



FIREFIIGHTERS' RETIREMENT SYSTEM

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Baton Rouge, Louisiana 70809
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MEETING OF THE BOARD OF TRUSTEES February 12, 2020 and February 13, 2020

A two-day meeting of the Board of Trustees was held on February 12, 2020 and February 13, 2020 at the Firefighters' Retirement System building in Baton Rouge, Louisiana. Mr. Stacy Birdwell, Chairman, called the meeting to order at 2:00 p.m on February 12, 2020.

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

John Broussard	Danny Richardson
Steven Stockstill	Keith Harris
Layne McKinney	S. Schmitt
Michael Becker	Michael Accardo
Ashley Duhe	Scott Brewer
David Barnes	Chris Kaufmann
Gustavo Medeiros	Dan Cotten
Tim Jenkins	Earl Borden
Jim Valone	
Gregory Williams	
Darren Capeloto	
Napoleon Stephenson	
Todd Howard	
Scott Moses	
Mark Waniewski	
Ernest Mitchell	
Joey Ryan	

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Chairman Birdwell began by explaining that the meeting would be held over a two-day period, with the first day primarily involving search candidate interviews and the second day being reserved for the regular monthly business to come before the board.

EMERGING MARKET DEBT MANAGER INTERVIEWS

The board of trustees interviewed managers of three Emerging Market Debt funds that were previously selected by the board of trustees at their meeting held on December 11, 2019. The managers are as follows:

Ashmore Investment Group

Tim Jenkins, Institutional Business Development Executive
Gustavo Medeiros, Deputy Head of Research

[At this point, due to a scheduling conflict, the manager presentations required interruption and a matter that was scheduled to be heard by the FRS-LB#1 and FRS-GA Joint Advisory Committee on 02/13/2020 was moved to be heard on this day, 02/12/2020.]

MOTION: Chief Tarleton moved to amend the agenda to address the following matter on 02/12/2020 instead of its originally scheduled date of 02/13/2020. Mayor Walker seconded. The motion passed unanimously.

RECESS FRS BOARD MEETING

**CONVENE FRS-LB#1 LLC AND FRS-GA LLC JOINT ADVISORY
COMMITTEE MEETING**

[NOTE: The FRS-LB#1 and FRS-GA Joint Advisory Committee met on February 12, 2020, at the FRS office in Baton Rouge at 2:00 p.m. to discuss the following business set forth in its posted agenda- **(i)** Discussion and advice regarding professional services agreement between FRS-LB#1 and Montage Acquisitions, **(ii)** Diligence visit to economic development office and governing authorities of cities in which property owned by FRS-LB#3 is situated, and **(iii)** Execution of Development Agreement between FRS-GA and City of Gainesville, and all matters related to the foregoing items. 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 John Broussard, Layne McKinney, Michael Becker, Ashley Duhe, David Barnes, Mark Waniewski, Ernest Mitchell, Joey Ryan, Danny Richardson, Keith Harris, S. Schmitt, Michael Accardo, Scott Brewer, Chris Kaufmann, Dan Cotten, and Earl Borden.]

- Surprise, AZ and Gainesville, GA

Treasurer Schroder updated the Joint Advisory Committee regarding the status of the FRS properties. He explained that he just returned from Gainesville, GA and had a productive meeting. He met with an engineer and the engineer's staff and got a chance to view maps of the property. The Treasurer explained that the plan is to move forward with the property in Gainesville. He then discussed the property in Surprise, AZ. He explained that there are ongoing negotiations for a contract with a developer in the area that would like to partner with FRS-LB#1 to help develop and sell the land. He closed by answering questions from the joint committee and audience.

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

ADJOURN FRS-LB#1 AND FRS-GA JOINT ADVISORY COMMITTEE MEETING

RECONVENE FRS BOARD MEETING

[At this point, the board resumed the manager presentations that were previously underway.]

MetLife Investment Management

Napoleon Stephenson, Director
Scott Moses, Managing Director
Todd Howard, Portfolio Manager

Wellington Management Company

Jim Valone, Senior Managing Director
Gregory L. Williams II, Business Development Manager
Darren Capeloto, Investment Director

Each candidate firm was allocated 45 minutes for its presentation and 15 minutes for questions by the board. Each candidate firm made a presentation to the board based on information contained in the firm's respective RFP response.

