



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES June 12, 2014

A meeting of the Board of Trustees was held on June 12, 2014 at the Public Safety Building in Baton Rouge, Louisiana. 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.

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

MEMBERS PRESENT

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

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Jason Starns
Sara Etheridge
David Barnes
Paul Schmidt
Gary Curran
Michelle Cunningham
Trae Welch
Dennis Ford
Allen Orillian

MINUTES

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on May 8, 2014. Mr. Jeselink 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.

- 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 new retiree applicants. Mr. Adomako seconded. The motion passed.

- 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.

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[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 Marie Blanchard Broussard, surviving spouse of Stanley Roy Broussard. He stated that the application was in order and recommended approval.

MOTION: Mr. Jeselink moved to approve the staff recommendation. Mr. Birdwell seconded. The motion passed.

Mr. Starns presented the application of Marty Paul Couvillion, surviving child of Paul Randall Couvillion. He stated that the application was in order and recommended approval.

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

Mr. Starns presented the application of Rena Burgin Searcy, surviving spouse of Raymond Searcy. He stated that the application was in order and recommended approval.

MOTION: Mr. Birdwell moved to approve the staff recommendation. Mr. Jeselink 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)

[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 applicants.]

Mr. Starns presented the disability application of [REDACTED]. He advised the board that based upon the report by State Medical Disability Board doctor, Dr. Glenn Gomes, the staff

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recommendation was for the approval of disability retirement and discontinuation of disability recertification.

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

Mr. Starns presented the disability application of [REDACTED]. 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 disability retirement and discontinuation of disability recertification.

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

Mr. Starns presented the disability application of [REDACTED]. 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 disability retirement and discontinuation of disability recertification.

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

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

ST. TAMMANY FPD#1 V. FRS

This item involved discussion and action regarding the lawsuit styled as *St. Tammany FPD #1 v. FRS et al.*, Suit No. 560366, 19th Judicial District Court, East Baton Rouge Parish; and all related matters.

[NOTE: By providing 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 in its agenda; all pertinent notifications had been provided.]

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

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

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MOTION: Mayor Durbin moved to adopt "the Welch plan". That motion failed for lack of a second.

MOTION: Mayor Foster moved to adopt "the Foster plan" and to authorize the attorney representing FRS to negotiate the terms of a settlement pursuant thereto. Mr. Birdwell seconded. The vote was unanimous as demonstrated by a show of hands.

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

FRS FY 2013-14 FINANCIAL AUDIT - CONTRACT

Mrs. Michelle Cunningham addressed the board regarding the annual audit that must be conducted pursuant to state law. She explained the increase of audit costs for this audit cycle which is primarily due to the implementation of the newly issued GASB 67 Audit Standard. She said the new standard will require her office to do site visitations to certain preselected participating employers. She will review the employer's total payroll, then she will review the payroll journals to assure that they tie to the general ledger. She will also randomly sample individual employees to test whether they should be in the system and compare their reported salary to the payroll records and time sheets, all in an effort to assure that contributions are being reported correctly to FRS. She said that the employees hire date, gender, and birth date will also be verified as part of the review process.

Mr. Jeselink asked whether the components of the employees salaries will be reviewed, i.e., base pay, incentive pay, etc. Mrs. Cunningham stated that she will review the salary in which the contribution is determined. Whatever that salary is, whether it's state salary, overtime. She said before the audit firm goes in, they will read the law and have a good understanding of what the eligible salary is, so that everything is taken into consideration and should be included for contributions to be reported.

Chairman Fredieu asked whether Duplantier would bill on an hourly basis for the testing that is done at the municipal level. Mrs. Cunningham confirmed that to be the case.

MOTION: After further discussion, Mayor Durbin moved approval of the FY 2013-14 audit contract with Duplantier, Hrapmann. Mr. Birdwell seconded. The motion passed.

MOTION: Mayor Durbin then moved approval of the additional testing required to be done by Duplantier, Hrapmann pursuant to the GASB 67 standard. Mr. Birdwell seconded. The motion passed.

