



## **FIREFIGHTERS' RETIREMENT SYSTEM**

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



### **MEETING OF THE BOARD OF TRUSTEES December 11, 2019**

A meeting of the Board of Trustees was held on December 11, 2019 at the Firefighters' Retirement System building in Baton Rouge, Louisiana. Chairman Stacy Birdwell called the meeting to order at 8:30 a.m.

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

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

#### **MEMBERS PRESENT**

Mr. Stacy Birdwell  
Mr. Perry Jeselink  
Mr. Afranie Adomako (designee of Commissioner Jay Dardenne)  
Mayor David Amrhein  
Treasurer John Schroder  
Mr. Louis Romero  
Mr. Jerry Tarleton  
Mayor Ronny Walker

#### **OTHERS PRESENT**

Steven Stockstill  
Layne McKinney  
Michael Becker  
Jason Starns  
Ben Johnson  
Brandon Trahan  
Ashley Duhe  
David Barnes  
Elizabeth Thornton  
Dawn Moeller  
Desie Mack  
Gary Curran  
Phil Preis

#### **MINUTES**

**MOTION:** Mr. Jeselink moved to approve the minutes of the board meeting held on November 14, 2019. Mr. Tarleton seconded. The motion passed.

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

**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 for the month of December 2019. (see attached Exhibit #1) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the new member applicants for the month of December 2019. Mayor Walker 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 for the month of December 2019. (see attached Exhibit #2) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the retiree applicants for the month of December 2019. Mayor Walker 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)

**Floretta Boudreaux-** Mr. Starns presented the application of Floretta Boudreaux, surviving spouse of Donald Rae Boudreaux. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Floretta Boudreaux. Mayor Walker seconded. The motion passed.

**Sharon Ann Catalon-** Mr. Starns presented the application of Sharon Ann Catalon, surviving spouse of Anthony John Haskin. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Sharon Ann Catalon. Mr. Tarleton seconded. The motion passed.

**Sara Ford & Michael Ford Jr.-** Mr. Starns presented the application of Sara Ford & Michael Ford Jr., surviving children of Michael Allen Ford. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Sara Ford & Michael Ford Jr. Mr. Jeselink seconded. The motion passed.

**Mathe Alice Gilliland-** Mr. Starns presented the application of Mathe Alice Gilliland, surviving spouse of Archie Reuben Gilliland Jr. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Mathe Alice Gilliland. Mr. Tarleton seconded. The motion passed.

**Beverly Jagneaux-** Mr. Starns presented the application of Beverly Jagneaux, surviving spouse of Russell Joseph Jagneaux . He stated that the application was in order.

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MOTION: Mr. Tarleton moved to approve the application of Beverly Jagneaux. Mayor Walker 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**

*FRS, et al. v. Citco Group Limited, et al.*, Suit No. 3:13-cv-00373-SDD-EWD, U.S. District Court, Middle District, Louisiana

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

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

MOTION: Mr. Jeselink moved to resume public session. Mr. Romero seconded. The motion passed unanimously.

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

**DUNN, ET AL v. CITY OF KENNER**

*Dunn, et al. v. City of Kenner*, Suit No. 687-197, Division O, 24<sup>th</sup> Judicial District Court, Louisiana

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

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

MOTION: Mr. Jeselink moved to resume public session. Mr. Tarleton seconded. The motion passed unanimously.

MOTION: Mr. Tarleton moved to authorize the expenditure of up to \$100,000 to retain the accounting firm of Postlewaite & Netterville (P&N) to conduct a random sampling to verify, within a specific degree of accuracy, the sum of numerical figures that appear on a spreadsheet purporting



to show corrected employee salaries that defendant Kenner furnished to FRS in connection with the litigation cited above. Mr. Romero seconded. The motion passed.