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

RECESS

Mayor Walker moved to recess the FRS board meeting. Mr. Tarleton seconded. The motion passed.

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RECONVENE

Chairman Birdwell reconvened the FRS board meeting which had previously stood in recess.

Mr. Jeselink gave the invocation and Mayor Amrhein 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
Mr. John Broussard (designee of the department of the State Treasurer)
Mr. Louis Romero
Mr. Jerry Tarleton
Mayor Ronny Walker

OTHERS PRESENT

Steven Stockstill	Mark Waniewski
Layne McKinney	Chris Kaufmann
Michael Becker	Joey Ryan
Jason Starns	Danny Richardson
Brandon Trahan	Jeff Akes
Ashley Duhe	Michael Accardo
David Barnes	Scott Brewer
Gary Curran	Dan Cotten
Elizabeth Thornton	Earl Borden
Paul Schmitt	Charles Licciardi
Amy Matthews	Keith Harris
Richard Frink	Ernest Mitchell
Wes Roan	David Kuhn
Matt Ponder	Chad Duffault

COMMITTEE ASSIGNMENTS

Chairman Birdwell distributed a list of FRS committee assignments and asked anyone to contact him if a change of assignment was desired. (see attached Exhibit #1)

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

MINUTES

MOTION: Mr. Jeselink moved to approve the minutes of the board meeting held on January 8, 2020. Mayor Walker 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 February 2020. (see attached Exhibit #2) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the new member applicants for the month of February 2020. Mr. Romero 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.

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Mr. Starns presented the list of new retirees for the month of February 2020. (see attached Exhibit #3) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the retiree applicants for the month of February 2020. Mr. Romero 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)

Gwendolyn Regina Davis- Mr. Starns presented the application of Gwendolyn Regina Davis, surviving spouse of Travis Lynn Davis. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Gwendolyn Regina Davis. Mr. Tarleton seconded. The motion passed.

Rose Mary Becnel Funk- Mr. Starns presented the application of Rose Mary Becnel Funk, surviving spouse of Ralph Oren Funk, Sr. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Rose Mary Becnel Funk. Mayor Walker seconded. The motion passed.

Barbara LeBoeuf- Mr. Starns presented the application of Barbara LeBoeuf, surviving spouse of Ronald John LeBoeuf. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Barbara LeBoeuf. Mr. Romero seconded. The motion passed.

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

MONTHLY FLASH REPORT - JANUARY 2020

Mr. Barnes presented the monthly flash report for the month of January 2020. (see attached Exhibit #4) The overall fund was up/down as follows: -0.6% for the month of January as compared to the allocation index of -0.2%; 5.7% for the fiscal year to date as compared to the allocation index of 5.8%; 11.1% for the trailing 12 months as compared to the allocation index of 12.0%; and 7.7% for the trailing 3 years as compared to the allocation index of 8.7%.

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

FRS 2020 ASSET ALLOCATION UPDATE

Mr. Barnes presented a report titled "2020 Asset Allocation Update". (see attached Exhibit #5) He provided an asset class overview, and then discussed the methodology of asset allocation, Geometric Return Assumptions for equities, fixed income and real estate, capital market forecasts, portfolio scenarios, and risk budgeting.

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

EMERGING MARKET DEBT MANAGER SELECTION

Mr. Barnes gave a summary comparing and contrasting the three Emerging Market Debt fund managers that had been interviewed the previous day. (see attached Exhibit #6) During the course thereof, he answered several questions posed by board members. Mr. Barnes concluded by identifying Wellington Management Company as the manager/fund that NEPC recommends for selection.

