



# **FIREFIGHTERS' RETIREMENT SYSTEM**

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## **MEETING OF THE BOARD OF TRUSTEES June 11, 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 June 11, 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. Romero led the pledge of allegiance.

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

### **MEMBERS PRESENT**

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

### **OTHERS PRESENT**

State Treasurer John Schroder  
Steven Stockstill  
Layne McKinney  
Jason Starns  
Michael Becker  
Benjamin Johnson

Ashley Duhe'  
Greg Curran  
Brennen LeBlanc  
Chris Bourgeois  
David Bordes  
Michael Richmond

Attending by teleconference:  
David Barnes  
Paul Schmidt  
Mark Waniewski

**MINUTES**

MOTION: Mr. Jeselink moved to approve the minutes of the board meeting held on May 14, 2020. Mr. Tarleton 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 June 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 June 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 June 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 June 2020. Mr. Romero 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 ██████████. Chairman Birdwell explained the meaning of the phrase "executive session" and asked ██████████ if ██████████ would prefer to have ██████████ application heard in executive session. ██████████ declined that option. Mr. Starns then stated that, based on the report by State Medical Disability Board doctor, Dr. Rubin Patel, the staff recommendation was for approval of the Application for Disability Retirement (Job-Related) and suspending the requirement of disability recertification.

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

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

**FRS OPERATING BUDGET FOR FISCAL YEAR 2020-2021**

[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)(1) for discussion of the character of all FRS employees.]

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Ben Johnson, FRS Accountant, drew the board's attention to the FRS Operating Budget for fiscal year 2020-2021. (see attached Exhibit #3) He explained each line item of the report and answered questions that arose relative thereto.

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

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

Mr. Stockstill explained that, based on discussions held in executive session, the effectuating action would be to defund the 2% raise from the budget, meaning the budget would pass without the 2% raise, and then in December the situation will be reviewed.

MOTION: Mayor Amrhein moved the effectuating action in the form of a motion. Mr. Jeselink seconded. The motion passed.

Mr. Johnson then presented the board with the "FRS-LB, LLC budget for FY July 1, 2020 - June 30, 2021". (see attached Exhibit #4) He explained each line item of the report and answered questions that arose relative thereto.

MOTION: Mr. Jeselink moved to approve the FRS-LB, LLC budget, as amended. Mr. Tarleton 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 and FRS-LB#1 JOINT ADVISORY COMMITTEE  
MEETING**

[NOTE: The FRS-LB and FRS-LB#1 Joint Advisory Committee met on June 11 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. Adomako, Mayor Amrhein, Mr. Romero, State Treasurer Schroder, Mr. Tarleton, and Mayor Walker. Also present were John Broussard, Layne McKinney, Michael Becker, Jason Starns, Benjamin Johnson, Ashley Duhe, David Barnes, Greg Curran, and Brennen LeBlanc .]

- FRS-LB#1 and Montage Acquisitions, LLC

State Treasurer Schroder updated the Joint Advisory Committee regarding the status of the FRS Arizona property. He explained that there has been an ongoing negotiation with two different entities. He referenced two Letters of Intent (LOI) from Willis Property Company (see attached Exhibit #5) and Montage Acquisitions, LLC. (see attached Exhibit #6) He explained that the Montage LOI was presented at a previous advisory committee meeting at which Montage's representatives had attended. He then explained that, knowing the terms of the LOI, he is working to attain a guaranteed purchase price. The Treasurer further explained that the transaction, as currently structured, almost gets FRS-LB#1 to break even and, if the transaction goes well, FRS-LB#1 could possibly make a profit. The Willis LOI indicates the purchase price for the property is \$12 million and the Montage LOI indicates a purchase price of \$20-25 million. The Treasurer said the Montage transaction appears to be more favorable and could possibly be made even better. After discussions, the advisory committee agreed that it is in the best interest of FRS-LB#1 to keep the Montage LOI negotiations moving forward. It was recognized that moving forward may require the Treasurer to meet with the potential buyer and other parties in Arizona and report back to the committee with updates.