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

**RECESS FRS BOARD MEETING**

**CONVENE FRS-LB#1 LLC ADVISORY COMMITTEE**

[NOTE: The FRS-LB#1 LLC Advisory Committee met on December 11, 2019, at the FRS office in Baton Rouge at 8:30 a.m. to discuss the following business set forth in its posted agenda- (I) Discussion and advice regarding possible collaboration with contiguous landowners to negotiate concessions from the City of Surprise, Arizona (or any other local county or municipality) regarding a certain tract of land owned by FRS-LB#1, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mr. Stockstill, manager; Mr. Birdwell, Mr. Jeselink, Mr. Adomako, Mayor Amrhein, Treasurer Schroder, Mr. Romero, Mr. Tarleton, and Mayor Walker. Also present were Layne McKinney, Michael Becker, Ben Johnson, Jason Starns, Brandon Trahan, Ashley Duhe, Elizabeth Thornton, Gary Curran, and Desie Mack.]

- City of Surprise

Mr. Stockstill recalled to the committee that a team consisting of Treasurer Schroder, Trustee Louis Romero, and FRS CIO Michael Becker traveled to Surprise, AZ to analyze the property owned by FRS-LB#1, LLC. (see attached Exhibit #3) Treasurer Schroder explained to the committee that he and the team feel that the future looks bright in the City of Surprise and that the Mayor of the city is interested in helping develop the area. He also explained that the property is surrounded by upcoming and well developed cities, which is most likely where Surprise will be heading to as well. He stated that they met with developers in the area that have relationships with the community and also met with real estate brokers and the leadership team for the City of Surprise. The property is zoned for high density residential, commercial, and industrial. He explained that the developers of Sun Haven, LLC (An Arizona Domestic LLC) would like to come to attend an FRS-LB#1 LLC Advisory Committee meeting to make a presentation regarding mutually sharing in soft costs to have the property engineered, with the ultimate goal of enhancing the property value and its attractiveness to interested developers.

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

**ADJOURN FRS-LB#1 LLC ADVISORY COMMITTEE MEETING**

**RECONVENE FRS BOARD MEETING**

**MONTHLY FLASH REPORT - NOVEMBER 2019**

Mr. Barnes presented the monthly flash report for the month of November 2019. (see attached Exhibit #4) The overall fund was up/down as follows: 1.4% for the month of November as compared to the policy index of 1.2%; 15.1% for the year to date as compared to the policy index of 16.1%; 10.6% for the trailing 12 months as compared to the policy index of 11.4%; and 8.2% for the trailing 3 years as compared to the policy index of 9.5%.

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

**COMMITTEE REPORT - INVESTMENT COMMITTEE**

[NOTE: The Investment Committee met on December 10, 2019, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the following business set forth in its posted agenda- **(I)** The FRS monthly investment performance results for November 2019, **(ii)** FRS RFP, Emerging Markets Debt - Blended, Finalist Selection, **(iii)** 2019 FRS Asset Allocation educational presentation, **(iv)** Update regarding FRS portfolio management company known as Fisher Investments, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mr. Jeselink, chairman; Mr. Adomako Mr. Romero, and Mr. Tarleton. Also present were Mr. Birdwell, Steven Stockstill, Layne McKinney, Michael Becker, Ashley Duhe, David Barnes, and Elizabeth Thornton.]

Mr. Jeselink gave the investment committee report. In doing so he recognized Mr. Barnes who recalled his presentation of the investment performance results to the Investment Committee for the month of November 2019. (see minute entry above captioned as "Monthly Flash Report - November 2019")

- FRS RFP, Emerging Markets Debt - Blended, Finalists Selection

Mr. Barnes of NEPC recommended to the Investment Committee three asset management companies identified by NEPC as candidates to be interviewed by the FRS board during the February 2020 board meeting (see attached Exhibit #5). The Investment Committee voted to forward NEPC's recommendation to the full board. The managers are Ashmore Investment Group, MetLife Investment Management, and Wellington Management Company.

MOTION: Mr. Jeselink moved to accept the Investment Committee's recommendation from NEPC to invite the managers Ashmore Investment Group, MetLife Investment Management, and Wellington Management Company to the board meeting in February 2020 for interviews. Mr. Tarleton seconded. The motion passed..

