



FIREFIIGHTERS' RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES September 10, 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 September 10, 2020 at the Louisiana Municipal Association (LMA) building in Baton Rouge, Louisiana. Chairman Stacy Birdwell called the meeting to order at 8:30 a.m.

Mr. Jeselink gave the invocation and Mr. Tarleton 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)
Mayor David Amrhein
Treasurer John Schroder
Louis Romero
Jerry Tarleton
Mayor Ronny Walker

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Michael Becker
Jason Starns
Benjamin Johnson
Brandon Trahan
Ashley Duhe
James Mack

Greg Curran
Gary Curran
Brennan LeBlanc
Kris Kaufmann
Mark Waniewski
Phil Preis
Van Mayhall
Robert Atkinson

Dave Berns
Scott Brewer
Chad Duffaut
Attended by teleconference:
David Barnes
Lowell Good
LouAnn Eisenhut
Stephen DiGirolamo

MINUTES

MOTION: Mr. Jeselink moved to approve the minutes of the board meeting held on July 9, 2020. Mayor Walker 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 August 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 August 2020. Mr. Romero seconded. The motion passed unanimously.

Mr. Starns presented the list of new member applicants for the month of September 2020. (see attached Exhibit #2) He stated that all applications were in order.

MOTION: Mr. Jeselink moved to approve the new member applicants for the month of September 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

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**SEPTEMBER 10, 2020
PAGE 3**

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 for the month of August 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 August 2020. Mr. Romero seconded. The motion passed unanimously.

Mr. Starns presented the list of new retirees for the month of September 2020. (see attached Exhibit #4) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the retiree applicants for the month of September 2020. Mr. Jeselink seconded. The motion passed unanimously.

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)

Martina Baudoin- Mr. Starns presented the application of Martina Baudoin, surviving spouse of Timothy Jude Baudoin. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application of Martina Baudoin. Mayor Walker seconded. The motion passed.

Larry Alvin Baum- Mr. Starns presented the application of Larry Alvin Baum, surviving spouse of Connie Delores Baum. He stated that the application was in order.

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**SEPTEMBER 10, 2020
PAGE 4**

MOTION: Mr. Jeselink moved to approve the application of Larry Alvin Baum. Mr. Romero seconded. The motion passed.

Billie Bryant Horton- Mr. Starns presented the application of Billie Bryant Horton, surviving spouse of Billy Fred Horton. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Billie Bryant Horton. Mr. Romero seconded. The motion passed.

John Louis Lapeyrouse, Jr.- Mr. Starns presented the application of John Louis Lapeyrouse Jr., surviving son of John Louis Lapeyrouse. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of John Lewis Lapeyrouse Jr. Mr. Romero seconded. The motion passed.

Jennifer Moran - Mr. Starns presented the application of Jennifer Moran, surviving spouse of George Anthony Klink, Jr. He stated that the application was in order.

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

Lorenza Ann Savage- Mr. Starns presented the application of Lorenza Ann Savage, surviving mother (named beneficiary) of Michael Thaddeus Turnage. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Lorenza Ann Savage. Mr. Romero seconded. The motion passed.

Alice Reynolds Smith- Mr. Starns presented the application of Alice Reynolds Smith, surviving spouse of Wilfred Michael Smith. He stated that the application was in order.

MOTION: Mayor Walker moved to approve the application of Alice Reynolds Smith. Mr. Tarleton seconded. The motion passed.

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

FRS, ET AL v. CITCO GROUP LIMITED, ET AL

FRS, et al. v. Citco Group Limited, et al., Suit No. 3:13-cv-00373-SDD-EWD, U.S. District Court, Middle District, Louisiana

FIA Leveraged Fund, In Official Liquidation, Cayman Islands; and Fletcher Income Arbitrage Fund, In Official Liquidation, Cayman Islands

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**SEPTEMBER 10, 2020
PAGE 5**

[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)(2) for discussion of strategy or negotiations with respect to actual or prospective litigation, and where an open meeting would have a detrimental effect on the litigation position of FRS in the judicial matter cited in Agenda Item II(1); all pertinent notifications had been provided.]

