



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES November 12, 2015

A meeting of the Board of Trustees was held on November 12, 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. Birdwell led the pledge of allegiance.

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

MEMBERS PRESENT

Mr. Charlie Fredieu
Mayor David Amrhein
Mr. Stacy Birdwell
Mr. Perry Jeselink
Mr. John McLean
Mayor Ron Roberts
Ms. Kelli Rogers (designee of Treasurer John Kennedy)
Mr. Jerry Tarleton

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Jason Starns
Michael Becker
Brandi Brown
David Barnes
Greg Curran
Paul Schmidt

MINUTES

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on October 8, 2015. Mr. Tarleton 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. 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

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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).

Faye Doty George- Mr. Starns presented the application of Faye Doty George, surviving spouse of Charles Edward George. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Faye Doty George. Mr. Tarleton seconded. The motion passed.

Annette Johnson- Mr. Starns presented the application of Annette Johnson, surviving spouse of Gary Daniel Johnson. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Annette Johnson. Mr. Jeselink seconded. The motion passed.

Linda Anne Talley- Mr. Starns presented the application of Linda Anne Talley, surviving former spouse of Tilden Joseph Savoie. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Linda Anne Talley. Mr. Tarleton seconded. The motion passed.

Torie LeBlanc Rudisill- Mr. Starns presented the application of Torie LeBlanc Rudisill, Jace Lee Rudisill, and Haylie Ann Rudisill, surviving spouse and children of Terry Lee Rudisill. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Torie LeBlanc Rudisill, Jace Lee Rudisill, and Haylie Ann Rudisill. Messrs. Tarleton and Jeselink seconded. The motion passed.

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

- Disability Applications

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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 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 any privacy protected physical or mental health information related to the disability applicants.]

██████████. Mr. Starns presented the disability application of ██████████. He advised the board that based upon the report by State Medical Disability Board doctor, Dr. Charles Thompson, the staff recommendation was for the approval of job-related disability retirement and suspension of disability recertification.

MOTION: Mr. Tarleton moved to accept the staff recommendation. Mr. Birdwell seconded. The motion passed.

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

FRS v. GRECO, ET AL., SUIT NO. 641,387, 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.]

Mr. Stockstill advised the board that the defendants in the above captioned lawsuit filed a dilatory exception raising the objection of prematurity. He said the the judge will assign a hearing date, briefs will be submitted, arguments made, and then the judge will rule on the exception. Mr. Stockstill said he will keep the board apprised of any further notable events.

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

COMMITTEE REPORT - BUDGET AND FINANCE COMMITTEE

[NOTE: The Investment Committee met on November 11, 2015, at the FRS office in Baton Rouge at 1:00 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) FY2014-15 Annual Actuarial Valuation, Notice was given that this agenda item may be applied as credit for trustee training pursuant to R.S. 11:185, (ii) Statement of Changes in Plan Net Assets and Statement of Plan Net Assets for first quarter of FY2015-16, (iii) FY2015-16 Annual/Quarterly Budget to Actual Comparisons, and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Mr. Tarleton, chairman; Mayor Amrhein, Mr. Birdwell, and Mr. Jeselink. Also present were Mr. Fredieu, Mayor Roberts, Steven Stockstill, Layne McKinney, Jamie Grady, Brandi Brown, Michael Becker, and Greg Curran.]

Mr. Tarleton gave the investment committee report. In doing so, he stated that the committee received two-hours of education regarding actuarial fundamentals, with no action being taken by the committee.

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

This concluded the Budget and Finance Committee report.

MONTHLY FLASH REPORT - OCTOBER 2015

Mr. Barnes presented the monthly flash report for October 2015. (see attached Exhibit #3) The overall fund was up/down as follows: 4.5% for the month of October as compared to the allocation index of 5.0%; -2.3% for the fiscal year to date as compared to the allocation index of -1.2%; -1.0% for the trailing 12 months as compared to the allocation index of 0.3%; and 4.6% for the trailing 3 years as compared to the allocation index of 7.7%.

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

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on November 11, 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 October 2015, (ii) Emerging Markets Update/Education, Notice was given that this agenda item may be applied as credit for trustee training pursuant to R.S. 11:185, (iii) Franchise Capital Partners III investment exit opportunity, and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Mr. Birdwell, chairman; Mr. Jeselink, Mayor Roberts, Mr. Tarleton, and Mr. McLean. Also present were

Mayor Amrhein, Mr. Fredieu, Steven Stockstill, Layne McKinney, Brandi Brown, Michael Becker, and David Barnes.]

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

- Emerging Markets Update/Education

Mr. Barnes provided an educational presentation regarding Emerging Markets which covered, in part: The original thesis of FRS' entry into the emerging markets asset class, the current outlook of emerging markets, forward looking growth expectations in emerging economies, commodity price declines, commodity correlations, export expectations as emerging market countries run larger deficits, composition of economic growth in China, equity bubble in Chinese markets, engines for global growth prospects, valuations as compared to long-term averages, 10-year emerging market debt yields relative to developed markets, currency depreciation effect on returns, and global risks. (see attached Exhibit #4)-

After a thorough, interactive discussion of the emerging markets asset class, this matter was concluded with no action being needed or taken.

- Franchise Capital Partners III - Exit Opportunity

Mr. Barnes addressed a memorandum written by Franchise Capital Partners III to the FRS board of trustees regarding FCP III's request for consent of the Limited Partner Advisory Committee (LPAC - three largest limited partners in the fund) to waive the potential conflict of interest relative to exiting one of the remaining investments in the fund. (see existing Exhibit #5) The transaction would involve two affiliates of FCP III.

Mr. Barnes provided NEPC's analysis and recommended that FRS waive the potential conflict of interest and consent to the transaction proposed by FCP III.

