to adopt the Examiner's

recommendations. He said that there were several positions that were analyzed and many of them were single employee positions. He said the first was Director of Fire Services. Then, the Assistant Director of Fire Services, Hazardous Materials Risk Coordinator, Hazardous Materials Risk Assistant Coordinator, Fire Training Center Administrator, Fire Training Center Instructor, and Fire Services Information Technology Specialist. All of the foregoing positions are not currently in the classified service. He said there were other positions that were analyzed at the request of the Civil Service Board, those being Arson Investigator I and II, Fire Communications Officer I and II, and Fire Communications Supervisor. Those positions are currently in "the class plan". He said additional analysis were conducted on three positions that were identified as Clerk Typists I, II and III; one of which is assigned to the Fire Training Center, another to the Hazardous Materials, and one that is working in the East Bank Consolidated Fire Protection District. Two of those typists were not performing duties and responsibilities for which the Examiner would make a recommendation for allocation of their positions to the classified civil service. However, the typist who is serving the East Bank Consolidated Fire Protection District is performing duties and responsibilities that are in the classified service and the Examiner had made a recommendation for that typist's position to be allocated to the classified service. That particular position was previously in the classified service, but upon that employee's retirement, the employee was apparently enrolled in the Parochial Employees' Retirement System, although it appears that the employee is continuing to perform the same duties and responsibilities that were being performed prior to the employee's retirement.

Mr. Lawrence reported that the Director of Fire Services, for all intents and purposes, is the chief of the fire department. He said, although his title is Director of Fire Services, the Examiner does not look at the title as far as making a recommendation for allocation of the position to classified service. He said the civil service law provides that the primary duties and responsibilities are what cause the position to fall under classified service. He said his office found that the tasks performed and the duties and responsibilities of the Director of Fire Services are those of the chief officer of the fire department. Mr. Lawrence said his office recommended that the Jefferson Parish Civil Service Board consider allocating the the Director of Fire Services' position to the classified service. He said they can assign whatever title they desire, but as long as the job entails performing its current duties and responsibilities, then it is the examiner's appreciation that the position should be in the classified service.

Mr. Lawrence reported that the duties and responsibilities of the Assistant Director of Fire Services also fall within the classified service. Mr. Lawrence said his office recommended that the Jefferson Parish Civil Service Board also allocate that position to the classified service.

Mr. Lawrence discussed the positions of the Hazardous Materials Risk Coordinator and the Hazardous Materials Risk Assistant Coordinator. He said, although the law does not specifically state that the hazardous material is in the classified service, there is precedent for it. There are other jurisdictions within the state that have haz-mat duties and responsibilities that have been placed in the various class plans. Mr. Lawrence observed that, when the legislation was adopted some 70 years ago, there wasn't yet a recognition of haz-mat units. There wasn't a nomenclature, but hazardous

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materials have grown to be a very important part of the work of fire departments. In many fire departments, firefighters in the suppression class are trained in hazardous material mitigation. He said his office looked back at the record and discovered that, some years ago, Hazardous Materials Officer was a classification in Jefferson Parish. The records show that, for some reason, after the position was vacated by the incumbent, they no longer needed the position in the fire department. The records show that, some time later, the department has evolved to have these positions within the fire services of the Parish, and it appears to fall under the fire services division of the parish budget.

Mr. Lawrence discussed the positions of the Fire Training Center Administrator and Fire Training Center Instructor. He said those employees are not necessarily in the East Bank Consolidated Fire Protection District, but they certainly do perform fire instruction, which is one of the areas of duties and responsibilities that are listed in the law that provides those positions that are in the classified service. He said these employees do perform as fire training officers for the parish. Not necessarily, specifically for the East Bank Consolidated Fire Protection District, but because they are parish employees who are under the supervision of and subject to discipline and discharge of the parish or and officer thereof, they are considered to be in the classified service. Mr. Lawrence said his office recommended that the Jefferson Parish Civil Service Board also allocate these positions to the classified service.

Mr. Lawrence discussed the position of Fire Services Information Technology Specialist. He said that, similarly, computer programming, network maintenance, and those types of duties were not considered back in 1940. He said that, if the NFPA is reviewed, and the fire protection handbook, it talks about the importance of the information technologist in fire departments today. He said it is a critical position in the fire services, especially with communications that are required now, along with the technologies that are required between the fire scene and headquarters or whatever other entity may be involved in the emergency scene. The Information Technology Specialist or whatever other title might be assigned to that position is a very important role. Other jurisdictions include this position in the classified service.

