



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES September 10, 2015

A meeting of the Board of Trustees was held on September 10, 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
Debbie Charleville
David Barnes
Gary Curran
Margaret Corley
Paul Schmidt

MINUTES

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on August 12&13, 2015. 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. Birdwell 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. Jeselink 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 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 Martha Hunt Young, surviving spouse of Sidney Wayne Young. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Martha Hunt Young. Mr. Jeselink seconded. The motion passed.

- Disability Conversion Applicant

PROCEDURE: Retirees who apply for conversion from regular retirement to a disability retirement are required to submit detailed medical information as part of the application in support of their claim that the disability was job-related and occurred during active employment as a firefighter, even though the actual physical disability may not have become manifest until after the effective date in DROP or after commencement of service retirement. Once received, the application is reviewed by staff and medical records are forwarded to a State Medical Disability Board doctor to determine if sufficient documentation is present to certify that the retiree's disability occurred during active employment and was a direct result of working as a firefighter. If the medical information submitted is not sufficient for the doctor to determine the date and cause of the disability, then an appointment is scheduled for the applicant to undergo a physical examination. For the applicant to become eligible for conversion, the State Medical Disability Board doctor must furnish a medical report certifying the retiree's disability and that the disability was a direct result of employment as a firefighter. (R.S. 11:2258(B) and Administrative Rule)

[NOTE: By giving advance notice on its 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 conversion applicant.]

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

MOTION: Mr. Birdwell moved to accept the staff recommendation. Mr. Jeselink 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

This matter was deferred until next month, without discussion.

MONTHLY FLASH REPORT - AUGUST 2015

Mr. Barnes presented the monthly flash report for August 2015. (see attached Exhibit #3) The overall fund was up/down as follows: -4.2% for the month of August as compared to the allocation index of -4.3%; -4.3% for the fiscal year to date as compared to the allocation index of -4.1%; -5.5% for the trailing 12 months as compared to the allocation index of -4.4%; and 4.3% for the trailing 3 years as compared to the allocation index of N/A%.

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 September 9, 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 August 2015, (ii) Review of 2015 FRS Real Estate Strategic Plan Implementation, (iii) Update regarding SEC investigation of AQR Head of Trading, (iv) Standish Organizational Announcement, (v) 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. Birdwell, chairman; Mr. Jeselink, Mayor Roberts, Ms. Rogers, and Mr. Tarleton. Also present were Mayor Amrhein, Mr. Fredieu, Mr. McLean, Steven Stockstill, Layne McKinney, Brandi Brown, Michael Becker, David Barnes, and Sean Ruhmann.]

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

- Non-Core Real Estate Fund Search

Mr. Barnes recalled that five non-core real estate funds had been selected by NEPC for presentation to the FRS investment committee. Those funds were- Brookfield Strategic Real Estate Partners II; Cerberus Institutional Real Estate Partners IV; Crow Holdings Realty Partners VII; Sigular Guff

Distressed Real Estate Opportunities Fund II-A; and WCP Real Estate Fund IV. He indicated that the committee discussed the individual funds and the strategy used by each such fund. Mr. Barnes indicated that the investment committee recommended that the five foregoing funds be held in active status pending further development of potential candidates and the committee directed NEPC to return next month with at least four additional funds for review.

MOTION: Mr. Birdwell confirmed Mr. Barnes explanation of the investment committee's recommendation and Mr. Birdwell moved the investment committee's recommendation in the form of a motion. Mr. Jeselink seconded. Chairman Fredieu asked for a roll call vote which resulted as follows-

Mr. Fredieu	Yes
Mr. Birdwell	Yes
Mayor Amrhein	Absent
Mr. Jeselink	Yes
Mr. McLean	Yes
Mayor Roberts	Yes
Ms. Rogers	Yes

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

This concluded the FRS Investment Committee report.

ACCOUNTING TREATMENT - CSG LEGACY INVESTMENTS

Mr. McKinney presented a spreadsheet showing the initial investment value, and subsequent write-downs of value related to certain investments recommended by the former investment consultant, CSG. (see attached Exhibit #4)

Mayor Amrhein arrives.

Mr. McKinney explained that the FY2014-15 audit cycle recognizes approximately \$15.3 million of devaluation in the system's invested assets, which includes a write-down of approximately \$2.7 million based on a particular manager's failure to provide formal statements showing the value of the assets being held. [NOTE: That particular fund manager has been made the subject of a lawsuit filed on behalf of FRS.] Mr. McKinney said the staff recommendation is the recognition of the \$12.6 million devaluation, plus the additional \$2.7 million write-down, for a total of \$15.3 million.

