



# **FIREFIIGHTERS' RETIREMENT SYSTEM**

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**MEETING OF THE BOARD OF TRUSTEES**  
**July 9, 2020**

**IN ADHERENCE TO JBE PROCLAMATION 2020-59, THE FRS CHAIRMAN RULED THAT ALL MANDATORY FRS BOARD MEETINGS WILL BE HELD IN PERSON UNTIL FURTHER NOTICE. IN FURTHER ADHERENCE THEREOF, THE NUMBER OF PERSONS ALLOWED IN THE BUILDING WAS LIMITED TO 50% CAPACITY. THE PUBLIC WAS INVITED TO ATTEND THE MEETING BY TELECONFERENCE. PUBLIC NOTICE OF THE BOARD MEETING WAS POSTED IN A TIMELY FASHION, INCLUDING THE DIAL-IN NUMBER AND ACCESS CODE, AT THE PRIMARY FRS OFFICE AND ON THE FRS WEBSITE.**

A meeting of the Board of Trustees was held on July 9, 2020 at the Firefighters' Retirement System building in Baton Rouge, Louisiana. Chairman Stacy Birdwell called the meeting to order at 10:00 a.m.

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

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

**MEMBERS PRESENT**

- Stacy Birdwell
- Perry Jeselink
- Lindsay Schexnayder (designee of Commissioner Jay Dardenne)
- John Broussard (designee of State Treasurer John Schroder)
- Louis Romero
- Jerry Tarleton
- Mayor Ronny Walker

**OTHERS PRESENT**

- |                    |                 |                              |
|--------------------|-----------------|------------------------------|
| Steven Stockstill  | Chris Kaufmann  | Attending by teleconference: |
| Layne McKinney     | Chad Danenhower | Kristofer Kelleher           |
| Michael Becker     | Greg Curran     | Ned McGuire                  |
| Jason Starns       | Dawn Moeller    | LouAnn Eisenhut              |
| Benjamin Johnson   |                 |                              |
| Ashley Duhe        |                 |                              |
| Alfranie Adomako   |                 |                              |
| David Barnes       |                 |                              |
| Stephen DiGirolamo |                 |                              |

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**MINUTES**

MOTION: Mr. Tarleton moved to approve the minutes of the board meeting held on June 11, 2020. Mr. Jeselink seconded. The motion passed unanimously.

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 July 2020. (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 July 2020. Mayor Walker seconded. The motion passed unanimously.

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.

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Mr. Starns presented the list of new retirees for the month of July 2020. (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 July 2020. Mayor Walker seconded. The motion passed unanimously.

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

- Disability Applications

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 review. (R.S. 11:215, 216, 218, & 2258)

[NOTE: By giving advance notice on its duly posted agenda, the board of trustees reserved the 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 ██████████. Mr. Starns stated that, based on the report by State Medical Disability Board doctor, Dr. Thad Broussard, the staff recommendation was for approval of the Application for Disability Retirement (Non-Job-Related) and suspending the requirement of disability recertification.

MOTION: Mr. Jeselink moved to accept the staff recommendation regarding the application of ██████████  
██████████ Mr. Tarleton seconded. The motion passed.

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

Mr. Stockstill raised an item under the "all related matters" portion of the disability applicant subject matter. He explained that in the distant past he instructed the staff to apply the statutorily required offset of benefits when dealing with a disability beneficiary who reached a "lump sum" settlement of a workers' compensation lawsuit. He said that offset inherently applied against the portion of the settlement attributable to medical expenses when the settlement order did not itemize the amount of medical expenses. He said there should be no offset applied to medical expenses where the judgment or order does specify the amount attributable to those expenses.

Mr. Stockstill explained there is an active case presently under consideration where the disability beneficiary's settlement order was originally presented to FRS as a lump sum settlement, thereby triggering the offset of benefits that were being paid to the beneficiary. Upon being informed that the offset of benefits applies, the beneficiary's attorney asked the administrative law judge to amend the settlement judgment to reflect the amount awarded as medical expenses as distinguished from the amount awarded as income replacement. That amended settlement judgment was then provided to FRS.