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



- FRS Portfolio Management Company known as, Fisher Investments

Mr. Barnes stated that there was nothing noteworthy to update regarding Fisher Investments. He said NEPC will continue to receive regular reports from Fisher for monitoring purposes.

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

That concluded the Investment Committee report.

### **FY 2018-19 FRS FINANCIAL STATEMENTS**

Mr. Layne McKinney, FRS System CPA addressed the report titled "Financial Statement Audit For The Years Ended June 30, 2019, and 2018, Issued December 10, 2019." Mr. McKinney stated that this was the same report that had been emailed to each trustee earlier in the week. (see attached Exhibit # 6). Mr. McKinney noted that the annual audit had been conducted by the Office of the Legislative Auditor and the Legislative Auditor compiled the Financial Statements. He said that FRS received an unmodified opinion on the audit, in other words, this was a clean opinion.

Mr. McKinney directed the board's attention to a specific report in the Financial Statements titled "Statement of Changes in Fiduciary Net Position". He discussed each section and concluded his remarks by noting that the Net Increase in Fiduciary Net Position for 2019 was \$74.9 million as compared to a Net Increase of \$110.9 million in 2018.

MOTION: Mr. Tarleton moved to accept the Financial Statement Audit For The Years Ended June 30, 2019, and 2018, Issued December 10, 2019. Mr. Jeselink seconded. The motion passed.

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

### **FY2019-2020 FRS OPERATING BUDGET AMENDMENT**

Mr. Johnson drew the board's attention to the FY 2019-20 Budget Amendment Request (see attached Exhibit #7) and verbally proposed an additional adjustment to the 2019-2020 FRS Operating Budget.

Mr. McKinney stated that the wooden deck of the FRS building is almost 25 years-old and in need of repairs because of splintering and protruding nails. He explained three options that are available. Two of the options involve replacing the old, rotting wood with new wood that would eventually need to be replaced repeatedly over time. The third option involves replacing the current decking with composite material that has a longer life, without the need for frequent replacement. A fourth option was discussed regarding replacing the entire decking with a cement slab, either elevated or at ground level. It was concluded that this option would provided the longest life for the project, but probably at a prohibitive cost. In recognition of the durable life and cost efficiencies that composite material would provide, the board elected this option.

MOTION: Mayor Amrhein moved to amend the FY2019-20 Operating Budget by adding \$35,000 to repair the FRS building deck with composite material. Mr. Romero seconded. The motion passed.

Mr. Johnson also observed that non-investment related legal expenses appear to be underbudgeted for the fiscal year. He requested that \$150,000 be added to that line item in the FY2019-20 Operating Budget for anticipated non-investment related legal expenses.

MOTION: Mr. Romero moved to add \$150,000 to the FY2019-20 Operating Budget. Mr. Jeselink seconded. The motion passed.

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

### **FRS POLICIES**

- Conversion of Unused Leave to Service Credit

Mr. Stockstill recalled that the board approved and the legislature enacted a law that allows firefighters to convert their unused annual leave, sick leave, and compensation leave to retirement credit. The newly enacted law stated that each employer must decide the period of time that an employee is able to convert the unused leave to service credit

Mr. Stockstill noted that FRS is an “employer” for purposes of its own office employees. He said that, because FRS is an employer, then the FRS board must select the period at which time unused leave can be converted to service credit. He recommended that the board determine that, for purposes of its own employees, the conversion of leave must be done upon separation of service. He presented that recommendation in the form of a written policy, i.e., FRS Conversion of Unused Leave to Credible Service Policy No. 12112019. (see attached Exhibit #8)

MOTION: Mr. Romero moved to adopt the FRS Conversion of Unused Leave to Credible Service Policy No. 12112019. Mr. Tarleton seconded. The motion passed.

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

- Procurement Policy

Mr. Stockstill explained that during the legislative audit process, the auditors brought to his attention the fact that certain changes to the FRS procurement policy had been approved by the executive director for internal operations. The auditors recommended that the changes to the procurement policy be submitted to the FRS board for formal approval. He drew the boards attention to FRS Procurement Policy No. 07012004. (see attached Exhibit #9)

MOTION: Mr. Tarleton moved to adopt the proposed amendments to FRS Procurement Policy No. 07012001. Mr. Jeselink seconded. The motion passed.



