



## **FIREFIIGHTERS RETIREMENT SYSTEM**

P.O. Box 94095, Capitol Station  
Baton Rouge, Louisiana 70804-9095  
Telephone (225) 925-4060 • Fax (225) 925-4062



### **MEETING OF THE BOARD OF TRUSTEES MARCH 14, 2013**

A meeting of the Board of Trustees was held on March 14, 2013 at the Public Safety Building in Baton Rouge. Mr. Charlie Fredieu, Chairman, called the meeting to order at 8:30 a.m.

Mayor Durbin gave the invocation and Mr. Birdwell led the pledge of allegiance.

Mrs. Susan Waite called the roll. A quorum was present.

#### **MEMBERS PRESENT**

Mr. Charlie Fredieu  
Mr. Stacy Birdwell  
Mr. Afranie Adomako  
Mr. John Broussard  
Mayor James Durbin  
Mayor Mayson Foster  
Mr. Perry Jeselink  
Mr. Jerry Tarleton

#### **OTHERS PRESENT**

Steven Stockstill  
Kelli Rogers  
Layne McKinney  
Jason Starns  
Susan Waite  
Gary Curran  
David Barnes  
Rhett Humphreys

#### **MINUTES**

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on February 14, 2013. Mayor Durbin seconded. The motion passed.

**FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD MEETING**

**MARCH 14, 2013  
PAGE 2**

**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. Birdwell moved to approve the new member applicants. Mr. Tarleton seconded. The motion passed.

- 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: Mayor Foster moved to approve the new retiree applicants. Mr. Tarleton seconded. The motion passed.



**FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD MEETING**

**MARCH 14, 2013  
PAGE 3**

- 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 Deborah Ussey Carpenter, surviving spouse of Arnold Martin Carpenter. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Deborah Ussey Carpenter. Mr. Birdwell seconded. The motion passed.

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

██████████ - Mr. Starns presented the application for the non job-related disability retirement of ██████████. He advised the board that based upon the report by State Medical Disability Doctor, Dr. Thad Broussard, the staff recommendation was for the approval of non job-related disability retirement.

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

**FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD MEETING**

**MARCH 14, 2013  
PAGE 4**

**FIA LEVERAGED FUND**

[In the Matter of the Companies Law (2011 Revision) and In the Matter of FIA Leveraged Fund, FSD No. 0013/2012, In the Grand Court of the Cayman Islands, Financial Services Division; and the same matter pending In the Court of Appeal of the Cayman Islands, Civil Appeal No. 6 of 2012; In re Fletcher International, Ltd., Chapter 11 Case No. 12-12796 (Reg), United States Bankruptcy Court, Southern District of New York]

[NOTE: By giving notice on its 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 where an open meeting would have a detrimental effect on the litigating position of FRS in the matter referenced in agenda item II(1); all pertinent notifications had been provided.]

MOTION: Mr. Birdwell moved to enter executive session. Mr. Tarleton seconded. The motion passed unanimously. The board entered executive session.

MOTION: Mr. Birdwell moved to resume public session. Mr. Tarleton seconded. The motion passed unanimously. The board resumed public session.

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

**MONTHLY FLASH REPORT - FEBRUARY 2013**

Mr. Barnes presented the monthly flash report for February 2013. (see attached Exhibit #3) The overall fund was up/down as follows: 0.5 % for the month of February as compared to the allocation index of 0.4%; 10.2% for the fiscal year to date as compared to the allocation index of N/A%; 4.6% for the trailing 12 months as compared to the allocation index of N/A%; and 7.1% for the trailing 3 years as compared to the allocation index of N/A%.

**COMMITTEE REPORT - INVESTMENT COMMITTEE**

[NOTE: The Investment Committee met on March 13, 2013, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the following business set forth in its posted agenda - (A) The FRS monthly investment performance results for February 2013, (B) FRS written Investment Policy Statement, and (C) FRS Asset Allocation Study, and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Stacy Birdwell, chairman; Afranie Adomako, John Broussard, and Mayor Mayson Foster. Also present were Perry Jeselink (alternate for John Broussard), Charlie Fredieu (alternate for Mayor Mayson Foster), Steven Stockstill, Kelli Rogers, Layne McKinney, Susan Waite, David Barnes and Rhett Humphreys.]



**FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD MEETING**

**MARCH 14, 2013  
PAGE 5**

Committee chairman Birdwell gave the committee report and, in doing so, he recognized Mr. David Barnes who provided information to the board as follows:

**FRS INVESTMENT POLICY STATEMENT**

[NOTE: By giving notice on its duly posted agenda, the FRS board of trustees reserved its right to apply the Investment Policy Statement presentation as credit for trustee training pursuant to R.S. 11:185.]

Mr. Barnes began with a brief review of the first and second parts of the FRS Investment Policy and the items discussed as a part thereof. (see attached Exhibit #4) Mr. Barnes went on with a general review of the Derivatives Guidelines section, including the Allowed Use of Derivatives and Prohibited Uses of Derivatives which directly relate to traditional managers, Risk Control and Documentation Guidelines for All Managers, Transaction Risk Control Procedures and Documentation Requirements, and Portfolio-Level Risk Control Procedures and Documentation Requirements. Mr. Barnes further discussed the Asset Allocation Guidelines section.

MOTION: Mr. Birdwell indicated that the FRS investment committee voted to recommend approval of the FRS Investment Policy and he moved that recommendation in the form of a motion. Mr. Jeselink seconded. The motion passed.