Mr. Stockstill said that it would be helpful to clarify the longstanding administrative practice of exempting medical expenses from the statutory offset of workers' compensation benefits. Mr. Stockstill asked the board, if they are so inclined, to move in the form of a motion, the board's confirmation of that practice in the situation presently under consideration.

MOTION: Mr. Tarleton moved to clarify and confirm the longstanding administrative practice of not offsetting that portion of a lump sum workers' compensation settlement where the judgement specifies the amount attributable to medical expenses for this particular case and for any similar case that may arise in the future. Mr Broussard seconded. The motion passed.

Fire Chief Chris Kaufmann asked whether the practice includes a recalculation of the prior offset that was applied when the form of the judgment did not specify the medical expenses. Mr. Tarleton confirmed that as being implied in his motion. Mr. Stockstill confirmed that there would be a recalculation of the offset and an adjustment to the disability beneficiary's benefits.

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

#### **WILSHIRE ASSOCIATES - INDEPENDENT PORTFOLIO REVIEW**

Mr. Stephen DiGirolamo, Managing Director for Wilshire Associates, addressed the board. He introduced his colleagues who were attending via teleconference; Kristofer Kelleher, Managing Director, Ned McGuire, Managing Director, and LouAnn Eisenhut, Assistant Vice President. He drew the board's attention to Wilshire's Asset Liability Management Analysis and Summary that was done for FRS. (see attached Exhibit #3) He and his colleagues explained the details of the report and answered questions that arose relative thereto.

Thereafter, Mr. Stockstill commended the professional analysis and expertise of the Wilshire team. He said the information developed by Wilshire is tremendously valuable as FRS continues to manage its investment portfolio through the truly unique times in the global capital markets. Mr. Stockstill said that no action was needed today, but the FRS board would hear NEPC's comments at next month's meeting. Then the board will be in a position to make any decisions it is so inclined to make, if any.

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

**RECESS FRS BOARD MEETING**

**CONVENE FRS-LB and FRS-LB#1 JOINT ADVISORY COMMITTEE MEETING**

[NOTE: The FRS-LB and FRS-LB#1 Joint Advisory Committee met on July 9 2020, at 10:00 a.m. to discuss the following business set forth in its posted agenda- (i) Discussion and advice regarding professional services agreement between FRS-LB#1 LLC and Montage Acquisitions, LLC, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mr. Stockstill, manager; Mr. Birdwell, Mr. Jeselink, Mr. Broussard, Mr. Romero, Ms. Schexnayder, Mr. Tarleton, and Mayor Walker. Also present were, Layne McKinney, Michael Becker, Jason Starns, Benjamin Johnson, Ashley Duhe, David Barnes, Greg Curran, Chris Kaufmann, Chad Danenhower, Stephen DiGirolamo, Kristofer Kelleher, Ned McGuire, LouAnn Eisenhut, and Dawn Moeller.]

- FRS-LB#1 and Montage Acquisitions, LLC

Mr. Stockstill addressed the committee. He referenced an email that he previously sent to the committee members with a Letter of Intent (LOI) attached. He explained the LOI is the framework of negotiations between Subcommittee chairman John Schroder (on behalf of FRS-LB#1) and the potential buyer. Mr. Stockstill explained that the LOI and the purchase documents, that the buyer drafted, were turned over to the lawyers for FRS-LB#1, who are currently looking over the documents. He said that when the documents are reviewed by our lawyers and they make their suggestions, then they will discuss them with Subcommittee chairman Schroder so he can further negotiate any points that LB#1's lawyers may bring out. Mr. Stockstill stated that once the final contract has been negotiated, it will be brought to the advisory committee for advice on whether to go forward with the sale of the Arizona property.