Mr. Becker likewise provided his analysis and recommended that FRS waive the potential conflict of interest and consent to the transaction proposed by FCP III.

MOTION: Ms. Rogers moved to authorize the transaction as requested by FCP III. Mr. Tarleton seconded. The motion passed.

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

This concluded the Investment Committee report.

ACTUARIAL VALUATION - FY 2014-15

Mr. Curran, FRS Actuary, addressed the board. He drew the board's attention to the FRS Annual Actuarial Valuation for FY 2014-15. (see attached Exhibit #6) Mr. Curran then explained the pertinent portions of the valuation, including the schedules. He highlighted the Summary Results by indicating that, since last year, FRS has- (1) Increased its funding percentage from 74.66% to 76.09%; (2) Decreased its UAL by \$1.7 million; and (3) Decreased the employer contribution rate by 2% beginning July 1, 2016. Mr. Curran explained that FRS was not eligible under law to grant a cost-of-living adjustment in FY16-17.

Mr. Curran then explained the report titled "Firefighters' Retirement System Experience Study, June 30, 2015". (see attached Exhibit #7)

After receiving several questions from the board members, and discussing the subjects related thereto, Mr. Curran concluded his presentation.

MOTION: Mr. Birdwell moved to adopt the Valuation report and Experience Study as presented by Mr. Curran. Mr. Tarleton seconded. The motion passed.

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

FRS STATEMENT OF PLAN NET ASSETS AND STATEMENT OF CHANGES IN PLAN NET ASSETS, Q1 FY2015-16

Mr. Layne McKinney, FRS CPA, addressed the board. He drew the board's attention to the Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets. (see attached Exhibit #8) He explained each report on a line-by-line basis.

MOTION: See next minute entry.

The discussion of this matter was concluded with no action being taken at this time.

FRS ANNUAL BUDGET - MID YEAR BUDGET TO ACTUAL EXPENDITURES

Ms. Grady, FRS Accountant, addressed the board. She drew the board's attention to the Annual Budget to YTD Actual Comparison. (see attached Exhibit #9) In explaining each line item of the report, she highlighted some of the variances.

MOTION: Mr. Jeselink moved to accept the staff reports as presented by Mr. McKinney and Ms. Bradbury. Mr. Birdwell seconded. The motion passed.

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

FIRE CHIEF ELECTION

Mr. Stockstill presented the board with a proposed schedule for conducting the election regarding the fire chief position on the FRS board of trustees. (see attached Exhibit #10) He said that FRS will be mailing nomination forms and ballots to all fire departments participating in the system.

MOTION: Mr. Birdwell moved to accept the time line as presented. Messrs. Jeselink and Tarleton jointly seconded. The motion passed.

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

FRS LEGISLATION - 2016 REGULAR SESSION

Mr. Stockstill explained the following 2016 legislative bill drafts to the board and addressed questions that arose relative thereto-

- Requires suspension of benefits if a retiree of the Firefighters' Retirement System (FRS) is rehired in any capacity of employment covered by the system. Mr. Tarleton moved to approve submission of the bill draft to the legislature. Mr. Birdwell seconded. The motion passed. (see attached Exhibit #11)
- Provides that a member is not eligible for disability benefits where the disabling condition is directly or indirectly related to a condition that existed prior to the member's commencement of service in FRS. Mr. Birdwell suggested that the proposed law should allow the FRS board to make a factual determination as to whether a pre-existing condition exists. Mr. Jeselink moved to approve submission of the bill draft to the legislature, inclusive of Mr. Birdwell's suggested language. Mr. Birdwell seconded. The motion passed. (see attached Exhibit #12)
- Authorizes the payment of interest in an amount up to the system's valuation rate where an underpayment of benefits was caused by system's administrative error. Mr. Birdwell moved to approve submission of the bill draft to the legislature. Mr. Tarleton seconded. The motion passed. (see attached Exhibit #13)
- Authorizes members of FRS who elect to withdraw from FRS because they already participate in federal social security to re-join FRS upon repayment of refunded contributions plus interest. Mr. Jeselink moved to approve submission of the bill draft to the legislature. Mayor Amrhein seconded. The motion passed. (see attached Exhibit #14)
- HCR220 (2015 regular session). Urges and requests House and Senate Committees on Insurance to study the regulatory and statutory framework for premium taxes to determine if such framework is fair and equitable to the insurance industry and whether the enactment of legislation should be considered. Mr. Birdwell moved to oppose HCR220 if the study results in a recommendation to repeal the annual insurance premium tax that is collected and remitted to FRS, unless the premium tax is replaced with a permanent and secure alternative funding source

in the same sums presently received by FRS. Mr. Tarleton seconded. The motion passed. (see attached Exhibit #15)

- Based on the FRS actuary's recommendation, the board requested to receive a legislative draft that would add FRS to the list of systems that are authorized by present law to set the employer contribution rate at a level exceeding the rate that is presented in annual actuarial valuation.

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

LAFOURCHE FIRE DISTRICT #3

MOTION: Mr. Tarleton moved to postpone the discussion of this matter until the December 2015 board meeting. Mr. Birdwell seconded. The motion passed.

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

ADJOURNMENT

Mr. Birdwell moved to adjourn the meeting. Messrs. Jeselink and Tarleton jointly seconded. The motion passed.

FUTURE MEETINGS

**FRS Budget and Finance Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, December 2, 2015 at 2:30 p.m.**

**FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, December 2, 2015
Upon Adjournment of Budget and Finance Committee
or 3:00 p.m., Whichever Comes First**

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, December 3, 2015 at 8:30 a.m.**

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SUBMITTED BY:

APPROVED BY:



Steven S. Stockstill, Executive Director



Mr. Charles Fredieu, FRS Chairman