MOTION: Mr. Tarleton moved to enter into executive session to discuss the two items above. Mayor Walker seconded. The motion passed.

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

After discussions had in executive session, Phil Preis, with Preis Gordon, APLC, recommended that the board authorize the JOLs to make all liquidation distributions in the amount of \$150,000 to the Systems, with approximately \$66,000 being paid to FRS.

MOTION: Mr. Tarleton moved to accept Mr. Preis' recommendation. Mr. Romero 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 September 10, 2020, at 8:30 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, State Treasurer Schroder, Mayor Amrhein, Ms. Schexnayder, Mr. Romero, Mr. Mack, Mr. Tarleton, and Mayor Walker. Also present were, Layne McKinney, Michael Becker, Jason Starns, Benjamin Johnson, Brandon Trahan, Ashley Duhe, Greg Curran, Gary Curran, Van Mayhall, Robert Atkinson, Mark Waniewski, Kris Kaufmann, Dave Berns, Brennan LeBlanc, David Barnes, Stephen DiGirolamo, LouAnn Eisenhut, and Lowell Good.]

FRS-LB#1 and Montage Acquisitions, LLC

Mr. Stockstill addressed the committee. He explained that this contract was negotiated between Treasurer John Schroder (on behalf of FRS-LB#1) and Montage Acquisitions. Treasurer Schroder addressed the advisory committee. He explained that this is a \$25 million transaction, which FRS-LB#1 will be paid \$3 million up

front and there will be an annual payment of \$150,000 until the \$25 million is paid in full. Mr. Stockstill then asked Mr. Becker, FRS CIO, to give his impressions of the transaction?

Mr. Becker addressed the advisory committee. He drew their attention to a handout titled "Agreement for Sale of Real Property". (see attached Exhibit #5) Mr. Becker said the transaction definitely puts FRS-LB#1 in a better position than it was a year ago. He reminded the advisory committee that FRS-LB#1 is carrying the property value at approximately \$7.25 million dollars. Mr. Becker said this transaction is actually going to unlock some value in the property because the property has been sitting there, as is, for the past decade. He said there are certainly some risks in this transaction, that includes the economy souring or Montage coming back to the advisory committee in a couple of years wanting to renegotiate the contract. Montage might see it as if they are no longer able to fulfill their obligations. Mr. Becker then discussed certain risks related to seller recourse, buyer liquidity, selective default, reimbursement of buyer expenses, and sales at less than projected returns.

Treasurer Schroder observed that there are risks in every business transaction. He said, here, the buyer is not being asked to put up millions of dollars to develop this property. They are basically acting as a broker. They're going to invest a few million dollars to get the project to a point where they can market it. You do have to consider the risks but, in the worst case scenario, FRS-LB#1 gets this piece of dirt back. So, I'm not really concerned about the default because, if they default, FRS-LB#1 gets \$3 million and gets its unsold property back. Then we sort of start all over. I think one of the positive things about this is we're going to set this up with the city of Surprise and they want to create an industrial business zone on this property and that would happen quicker with the Montage group than it would with FRS-LB#1 acting alone.

Mr. Stockstill introduced Van Mayhall and Robert Atkinson, with Breazeale, Sachse & Wilson, L.L.P. Attorneys at Law. He said Messrs. Mayhall and Atkinson have been working with FRS-LB#1 to look over the contract and assist in the Arizona property process. Mr. Stockstill referenced a document titled "Nothing Left To Prove Matter". (see attached Exhibit #6) He then asked Mr. Van Mayhall to give his impressions about the removal of any previous co-owner's (Chernine) legal interest in the subject property.