- Employee Ethics Policy

Mr. Stockstill explained that during the legislative audit process, the auditors brought to his attention the fact that the FRS employee ethics policy had been approved by the executive director for internal operations. The auditors recommended that the employee ethics policy be submitted to the FRS board for formal approval. He drew the boards attention to FRS Employee Ethics Policy No. 12112019. (see attached Exhibit #10)

MOTION: Mr. Jeselink moved to adopt the FRS Employee Ethics Policy No. 12112019. Mr. Romero seconded. The motion passed.

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

### **PROPOSED LEGISLATION**

Mr. Stockstill explained the following concepts identified throughout the prior year by various board members as possibly being the subject of legislation proposed by FRS in the upcoming regular legislative session of 2020 and addressed questions that arose relative thereto-

- Refund of Contributions. Under present law, a member who separates from covered employment prior to eligibility for retirement can request a refund of employee contributions after 90 days have lapsed from the date of separation. The proposed law would accelerate the refund period to 30 days. Mr. Tarleton moved to approve submission of the bill draft to the legislature. Mr. Romero seconded. The motion passed. (see attached Exhibit #11)
- Social Security Opt-Out. Under present law, if a member is employed by a municipality whose employees are required to participate in social security, then the employee is allowed by law to opt-out of FRS by filing an affidavit. The proposed law requires an employee to file his opt-out affidavit at the time of his hiring to be valid. Mr. Romero moved to approve submission of the bill draft to the legislature. Mr. Tarleton seconded. The motion passed. (see attached Exhibit #12)
- Rehired Retiree. Under present law, upon returning to work as a “full-time” employee covered by the system, the benefits of a retiree must cease and the employee and employer contribute to the system. The proposed law regarding any retiree who returns to work as a “part-time” employee, his benefits also cease during the period of such reemployment. Mayor Amrhein moved to approve submission of the bill draft to the legislature. Mr. Romero seconded. A roll call vote was taken and the motion passed with the following tally- (see attached Exhibit #13)

Birdwell	Yes
Jeselink	Yes
Adomako	No
Amrhein	Yes

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Broussard	Absent
Ivey	Absent
Peacock	Absent
Romero	Yes
Tarleton	Yes
Walker	Absent
(5-1)	

- Deceased before Retirement. Under present law, if an FRS member dies before retirement, his benefit payments are payable to the surviving spouse rather than the designated beneficiary. Under present law for a terminated vested member, provides that the system will automatically assume Option 2 benefits would have been selected and the member's designated beneficiary shall receive the benefits payable at the time the member would have otherwise begun to receive benefits. Under present law for a active contributing member, provides that the member's designated beneficiary shall automatically receive Option 2 benefits. The proposed law changes the automatic benefit recipient from the designated beneficiary to the member's surviving eligible spouse. Proposed law further provides that if the member has no surviving eligible spouse, the designated beneficiary shall be the beneficiary of the option. Mr. Jeselink moved to approve submission of the bill draft to the legislature. Mr. Tarleton seconded. The motion passed. (see attached Exhibit #14)

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

**JANUARY BOARD MEETING**

Due to scheduling conflicts, the board discussed resetting the dates of the January 2020 meetings to Tuesday, January 7<sup>th</sup> and Wednesday, January 8<sup>th</sup>.

MOTION: Mr. Romero moved to reset the dates of the January 2020 meetings to Tuesday, January 7<sup>th</sup> and Wednesday, January 8<sup>th</sup>. Mayor Amrhein seconded. The motion passed.

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

**ADJOURNMENT**

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

**FUTURE MEETINGS**

**FRS Investment Committee  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Tuesday, January 7, 2019 at 3:00 p.m.**



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**FRS Board of Trustees  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Wednesday, January 8, 2019 at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:

  
\_\_\_\_\_  
Ashley Duhe, FRS Board Secretary

  
\_\_\_\_\_  
Stacy Birdwell, FRS Chairman