Mr. Stockstill stated that, some of the people that were the subject of the State Examiner's review, retired from FRS and are presently drawing benefits. Under FRS law, if a retiree returns to employment that is covered by FRS, then the retiree's benefits are supposed to be suspended. But, because the subject employees are not being placed within a job title that would be covered by FRS, the retirees are being allowed to return to work, draw their full salary and simultaneously receive benefits from FRS. The employees are supposedly not in the fire service, but yet some of them are receiving state fire supplemental pay, which you can only get if you are in the full-time fire service. He said it looks like there is a conflict between Jefferson Parish's classification of the subject employees and the FRS laws. The FRS law regarding enrollment does not look at the title of the job, but looks to see if the job duties and responsibilities are defined in the fire civil service. If they are so defined, then the employee must be enrolled in FRS if the employee is working on a full-time basis earning at least \$375 per month, irrespective of the job title.

Mr. Stockstill noted, now that the State Examiner has completed his office's review, and has concluded that some of the subject employees job duties and responsibilities do fall within the fire civil service, there is sufficient indicia to raise the question of whether the subject employees should be receiving FRS benefits or whether they should be re-enrolled in FRS with a suspension of benefits. Mr. Stockstill explained that, if a retiree returns to covered employment, the FRS law requires the retiree's benefits to be suspended during the period of such re-employment, and the employee and employer must begin contributing to FRS. It is this law that begs the question of how to treat the subject employees. He then explained the process of applying to the court for a Declaratory Judgment, which essentially seeks a judicial determination of rights of FRS and the subject employees in this situation.

Mayor Amrhein expressed concern that if an employer can simply change the title of an employee and that would cause the employee to be exempt from participation in FRS, then there might be a temptation for others to do the same to avoid the statutorily mandated employer contributions to FRS and he observed the negative impact that would have on the finances of the system.

Other members asked whether system has an obligation to collect benefits that should not have been paid if the court finds that the subject retirees should have been re-enrolled in FRS with a suspension of their benefits. In connection with that, the question was raised whether the employees or the municipality, or both, would be responsible for paying back such benefits to FRS, along with the contributions that should have been paid if the retirees had been properly re-enrolled in FRS. Mr. Stockstill responded by saying that the answer to these questions would first depend on the ruling of the court regarding enrollment and the court would be asked to advise FRS and the employees of the rights under law regarding collection of benefits and payment of contributions if the court rules that the retirees should have been re-enrolled in FRS.

Other members asked whether FRS should immediately cease the payment of benefits in order to prevent further illegal benefits if the court finds that the subject employees' benefits should have been suspended upon their re-employment. Mr. Stockstill said that FRS would invoke a Concursus Proceeding in conjunction with the Petition for Declaratory Judgment. Meaning that, since FRS does not yet have a judicial determination as to the validity of the benefits, FRS would pay the benefits of the subject employees into the registry of the court until a final judgment is rendered advising FRS and the employees of all applicable rights.

MOTION: After further discussions, Mr. Tarleton moved to authorize the FRS general counsel to implement the necessary judicial proceedings to resolve questions regarding the rights of FRS and its members and retirees relative to the status of enrollment, benefits, contributions, collection of any overpayment of benefits, if any, and collection of unpaid contributions, if any, and the parties responsible for any payments to be made relative thereto. Mayor Amrhein seconded. The motion passed.

ATTORNEY GENERAL OPINION - TERM LIMITS FOR MEMBERS OF BOARDS

Mr. Stockstill drew the board's attention to the provisions of R.S. 42:3.2 relative to limitation of terms of members of boards and commissions. He suggested that it would be helpful to seek an Attorney General's opinion whether this provision of law applies to public retirement systems, and particularly FRS. He requested authority to seek an opinion from the Louisiana Attorney General.

MOTION: Mr. Tarleton moved to authorize the FRS executive director to seek an Attorney General opinion regarding the question of whether R.S. 42:3.2 applies to FRS. Mr. Broussard seconded. The motion passed.

FRS ACTUARIALLY ASSUMED INTEREST RATE

The board discussed the feasibility of reducing the FRS actuarially assumed interest rate from 7½% to 7%, by increments of one-tenth of one percent (.10%). The board discussion involved input from the FRS actuary, Greg Curran. The primary issue was whether reducing the rate was a feasible concept and, if so, how and when would such a reduction occur. The positive and negative implications of such a reduction was discussed. The matter was concluded with Mr. Curran indicating that he would provide more information during the valuation process this year.

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

ADJOURNMENT

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

FUTURE MEETINGS

**SPECIAL MEETING OF THE
BOARD OF TRUSTEES
THURSDAY, JULY 16, 2015, AT 02:00 P.M.
LOUISIANA MUNICIPAL ASSOCIATION BUILDING
700 NORTH 10TH STREET
BATON ROUGE, LOUISIANA**

SUBMITTED BY:

APPROVED BY:



Steven S. Stockstill, Executive Director



Mr. Charles Fredieu, FRS Chairman