Mr. Mayhall addressed the advisory committee. In summary, he said, as to the former Chernine interests, FRS-LB#1 at a time in the past was a minority shareholder with interest in this tract of land in Surprise, AZ. By some opportunity and some planning, FRS-LB#1 bought out the Chernine interest and became a 100% owner and in full control of the tract of land. But there was a repurchase right that was negotiated with Chernine which had to be exercised within a specified period of time. There was a

repurchase deed that was escrowed with the title company in Phoenix AZ. There are two reasons why that right no longer exists. First, the repurchase right required Chernine to pay to FRS-LB#1 the same amount of money that was used by FRS-LB#1 to pay off the underlying note on the property, plus 9¼ % interest, in order to preserve their right of repurchase. The time limit expired for Chernine to exercise that right. So, Chernine forfeited its right to repurchase. Mr. Mayhall said he verified with the title agency in AZ that the repurchase deed no longer exists. It has been destroyed. So, there is nothing that can be filed on record that could change Chernine's expired and forfeited interest. The second reason is because, as of today, Chernine would have owed you \$15 million, plus 9¼ % interest. By our calculations that's over \$30 million dollars. So their repurchase right in a practical sense is not in the money. So, even if they had a clear right of repurchase, which we do not believe they do, there would be no financial gain for them to do so. So that's why we believe the former Chernine's rights have expired.

Mr. Stockstill then asked Mr. Robert Atkinson to give his impressions of the content and obligations of the contract.

Mr. Atkinson addressed the advisory committee. In summary, he said that he had worked with the lawyers on the purchase and, at one point fairly late in the process, a provision appeared in the agreement that the Montage lawyer inserted, that basically stated during the due diligence period any right of repurchase would go away, which seemed to allude to the former Chernine right. Since that right does not exist, Mr. Atkinson said he thinks there was a miscommunication between that lawyer and his client Montage.

Mr. Stockstill then mentioned to the advisory committee that FRS-LB#1 has a property manager in AZ (Cushman Wakefield) who is actively managing the land based on a contract with FRS-LB#1. He then observed that the sales contract to Montage has a provision saying that there can't be any contracts attached at the time FRS-LB#1 conveys the property. Montage wants the property clear of any contractual obligations, but there is a management agreement in place. Mr. Stockstill asked for Mr. Atkinson to express his impression on the best way to handle the management agreement.

Mr. Atkinson said he had talked with the Montage lawyer about it. Mr. Atkinson further said that the management agreement has a 30 day cancellation clause, so the plan is if Montage decides to move forward after the 60 day due diligence period, then FRS LB#1 would submit a 30 day notice to Cushman Wakefield and the agreement would be expired after 30 days. Which, he supposed, would put FRS-LB#1 on the books for another month. He said that is the best course of action.

Mr. Stockstill mentioned that, when Mr. Becker was rifling through the documents for researching another issue, he came across an agreement that FRS-LB#1 had signed with the city of Surprise, where the city would have the right to develop the property. That agreement expires in the year 2023. He asked if Mr. Atkinson had spoken with the buyer's lawyers about the development agreement? Mr. Atkinson said he had not.

Mr. Stockstill then said that the Treasurer gave Montage a copy of the agreement and the manager of Montage LLC sent an email back saying he would be satisfied if FRS-LB#1 assigns to Montage its rights to that agreement. Mr. Stockstill asked for Mr. Atkinson's impression of that solution. Mr. Atkinson said his impression is that would be fine. Obviously, the Montage folks are local, so it makes sense for them to work with the city of Surprise.

Treasurer Schroder asked if the development agreement binds the buyers? So, when there is a closing, does it bind Montage to that development agreement? Mr. Atkinson said yes, but the two parties can certainly agree that Montage is FRS-LB#1's successor to the agreement with the city of Surprise.

Mr. Stockstill then asked Mr. Atkinson for his impression of the overall agreement as it is presented to the advisory committee today?

Mr. Atkinson said that FRS-LB#1 has the best agreement that it can have and unfortunately, with any agreement, as Mr. Becker pointed out, there are some risks. Ultimately, for good legal reasons, it is not structured as a sale with a mortgage. If the buyer defaults, there won't be a foreclosure process but there is an AZ statutory process that states, once Montage has paid a certain portion of the purchase price then, FRS-LB#1 must give Montage a notice period before terminating Montage's rights in the purchase agreement. So, that's built into the contract, we are aware of that, but I think we have done everything that we can to assure that FRS-LB#1 would be able to recover from a buyer default with very little heartburn.