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

**COMMITTEE REPORT - BUDGET AND FINANCE COMMITTEE
FRS FY 2014-15 OPERATING BUDGET**

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[NOTE: The Budget and Finance Committee met on June 11, 2014, at the FRS office in Baton Rouge at 2:00 p.m. to discuss the following business set forth in its posted agenda- Discussion and action regarding FRS Operating Budget for Fiscal Year 2014-15, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mayor Foster, chairman; Mr. Birdwell, Mr. Jeselink, and Mr. Tarleton. Also present were, Mr. Fredieu, Mayor Ahmrein, Steven Stockstill, Layne McKinney, Jamie Bradbury, Sara Etheridge and Bob Klausner.]

Committee chairman Foster gave the committee report and, in doing so, he made the following motion as recommended by the Budget and Finance Committee:

MOTION: Based on the Budget Committee's recommendation, Chairman Foster moved to approve the Fiscal Year 2014-15 FRS operating budget as presented (see attached Exhibit #3), with an amendment to reduce the audit expenses by a sum of \$10,000.⁰⁰. Mayor Durbin seconded. The motion passed.

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

FRS FY 2013-14 ACTUARIAL VALUATION

Mr. Gary Curran, FRS Actuary, addressed the board. Mr. Curran described the services that would be provided during the upcoming valuation cycle. He explained that GASB Statements 67 and 68 also require his office to do additional work, which causes an increase in the services to be rendered. He presented a listing of the services to be provided and the rates applicable thereto. (see attached Exhibit #4) He explained that part of the increased cost was related to legislation that was introduced but failed to pass in the 2014 legislative session. The legislation would have created a second tier of participants in FRS and consequently would require additional work relative to the annual valuation. He said that, since the legislation did not pass, he would reduce the monthly retainer fee from \$5,850.⁰⁰ to \$5,700.⁰⁰.

MOTION: After further discussions, Mr. Tarleton moved to approve the actuarial contract for FY 2014-15, as amended. Mayor Durbin seconded. The motion passed.

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

MONTHLY FLASH REPORT - MAY 2014

Mr. Barnes presented the monthly flash report for May 2014. (see attached Exhibit #5) The overall fund was up/down as follows: 1.6% for the month of May as compared to the allocation index of 1.6%; 12.2% for the fiscal year to date as compared to the allocation index of 13.3%; 7.4% for the trailing 12 months as compared to the allocation index of 12.2%; and 5.3% for the trailing 3 years as compared to the allocation index of N/A%.

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on June 11, 2014, 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 investments, including but not limited to: (i) The FRS monthly investment performance results for May 2014, (ii) Private Equity Buyout Market Survey, and (iii) FRS Private Equity Investment Manager Search Report, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mr. Birdwell, chairman; Mr. Adomako, Mr. Broussard, Mayor Foster, and Mr. Tarleton. Also present were Mayor Ahmrein, Mr. Fredieu, Mr. Jeselink, Steven Stockstill, Layne McKinney, and Sara Etheridge.]

- Trustee Training

[NOTE- Trustee Training. By giving notice on its duly posted agenda, it was noted that discussions of the subject of the Private Equity Buyout Market may be applied as credit for trustee training pursuant to R.S. 11:185.]

Mr. Barnes presented educational information related to the Private Equity Buyout asset class for the purpose of trustee training. He covered subjects such as- (1) The Private Equity Buyout asset class as it stands today, (2) Definitions, (3) Characteristics of the Private Equity Buyout asset class, (4) Comparison of the Private Equity Buyout asset class to other areas of the overall Private Equity asset class and the differences related thereto, (5) The economic environment of the asset class, (6) NEPC's views on the market outlook for the Private Equity Buyout asset class, and (7) The risks and benefits of the Private Equity Buyout asset class. (see attached Exhibit #6)

- Private Equity Buyout Manager Selection

Mr. Barnes presented summary information regarding the following managers- (1) CCMP Capital Advisors, (2) Friedman Fleischer & Lowe, and (3) Private Advisors. He then presented an overview regarding the fund managed by each candidate firm, including the performance track record of each firm. Mr. Barnes discussed each firm's investment strategy, use of leverage, and the executives associated with each firm. (see attached Exhibit #7)

After further discussions, Mr. Barnes stated that NEPC recommended to the FRS investment committee that two firms should be interviewed and he recommended CCMP Capital Advisors and Private Advisors as the interview candidates.