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

**ASSET ALLOCATION - RECOMMENDATION**

Mr. Barnes advised that as shown in the Asset Allocation Study, (see attached Exhibit #5), NEPC's formal recommendation to the investment committee was for the approval of the asset allocation referred to as "Alternative Mix D" along with the corresponding minimum and maximum ranges. He said Alternative Mix D provides the most similar range of outcomes compared to the expectations for FRS' current allocations, while it also provides a better upside potential relative to current allocations, with a similar downside protection.

Mr. Birdwell indicated that the FRS investment committee voted to recommend adoption of NEPC's recommendation of Alternative Mix D, along with the corresponding minimum and maximum ranges as shown on page 26 of the Asset Allocation Study dated March 13-14, 2013, and to engross the same information into the FRS Investment Policy Statement.

MOTION: Mr. Birdwell moved the investment committee recommendation in the form of a motion. After further discussions, Mayor Durbin seconded. The motion passed.

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

**FISHER INVESTMENTS - IMA GUIDELINE AMENDMENT REQUEST**

On March 7, 2013, FRS received a written request from Fisher Investments discussing potential changes to the manager's Investment Management Agreement (IMA) guidelines. NEPC reviewed the request and recommended that FRS not approve the requested changes by Fisher Investments to the IMA. Mr. Birdwell indicated that the FRS investment committee voted to recommend approval of NEPC's recommendation to not approve the IMA changes requested by Fisher Investments.

MOTION: Mr. Birdwell moved the investment committee 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 committee report of the Investment Committee.

**PROPOSED LEGISLATION**

Mr. Stockstill advised that copies of the bills were distributed to the board. Mr. Fredieu asked if the issues with the bill regarding conversion of annual and sick leave (House Bill No. 25) had been straightened out. Upon responding to a question, Mr. Stockstill explained that an amendment to the original bill had been submitted. He said that an important feature of the bill was to make sure that each individual employee had the ability to make a conversion decision. If a department opted into the conversion authority, then it was not an all-employees or none proposition. The bill had been submitted with specific language to that effect. But the way it was drafted, it is not that clear, so an amendment has been submitted to the author of the bill with FRS' request to put the original language back into the bill, i.e., to be clear that it applies on an individual employee basis.

Mr. Fredieu and Mr. Birdwell both commented that the board's motion approving this bill was that it was supported as long as it was voluntary on the part of each employee. Mr. Birdwell stated that if the original language was not put back in, then the bill should be opposed. Mr. Stockstill indicated that a formal motion should be made to that effect.

MOTION: Mr. Birdwell moved to oppose House Bill No. 25 (ask for withdrawal from the files of the House) if the language as shown in the amendment to the bill is not put in as it was originally written and submitted. Mr. Jeselink seconded. After further discussion the motion passed.

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



**ANNUAL REPORT - OFFICE OF RISK MANAGEMENT**

Mr. Stockstill advised that FRS received the annual report from the Office of Risk Management (ORM). The report lists all of FRS' risk exposure and coverage from the ORM. FRS has been paying insurance premiums to ORM for errors and omissions coverage, property, casualty coverage and FRS has always assumed it was covered. However, MERS recently went through a discussion with the underwriters at ORM, with MERS trying to clarify whether MERS is covered under ORM. Mr. Stockstill continued that ORM was recently removed as an executive branch agency, and has now been privatized. The new people who are now running ORM told MERS that MERS is not covered under ORM and ORM will not cover them or its board. MERS is looking for fiduciary insurance because they will not be covered by ORM. MERS told ORM that there are other statewide retirement systems that ORM does cover. When ORM was told this information, ORM indicated that the other retirement systems should not be covered by ORM. This is the new privatization company's approach.

Mr. Stockstill went on to say that if FRS is paying its premium to ORM, and there was a casualty claim, e.g., someone slipped and fell on the premises and FRS thinks it is covered under the ORM insurance, if the person who fell makes a claim against FRS, FRS makes a claim against its insurance, and ORM might come back and say FRS was never covered even though premiums had been paid to ORM. Therefore on any claim, including errors and omissions, FRS might have to argue as to whether FRS was covered.

Mayor Durbin then asked what FRS' coverage year is under any insurance policy. Mr. Stockstill advised that it was on a calendar year basis. Mayor Durbin said FRS is three months into the current premium year, and further that he would like an ORM representative to attend a FRS board meeting, sending a letter prior to the meeting indicating the questions trustees would ask so it would be on the record.

Mr. Stockstill indicated that he would schedule an ORM representative's appearance by first writing a letter asking the pertinent questions so the ORM representative would be prepared to address the board.

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

**PROPOSED POLICY - CHANGING EMPLOYERS DURING DROP**

Upon request by the executive director, Chairman Fredieu deferred this item until the April 2013 board meeting.

**FIREFIGHTERS' RETIREMENT SYSTEM  
BOARD MEETING**

**MARCH 14, 2013  
PAGE 8**

**PROPOSED POLICY - NON-JOB RELATED DISABILITY RETIREE MAKING  
APPLICATION FOR JOB-RELATED DISABILITY**

Upon request by the executive director, Chairman Fredieu deferred this item until the April 2013 board meeting.

**ADJOURNMENT**

MOTION: Mayor Durbin moved to adjourn. Mr. Jeselink seconded. The motion passed.

**FUTURE MEETINGS**

**FRS Investment Committee  
Public Safety Building  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Wednesday, April 10, 2013 at 3:00 p.m.**

**FRS Board of Trustees  
Public Safety Building  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Thursday, April 11, 2013 at 8:30 a.m.**

SUBMITTED BY:

  
Susan L. Waite, FRS Board Secretary

APPROVED BY:

  
Mr. Charles Fredieu, FRS Chairman