In addressing the advisory committee, Mr. Stockstill repeated that this is a \$25 million sale and, with that type of transaction, FRS-LB#1 had to make sure that it is protected in the future from anything that is foreseeable at this point. He further said the point in hearing from the real estate attorneys is for there to be some comfort about the details having been considered and worked out by them.

Mr. Stockstill stated that a motion would be in order if the committee is inclined to approve the contract. At the urging of the advisory committee, he framed such a motion as follows: The motion would authorize the manager of FRS-LB#1 to sign the contract (subject to the terms that are presented to the advisory committee today), with the authority to cancel the existing Cushman-Wakefield property management

agreement at the proper time, and with the authority to assign to the buyer the interest that FRS-LB#1 has in the development agreement with the city of Surprise, all subject to technical changes in the contract, and authorization to pay the fees that were expended in putting together the contract.

MOTION: Treasurer Schroder moved the motion as framed by Mr. Stockstill. Mr. Tarleton seconded. The motion passed.

Treasurer Schroder referenced real estate owned by FRS-LB in Arizona, Georgia, and Utah. He explained that, with multiple properties being in action, it is sometimes difficult to bring decisions to an advisory committee for action. He said that, when real estate is involved, some transactions need a decision fairly quickly and it is not feasible to wait for the next advisory committee meeting which might be a month later. Mr. Stockstill recommended that, as a solution in the event that any pertinent advisory committee cannot meet prior to critical deadlines expiring relative to any of the real estate that FRS-LB has in action, then there could be a standing subcommittee with membership as follows- The State Treasurer acting as the subcommittee chairman, along with the FRS board chairman, the FRS vice chairman and the manager of FRS-LB. He said the subcommittee should be duly authorized to take any action necessary to effectuate the sale of property and to accrue any related expenses, as long as the decision is unanimous between the four members and a report is brought to the pertinent advisory committee at the next available meeting.

MOTION: Treasurer Schroder moved to form the standing subcommittee as framed by Mr. Stockstill. Mayor Walker seconded. The motion passed.

Mr. Stockstill reiterated that the subject matter here involves a \$25 million real estate transaction. He said that FRS-LB#1 does not have a real estate expert on staff so it became necessary to retain such expertise to review and advise regarding the complicated contract between FRS-LB#1 and the buyer. In order to cover the current budgetary expenses related to retaining real estate lawyers, he recommended that the full FRS board of trustees appropriate \$100,000 to FRS-LB#1 which will also cover any related but unforeseeable expenses that may arise. Mr. Stockstill explained that a motion would be in order to recommend to the full board to appropriate the \$100,000 to the FRS-LB#1 budget.

MOTION: Mr. Tarleton moved to recommend to the full board to add \$100,000 to the FRS-LB#1 budget. Mr. Romero seconded. The motion passed.

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

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

RECONVENE FRS BOARD MEETING

MOTION: Mr. Romero moved to accept the FRS-LB and FRS-LB#1 Joint Advisory Committee's recommendation to add \$100,000 to the FRS-LB#1 budget. Mr. Tarleton seconded. The motion passed.

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

MONTHLY FLASH REPORT - JULY 2020

Mr. Barnes presented the monthly flash report for the month of July 2020. (see attached Exhibit #7) The overall fund was up/down as follows: 3.3% for the month of July as compared to the allocation index of 3.5%; 0.0% for the calendar year to date as compared to the allocation index of 1.3%; 6.2% for the trailing 12 months as compared to the allocation index of 7.1%; and 5.1% for the trailing 3 years as compared to the allocation index of 6.4%.