MOTION: Mayor Walker moved to accept NEPC's recommendation to proceed with Wellington Management Company as the Emerging Markets Debt Blended manager finalist with a \$85 million investment subject to successful negotiations of a contractual agreement. Mr. Tarleton seconded. A roll call vote was taken and the motion passed with the following tally-

Birdwell	Yes	
Jeslink	Yes	
Adomako	Yes	
Amrhein	No	
Broussard	Yes	
Ivey		Absent
Peacock		Absent
Romero	No	
Tarleton	Yes	
Walker	Yes	

(6-2)

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

THORNBURG GLOBAL OPPORTUNITIES FUND

Mr. Barnes stated that NEPC was recently made aware of an update related to the Thornburg Global Opportunities Fund in which FRS is currently invested. He stated that the FRS portfolio currently has \$38.9 million invested in this fund. He stated that Thornburg has done very well for FRS in the past, however, NEPC received a notice from Thornburg stating that a key portfolio manager terminated his employment with the firm. Mr. Barnes explained that this specific manager was the person operating the day to day operations. This management position was then filled with someone who lacks significant experience in a portfolio management role. Due to this, NEPC feels the confidence level has come down in this portfolio's ability to generate the type of returns that have become customary over time. (see attached Exhibit #7) Mr. Barnes said NEPC recommends that FRS- (1) Terminate the Thornburg Global Opportunities Fund from the portfolio, (2) Redeem FRS' assets in the Thornburg Global Opportunities Fund, and (3) Transition the full value of the account to the State Street ACWI Index Fund.

MOTION: Mr. Jeselink moved to accept NEPC's recommendation regarding the Thornburg Global Opportunities Fund. Mr. Tarleton seconded. The motion passed.

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

INDEPENDENT PORTFOLIO REVIEW

Mark Waniewski, PMI CEO, addressed the board. Mr. Waniewski introduced Richard Frink, Wes Roan, and Matt Ponder with Equitable, a 401(k) administrator. Mr. Waniewski explained that during a fire chiefs meeting back in December, it was brought to his attention that the chiefs felt a second set of eyes should be recommended to the FRS board to view the FRS portfolio. Mr. Waniewski and Chris Kaufmann, Fire Chief of St. Tammany Fire District 1, reached out to Equitable to be this second set of eyes. Mr. Frink addressed the board. He explained the background of the organization and stated they also utilize a firm called Wilshire. He explained that Wilshire is a very large institutional advisor, like NEPC. Wilshire provides the companies that Equitable manages with three very distinct areas of oversight. They act as an investment fiduciary for Equitable. They also have an independent consulting arm. Mr. Frink explained that Wilshire manages in excess of \$1 trillion in assets for public endowments and pension funds. Mr. Ponder explained that he and Mr. Roan manage defined contribution retirement plans. He stated that they have partnered with Axa, an insurance company, which is now a re-brand of Equitable. He then explained that the firm has defined contribution plans for 12 parishes in Louisiana. Mayor Walker expressed to the team that he would like to view documentation of work they have done with similar groups the size of FRS. Mr. Frink explained to the board that Wilshire would be the organization acting directly for FRS to provide a detailed analysis of the investments for FRS, free of charge. Mark Waniewski explained to the board that a second set of eyes would validate everything FRS is doing. He stated that in accepting Wilshire to do so, it would provide more data points to do everything we possibly can.

Chief Kaufmann expressed his and other fire chiefs concerns to the board. He stated that this recommended service will either validate or bring value to the table for the system.

Mr. Stockstill stated that he had agreed with Chief Kaufmann at the previously held chiefs' meeting about the idea of a second set of eyes viewing the FRS portfolio. Mr. Stockstill presented a document dated February 3, 2020, written by Mr. Richard Frink of Equitable (referred to as a memorandum of understanding or MOU) proposing an "Investment Review and Analysis of FRS". (see attached Exhibit #8) He said the MOU states that Mr. Ponder and Mr. Roan would provide the initial services. The MOU then requests a trust report that shows total assets, listings of investments and funds with CUSIPS and TICKERS for each, and a copy of the pension plan document and trust document with all supporting and fiduciary agreements/contracts. Mr. Stockstill explained CUSIPS and TICKERS are sensitive information that are not made publicly available. He stated that only FRS and the system's custodial bank maintain that information on a systemwide basis. Moreover, it would be prudent to first check with the cyber-security experts to gauge the risk of making that information available to any other person or entity. Mr. Stockstill said that everything Wilshire needs to conduct a portfolio review is already available on the FRS website, but not CUSIPS and TICKERS. He expressed that Wilshire does not need this information to perform its services. Mr. Stockstill then explained the biographical information that was available on the internet about each team member of Axa/Equitable and Wilshire. Mr. Stockstill said that he agreed with Chief Kaufmann about his idea of an independent portfolio review and recommended that Wilshire conduct the portfolio review, provided that Wilshire first acknowledges its fiduciary duty to FRS, and no Cusips, tickers, account numbers, or contracts will be released, and the review includes a comparison of the asset allocation and investment return's of other public defined benefit plans of a similar total asset size.