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

**ADJOURN FRS-LB and FRS-LB#1 JOINT ADVISORY COMMITTEE MEETING**

**RECONVENE FRS BOARD MEETING**

**AGREED UPON PROCEDURES - LOUISIANA LEGISLATIVE AUDITOR**

Mr. Layne McKinney, FRS CPA, drew the board's attention to a report prepared by the Louisiana Legislative Auditor regarding FRS Earnable Compensation titled "Agreed Upon Procedures Report", dated July 8, 2020. (see attached Exhibit #4) Mr. McKinney recalled that, during last year's audit,

four out of the 10 employers reviewed were found to be improperly reporting income that should not be included as earnable compensation for retirement purposes. He said, since it was four out of 10 employers, the board questioned the apparent widespread problem of improper reporting. Mr. McKinney explained that it would take 10 or more years before most employers were reviewed at least once. He recalled the board's collective sentiment about employers that are not reviewed until 10 years from now, that meanwhile unknowingly continue reporting incorrectly, is not efficient. The board suggested exploring ways to review the employers sooner. Mr. McKinney said that, in response to the board's suggestion, and in order to accelerate the pace of reviewing the entire employer base, FRS sent a questionnaire to all employers surveying the various categories of income being reported to the system. The auditors were engaged to assist FRS in analyzing the survey results to determine the nature of any variance shown in the amounts being reported by any individual employer. The Agreed Upon Procedures Report is the work product of the auditors. Mr. McKinney then went over the report and answered questions that arose relative thereto.

MOTION: Mr. Jeselink moved to accept the Agreed Upon Procedures Report as prepared by the Legislative Auditor. Mayor Walker seconded. The motion passed.

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

#### **MONTHLY FLASH REPORT - JUNE 2020**

Mr. Barnes presented the monthly flash report for the month of June 2020. (see attached Exhibit #5) The overall fund was up/down as follows: 2.0% for the month of June as compared to the allocation index of 2.0%; 3.2% for the fiscal year to date as compared to the allocation index of 4.1%; 3.2% for the trailing 12 months as compared to the allocation index of 4.1%; and 4.7% for the trailing 3 years as compared to the allocation index of 6.1%.

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

#### **FRS POLICIES**

- FRS Employee Annual and Sick Leave

Mr. Stockstill presented to the board the FRS Employee Annual and Sick Leave Policy No. 09281983(b). (see attached Exhibit #6) He said the suggested changes simply memorialize in FRS' written leave policy the certification regarding leave time that already appears on each FRS employee's time sheet along with other technical changes. He said this is being done as a recommendation that came out of the FRS annual audit. He then answered questions from the board.

MOTION: Mr. Tarleton moved to approve the changes proposed in FRS Policy No. 09281983(b). Mr. Jeselink seconded. The motion passed.

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- Reemployed Retiree/Part Time Employment

Mr. Starns explained proposed FRS Policy No. 07092020 regarding reemployment of FRS retirees on a part time basis. (see attached Exhibit #7) He said the policy breaks the situation into two classes; one, where a retiree and his employer do not pay contributions and, two, where they do pay contributions. He explained the details of each situation and answered questions from the board.

MOTION: Mr. Jeselink moved to approve proposed FRS Policy No. 07092020. Mr. Tarleton seconded. The motion passed.

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

**ADJOURNMENT**

Mr. Stockstill advised the board that Lindsay Schexnayder has been appointed as the designee of Commissioner Jay Dardenne for the FRS board of trustees. Ms. Schexnayder is taking Afranie Adomako's place due to his retirement. The board then congratulated Mr. Adomako and welcomed Ms. Schexnayder.


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

**FUTURE MEETINGS**

**FRS Board of Trustees  
Louisiana Municipal Association (LMA) Building  
700 North 10<sup>th</sup> Street  
Baton Rouge, Louisiana  
Thursday, August 13, 2020 at TBA a.m.**

SUBMITTED BY:

APPROVED BY:

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

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