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**

**MONTHLY FLASH REPORT - MAY 2020**

Mr. Barnes presented the monthly flash report for the month of May 2020. (see attached Exhibit #7) The overall fund was up/down as follows: 2.5% for the month of May as compared to the allocation index of 2.4%; 1.2% for the fiscal year to date as compared to the allocation index of 2.1%; 5.7% for the trailing 12 months as compared to the allocation index of 6.7%; and 4.2% for the trailing 3 years as compared to the allocation index of 5.6%.

[**EDITORIAL NOTE:** The discussion noted in following minute entry occurred later in this same meeting, but is being presented here because the Monthly Flash Report will give context for a better understanding of the subject matter.]

Mr. Stockstill drew the board's attention to a chart that was furnished by a FRS Trustee. He said the chart shows the investment returns of all Louisiana state and statewide public retirement systems, as of December 31, 2019 and March 31, 2020. (see attached Exhibit #8) Mr. Stockstill explained how much the value of the FRS assets have decreased from December and March. He explained that

those periods of time show an extraordinary devaluation. However, he said, FRS sustained, on a percentage basis, the least devaluation compared to all referenced retirement systems. Mr. Stockstill said, although the systems are all suffering losses, FRS' portfolio is performing, on a percentage basis, better than all other retirement systems' portfolios over those periods of time. He noted that is primarily because of the steps the board has taken over the last few years to defensively posture the portfolio to withstand extreme economic shocks. Mr. Stockstill said that the upcoming Wilshire report is timely because FRS will have the opportunity to address whether now is the time to change that defensive posture. Mr. Stockstill explained that this chart was being presented for informational purposes only.

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

### **FRS INVESTMENT REPORT**

- FRS Investment Policy Amendments

Michael Becker, FRS CIO, presented the "FRS Investment Policy" along with two proposed amendments thereto. (see attached Exhibit #9) He said the first amendment engrosses the newly approved asset allocation targets that replace the prior year's allocation targets. The second amendment sets forth the guidelines regarding Emerging Markets Debt managers (changes from local currency-only guidelines to blended currency guidelines). He then answered questions that arose from the board.

MOTION: Mr. Tarleton moved to approve the FRS Investment Policy amendments as presented by staff. Mr. Adomako seconded. The motion passed.

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

- Apollo/JPM India Fund Audit Results

Mr. Becker presented audit results regarding the Apollo/JPM India Fund. (see attached Exhibit #10) He informed the board that the auditors issued a "qualified audit" opinion indicating there are problems within the fund which caused the auditors to be concerned. Likewise, there is a narrow scenario where Apollo might attempt to clawback investment returns previously received by FRS. He said this report is for informational purposes only, but he will continue to monitor the situation.

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

- Wilshire Associates - Independent Portfolio Review

Mr. Becker updated the board about the Wilshire Associates Independent Portfolio Review. He said that Wilshire requested specific actuarial information and documents, which he then forwarded to

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the FRS actuary. Mr. Becker informed the board that Wilshire representatives would like to attend the July board meeting in-person to present their report, if possible.

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

That concluded the Investment Committee report.

**ACTUARIAL EXPERIENCE STUDY**

Gregory Curran, FRS Actuary, drew the board's attention to a report titled "FRS Actuarial Experience Study". (see attached Exhibit #11) He explained the study and stated that, according to law, it is performed every five years. He then answered questions that arose from the board.

MOTION: Mr. Broussard moved to accept the FRS Actuarial Experience Study. Mr. Romero seconded. The motion passed.

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

**CYBER SECURITY**

[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)(3) for discussion of the report, development, and course of action regarding security plans and devices, including but not limited to the security of the retirement system's computer operating software and hardware (cyber-security).]

Michael Richmond, Director of Technology Services with the accounting firm Postlethwaite & Netterville (P&N), addressed the board. He drew the board's attention to two reports titled "Cybersecurity Gap Analysis Report" (see attached Exhibit #12) and "Security Recommendations". (see attached Exhibit #13)

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

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

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

**ADJOURNMENT**

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

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**FUTURE MEETINGS**

**FRS Board of Trustees  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Thursday, July 9, 2020 at 10:00 a.m.**

SUBMITTED BY:

APPROVED BY:

  
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Ashley Duhe, FRS Board Secretary

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