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

MONTHLY FLASH REPORT - AUGUST 2020

Mr. Barnes presented the monthly flash report for the month of August 2020. (see attached Exhibit #8) The overall fund was up/down as follows: 2.7% for the month of August as compared to the allocation index of 2.9%; 2.6% for the fiscal year to date as compared to the allocation index of 4.2%; 9.6% for the trailing 12 months as compared to the allocation index of 10.9%; and 5.9% for the trailing 3 years as compared to the allocation index of 7.3%.

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

FRS INVESTMENT PORTFOLIO

Mr. Jeselink gave the investment report. In doing so he recognized Mr. Barnes who recalled his presentation of the investment performance results for the months of July 2020 and August 2020. (see minute entry above captioned as "Monthly Flash Report - July 2020 & August 2020")

- NEPC's recommendation for placement of QMA on watch list

Mr. Barnes presented the board with NEPC's recommendation for placement of QMA on watch list. (see attached Exhibit #9) He explained to the board the personnel changes that are being made at QMA. He then explained that the recommendation from NEPC is for FRS to place QMA US SMID

Cap Core on its internal Watch List as a result of the announced changes and initiate a review of the Small-Mid Cap segment of the FRS investment portfolio.

MOTION: Mr. Jeselink moved to accept NEPC's recommendation for FRS to place QMA US SMID Cap Core on its internal Watch List as a result of the announced changes and initiate a review of the Small-Mid Cap segment of the FRS investment portfolio. Mr. Tarleton seconded. The motion passed.

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

- Private Markets Program Review & Strategic Investment Plan

Mr. Barnes presented the "Private Markets Program Review & Strategic Investment Plan". (see attached Exhibit #10) Mr. Barnes went over the plan with the board and explained that NEPC recommends FRS to commit up to \$100 million to Private Equity and for Private Credit over the next 12 months to achieve and maintain the 9% target allocation to the asset class.

MOTION: Mr. Jeselink moved to accept NEPC's recommendation for FRS to commit up to \$100 million to Private Equity and for Private Credit over the next 12 months, to achieve and maintain the 9% target allocation to the asset class. Ms. Schexnayder seconded. The motion passed.

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

- NEPC Review of Wilshire Consulting Report

Mr. Barnes presented the "NEPC Review of Wilshire Consulting Report". (see attached Exhibit #11) He explained that there are relatively few significant deviations between Wilshire and NEPC's Q2 2020 asset class assumptions and there are multiple overlapping observations and recommendations with NEPC's 2020 asset allocation study for FRS. Mr. Barnes further explained that Wilshire has consistent framework for return and risk management and the differences in recommendations are marginal deviations that represent a source for potential future improvements. He continued explaining the report and answered questions that arose from the board.

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

- NEPC Proposed Contract Amendment to Reduce Consulting Fees

Mr. Barnes presented the "NEPC proposed contract amendment to reduce consulting fees" memo. (see attached Exhibit #12) He explained that the NEPC contract came up for renewal with MPERS. Mr. Barnes said he went to the NEPC management team and explained that MPERS is under considerable, internal and external pressure to cut costs. He said the NEPC management committee went to MPERS to reevaluate the cost and came back with a lower fee proposal. Mr. Barnes further explained that after the reevaluation, Rhett Humphreys (Partner at NEPC) called him and gave him

the decreased amount for the renewed MPERS contract and stated that they are going to extend that same fee to FRS. Mr. Barnes then stated that the memo is an amendment to the contract between NEPC and FRS to reduce its consulting fees from \$380,000 to \$300,000.

MOTION: Mr. Jeselink moved to accept the amendments made to the contract with NEPC to reduce consulting fees. Mr. Tarleton seconded. The motion passed.

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

- Consultant Review

An item was raised under the "all related matters" portion of the investment subject matter. Mark Waniewski, PMI CEO, and Kris Kaufmann, Fire Chief of St. Tammany Fire District #1, expressed their concerns about having another consultant review the FRS portfolio. Chief Kaufmann explained that, if the contribution rate keeps rising, there will be fire departments around the state that will not be able to afford it and it will prevent hiring new firefighters. Mr. Waniewski then explained that we need to try to bring all of the best possible players to the table to maximize our return and everything else to reduce the contribution rate. Mr. Stockstill addressed Mr. Waniewski and Chief Kaufmann's concerns and further explained that the more data we have, the better off we are. Mayor David Amrhein, suggested that Mr. Stockstill review five investment consultants and submit a report indicating which one would be best for the FRS portfolio. Mr. Stockstill indicated that he could choose five consultants fairly and make sure NEPC is treated fairly as well, but he could only do so if the board authorizes the project.