MOTION: Mr. Birdwell confirmed that as the recommendation of the FRS investment committee, and he moved the committee's recommendation in the form of a motion. Mr. Tarleton seconded. The motion passed.

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

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AG OPINION - DISABILITY OFFSETS

Mr. Starns explained that state law allows an offset of FRS disability benefits where a disability beneficiary is receiving disability benefits and workers' compensation in a combined sum that exceeds the beneficiary's average final compensation. He further explained that there is a comparable statute that allows the Workers' Compensation administration to take a similar offset of workers' compensation benefits. He said that the Workers' Compensation administration seems to believe that they can take the entire offset against the beneficiary's workers' compensation benefits. Mr. Starns requested authority for FRS to seek an Attorney General's opinion as to the interpretation of the applicable state law.

MOTION: Mayor Durbin moved to authorize FRS to seek an Attorney General opinion as requested by FRS staff. Mr. Tarleton seconded. The motion passed.

2014 LEGISLATION

Mr. Stockstill presented an update regarding the following bills which were being processed in the legislature as of the date of the board meeting-

HB65*	Montoucet	RETIREMENT/FIREFIGHTERS: Authorizes the board of trustees of the Firefighters' Retirement System to adopt group trust provisions pursuant to Internal Revenue Service rulings <i>Sent to Governor</i>
HB66*	Montoucet	BOARDS/COMMISSIONS: Requires state-affiliated physicians to serve on the State Medical Disability Board upon request of the Firefighters' Retirement System <i>Becomes HB1268; Sent to Governor</i>
HB67*	Montoucet	RETIREMENT/FIREFIGHTERS: Provides relative to the accrual rate and Deferred Retirement Option Plan participation in the Firefighters' Retirement System <i>Pending Senate Retirement; Involuntarily Deferred</i>
HB75*	Montoucet	RETIREMENT/FIREFIGHTERS: Requires court order be provided to the Firefighters' Retirement System before the system can seize or garnish benefits of a member <i>Pending Senate Judiciary A; Failed on Tie Vote by Chairman</i>
HB76*	Montoucet	RETIREMENT/FIREFIGHTERS: Provides relative to the removal of a former spouse as a designated beneficiary of an active member of the Firefighters' Retirement System <i>Sent to Governor</i>
HB77*	Montoucet	RETIREMENT/FIREFIGHTERS: Provides for conversion of leave to service credit in the Firefighters' Retirement System <i>Sent to Governor</i>

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HB80	Miller	RETIREMENT/STATE-STWIDE: Provides relative to investments by the state, statewide, and Harbor Police retirement systems <i>Pending House Retirement</i>
SB4	Peacock	FIREFIGHTERS RETIREMENT: Provides benefits for members hired on or after January 1, 2015. (6/30/14) <i>Pending House Retirement; Involuntarily Deferred</i>
SB6	Martiny	FIREFIGHTERS RETIREMENT: Adds an additional retiree representative to the board of trustees. (6/30/14) <i>Pending House Retirement; Involuntarily Deferred</i>

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

ADJOURNMENT

MOTION: Mr. Tarleton moved to adjourn. Mr. Birdwell seconded. The motion passed.

FUTURE MEETINGS

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Monday, July 7, 2014 at 02:00 p.m.
and
Tuesday, July 8, 2014, at 08:30 a.m.**

SUBMITTED BY:

APPROVED BY:


Steven S. Stockstill, Executive Director


Mr. Charles Fredieu, FRS Chairman