MOTION: Mayor Walker moved to accept the staff recommendation and instructed the FRS staff to work directly with Wilshire to come up with a review subject to the conditions expressed by the executive director. Mayor Amrhein seconded. The motion passed.

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

FRS LEGISLATION - 2020 REGULAR SESSION

Mr. Stockstill referenced the following 2020 legislative House and Senate Bills-

- HB5 McCormick Relative to membership in the Firefighters' Retirement System

MOTION: Mr. Jeselink moved to oppose HB5. Mr. Jeselink seconded. The motion passed.

- SB19 Peacock Provides for state and statewide retirement systems

MOTION: Mr. Jeselink moved to support SB19. Mr. Tarleton seconded. The motion passed.

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- SB20 Peacock Provides benefits for members hired on or after January 1, 2021

MOTION: Mayor Walker moved to support SB20. Mayor Amrhein seconded.

FIRST SUBSTITUTE MOTION: Mr. Jesselink made a substitute motion to take no action regarding SB20. Mr. Romero seconded. A roll call vote was taken and the motion failed by the following tally-

Birdwell	Yes	
Jeselink	Yes	
Adomako	Yes	
Amrhein	No	
Matthews	No	
Ivey		Absent
Peacock		Absent
Romero	Yes	
Tarleton	No	
Walker	No	

(4-4)

SECOND SUBSTITUTE MOTION: Mr. Romero then moved to oppose SB20. Mr. Jesselink seconded. A roll call vote was taken and the motion failed by the following tally-

Birdwell	Yes	
Jeselink	Yes	
Adomako	No	
Amrhein	No	
Matthews	No	
Ivey		Absent
Peacock		Absent
Romero	Yes	
Tarleton	No	
Walker	No	

(3-5)

THIRD SUBSTITUTE MOTION: Mr. Jesselink then moved to support SB20 with an amendment changing the FRS DROP participation period from 3 to the 5 years. Mr. Romero seconded. A roll call vote was taken and the motion failed by the following tally-

Birdwell	Yes	
Jeselink	Yes	
Adomako	No	
Amrhein	No	
Matthews	No	

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Ivey	Absent
Peacock	Absent
Romero	Yes
Tarleton	No
Walker	No

(3-5)

ORIGINAL MOTION: Mayor Walker reasserted the original motion to support SB20 in the bill's original form. Mayor Amrhein seconded. A roll call vote was taken and the motion failed by the following tally-

Birdwell	No
Jeselink	No
Adomako	No
Amrhein	Yes
Matthews	Yes
Ivey	Absent
Peacock	Absent
Romero	No
Tarleton	Yes
Walker	Yes

(4-4)

The discussion of this matter was concluded with no further action.

FRS POLICY

Mr. Starns presented to the board FRS Policy No. 02132020 regarding the calculation of actuarial payments due to FRS where there has been an enrollment error (see attached Exhibit #9) He explained that, in the past, some firefighters were erroneously enrolled into MERS, but should have been enrolled in FRS instead. This policy provides that, if taking corrective action involves actuarial calculations for a transfer or purchase of service credit, then that calculation is valid for 3 months after the valuation date. If the payment for the transfer or purchase is made more than 3 months after the valuation date then the calculation is revised and interest is based upon the valuation interest rate in effect at the time of the revision.

MOTION: Mr. Tarleton moved to adopt FRS Policy No. 02132020 regarding the calculation of actuarial payments due to FRS where there has been an enrollment error. Mayor Walker seconded. The motion passed.

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

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ADJOURNMENT

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

FUTURE MEETINGS

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, March 11, 2020 at 2:00 p.m.**

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, March 12, 2020 at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:



Ashley Duhe, FRS Board Secretary



Stacy Birdwell, FRS Chairman