MOTION: Mayor Amrhein moved to authorize Mr. Stockstill to interview five consultants in-person or by electronic means. Mr. Tarleton seconded. The motion passed.

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

FRS POLICIES

- FRS Employee Annual and Sick Leave Policy No. 09281983(b)

Mr. Stockstill presented to the board the FRS Employee Annual and Sick Leave Policy No. 09281983(b) (see attached Exhibit #13). He explained that the current policy states when an FRS employee retires or separates from service, that employee is entitled to receive a cash payment of up to 300 hours of unused annual leave. Anything over 300 hours in unused annual leave can be converted into retirement credit. An employee has the option to pick either of those options or both. Mr. Stockstill further explained that FRS currently has an employee who was hired after age 50, therefore that employee is not placed in the Firefighters' Retirement System. The change to the policy would state "If an FRS employee is not a member of the Firefighters' Retirement System, the maximum payment of 300 hours of accrued annual leave provisions of Section 5.5 does not apply."

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**SEPTEMBER 10, 2020
PAGE 13**

MOTION: Mr. Tarleton moved to approve the changes as stated in the FRS Employee Annual and Sick Leave Policy No. 09281983(b). Mayor Walker seconded. The motion passed.

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

- FRS “Authority of retirement boards to modify benefits; earnings statements”

Mr. Stockstill then presented to the board the FRS “Authority of retirement boards to modify benefits; earnings statements” Policy No. 02092006 (see attached Exhibit #14). He referenced a conversation that was had last month where Chief Kaufmann had an employee who was under disability and submitted a revised settlement with the Workers’ Compensation Administration. FRS then revised the calculation of his offset. When the board did that, Mr. Stockstill said he would follow up with a written policy. This proposed policy would cover that.

MOTION: Mr. Tarleton moved to approve the changes made to the FRS “Authority of retirement boards to modify benefits; earnings statements” Policy No. 02092006. Mayor Walker seconded. The motion passed.

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

- FRS Incorrect Reporting of Earnable Compensation

Mr. Stockstill then presented to the board the FRS Incorrect Reporting of Earnable Compensation Policy No. 08132020 (see attached Exhibit #15). He explained that this policy was established for Layne McKinney, FRS CPA, to demonstrate to the auditors exactly what FRS does when there are incorrect reporting of contributions made to the retirement system. In addition, sometimes when there are incorrect reporting of contributions, there are incorrect amounts of benefits being paid. Mr. Stockstill then asked FRS Benefits Analyst, Brandon Trahan, to explain the policy since he was the leader of the task force that put together the policy. Thereafter, Mr. Stockstill acknowledged the other task force members as being Benjamin Johnson, Layne McKinney and Jason Starns. He also acknowledged Gary Curran, FRS Actuary, for the actuarial advice in building the policy. Mr. Stockstill further explained that once the policy was into shape, it was forwarded to Henry Olinde’s office, FRS Attorney, to make sure there was nothing contrary to how these matters are handled in any pending litigation.

MOTION: Ms. Schexnayder moved to adopt the FRS Incorrect Reporting of Earnable Compensation Policy No. 08132020. Mr. Tarleton seconded. The motion passed.