Mr. Curran discussed the potential actuarial impact of the additional \$2.7 million of write-downs and Mr. McLean discussed those write-downs in context with the FRS CPA's recommendation and the accounting standards.

MOTION: After further discussions, Mr. Jeselink moved to approve the staff recommendation of approximately \$15.3 million of devaluation occurring in the FY 2014-15 audit cycle, including the approximate \$2.7 million write-down. Mr. Birdwell seconded. Chairman Fredieu asked for a roll call vote which resulted as follows-

Mr. Fredieu	Yes
Mr. Birdwell	Yes
Mayor Amrhein	Yes
Mr. Jeselink	Yes
Mr. McLean	Yes
Mayor Roberts	Yes
Ms. Rogers	Yes

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 drew the board's attention to a copy of the lawsuit that was filed on behalf of FRS regarding the status of enrollment of certain Jefferson Parish employees. (see attached Exhibit #5)

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

EVALUATION OF TRUSTEE EDUCATION

Mr. Stockstill recalled that the Louisiana Legislative Auditor suggested that FRS conduct an evaluation of the educational needs of the trustees.

Mr. Tarleton arrives.

The board discussed the subject and concluded that the most important addition to the current practice would be to add some type of new-trustee orientation. Some suggestions were made regarding how to implement an orientation along with the content thereof.

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

APPLICATION FOR ENROLLMENT - CHANGE TO FORM/PHYSICAL EXAM

Mr. Stockstill drew the board's attention to the FRS enrollment form that new employees must complete upon their being hired. He explained that a request had been made by one of the system's participating employers to change certain tests that are included on the physical examination portion of the application. The change would update the application to reflect more modern type tests that are currently used by physician practitioners. Mr. Stockstill said he had referred the matter to Mr. Birdwell to receive input from IAFF and PFFA medical experts regarding the tests.

Mr. Birdwell explained that the current enrollment form includes a hearing test that is commonly called the "20 Feet Hearing Test". He said that the test is administered by a physician standing about 20 feet from the applicant and holding a piece of paper in front of his mouth and then whispering some words which the applicant must disclose whether he/she can repeat the whispered words. He explained that any variation in tone or distance that occurs when comparing two different doctors who are administering the same test to two different applicants can result in inconsistent diagnoses. He then briefly discussed the Rinne and Weber tests that are used, which is essentially a tuning fork auditory test. He said that the more modern and more accurate test that most doctors presently use is the Audiogram test.

Mr. Birdwell explained that the current enrollment form calls for an SMA 24 (fasting) test to develop certain laboratory information. He said that the more modern and more accurate test that most doctors presently use is the CMP with lipids test.

Lastly, Mr. Birdwell said that, although there had been a suggestion to discontinue using the Hemacult laboratory test (stool sample), he said that the Hemacult is still the best test for early detection and prevention of colono-rectal cancer. He recommended keeping the Hemacult as part of the application process. There was some discussion as to whether the CMP with lipids test could obtain the same results as a Hemacult test. Mr. Birdwell said that if that turns out to be the case, he will bring the matter back before the board to discuss discontinuance of the Hemacult test.

MOTION: After further discussion, Mr. Birdwell moved that the FRS enrollment form for new applicants be changed in the following respects-

- The 20 Feet Hearing Test/Rinne-Weber test be changed to an Audiogram.
- The SMA 24 (fasting) test be changed to CMP with lipids.
- Continue the use of the Hemacult test, unless it is found that the CMP test can be used to obtain the same results as the Hemacult test.

Mr. Tarleton seconded. The motion passed.

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

BOARD MEETING DATE - NOVEMBER AND DECEMBER 2015

A discussion was had regarding the FRS investment committee meeting being held on its regularly scheduled date, i.e., Wednesday, November 11, 2015, which would require the FRS staff to work on a state holiday (Veterans' Day) if not changed.

MOTION: Mr. Birdwell moved to hold the FRS investment committee meeting on its regularly scheduled date, i.e., Wednesday, November 11, 2015, but to authorize the FRS staff to recognize the holiday on Friday, November 13, 2015, instead. Messrs. Tarleton and Jeselink jointly seconded. The motion passed.

MOTION: Mayor Amrhein moved to change the FRS investment committee meeting and board meeting dates in December 2015 from their regularly scheduled dates to December 2nd and 3rd, 2015, respectively. Mr. Birdwell seconded. The motion passed.

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

ADJOURNMENT

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

FUTURE MEETINGS

**FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, October 7, 2015 at 3:00 p.m.**

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

SUBMITTED BY:

APPROVED BY:



Steven S. Stockstill, Executive Director



Mr. Charles Fredieu, FRS Chairman