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

FRS ACTUARIALLY ASSUMED VALUATION RATE

Mr. Greg Curran, FRS Actuary, addressed the board. He drew the board's attention to a memo that explains the valuation interest rate. (see attached Exhibit #16) Mr. Curran explained that his office cannot truly calculate the upcoming employer contribution rate until his office completes the Fiscal 2020 actuarial valuation and receives audited financial statements. He further explained that the system's liability experience gains and losses over the past four years show that the system has experienced consistent gains, which have lowered employer costs each of the past four years. Mr. Curran then explained the proposed valuation interest rate. He provided details about the options the board would have to chose from. Mr. Curran referenced three different valuation interest rates proposed in his memo and said that a reduction in the valuation interest rate will cause the employer cost of the plan to increase. He said, should the board elect to use a 7.05% valuation interest rate for Fiscal 2020, we would expect a 1.55% increase in the employer cost; alternatively, should the board elect to use a 7.00% valuation interest rate for Fiscal 2020, we would expect a 2.33% increase in the employer cost; and finally, should the board elect to use a 6.95% valuation interest rate for Fiscal 2020, we would expect a 3.11% increase in the employer cost.

Mr. Lowell Good, with the Louisiana Legislative Auditor, addressed the board via teleconference. He explained that since it is too early at this point and since there is much uncertainty with COVID-19, the best thing to do right now is to go by the experience study that Greg Curran has done. Mr. Good further explained that his office is going to take a deep dive into the analysis that is in the experience study and may possibly have further conversations behind the scenes with Mr. Curran about the analysis. Mr. Good stated that the process is genuine, which he respects, and their role is to provide an independent opinion of that assessment, whether or not there is agreement with the results.

MOTION: Mr. Jeselink moved to accept 7.05% as the valuation rate for Fiscal 2020. Mayor Amrhein seconded.

SUBSTITUTE MOTION: Before the vote on the primary motion occurred, Mr. Romero offered a substitute motion. Mr. Romero moved to accept 7.00% as the valuation rate for Fiscal 2020. Mr. Jeselink seconded. A roll call vote was taken and the motion passed by the following tally-

Birdwell	Yes	
Jeselink	Yes	
Schexnayder	Yes	
Amrhein	No	
Mack	Yes	
Ivey		Absent
Peacock		Absent
Romero	Yes	
Tarleton	No	
Walker	No	

(5-3)

Passage of the substitute motion rendered the primary motion moot.

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - PRELIMINARY AND
STATEMENT OF FIDUCIARY NET POSITION - PRELIMINARY FOR FIRST QUARTER
OF 4Q FY2019-20**

- Statement of Changes in Plan Net Assets - Preliminary - 4Q FY2019-20
- Statement of Plan Net Assets - Preliminary - 4Q FY2019-20

Mr. McKinney presented to the board the Statement of Changes in Fiduciary Net Position - Preliminary for the fourth quarter of FY2019-20 (see attached Exhibit #17) and the Statement of Fiduciary Net Position - Preliminary for the fourth quarter of FY2019-20. (see attached Exhibit #18) He explained each report on a line-by-line basis.

MOTION: Mr. Jeselink moved to accept the Statement of Changes in Fiduciary Net Position - Preliminary for the fourth quarter of FY2019-20 and the Statement of Fiduciary Net Position - Preliminary for the fourth quarter of FY2019-20 as presented by Mr. McKinney. Mr. Tarleton seconded. The motion passed.

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

FRS BUDGET TO ACTUAL COMPARISON - 4Q FY 2019-20

Mr. Ben Johnson, FRS Accountant, drew the board's attention to a report titled FRS "Budget to Actual Comparison" for the 4th Quarter of FY 2019-20. (see attached Exhibit #19) He highlighted pertinent line items of the report and explained certain variances related thereto. Mr. Johnson summarized by saying that the close of the 4th quarter is also the close of the 2019-20 fiscal year and, as such, FRS ended the year at 84% of total budgeted administrative expenses.

MOTION: Mr. Jeselink moved to approve the FRS Budget to Actual Comparison for 4Q FY 2019-20 as presented by Mr. Johnson. Mr. Tarleton seconded. The motion passed.

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

OPEN MEETINGS OF PUBLIC BODIES

Mr. Stockstill referenced two handouts regarding Act 302 of the 2020 Regular Session, relative to open meetings of public bodies. These handouts were titled "Public Meetings During the COVID-19 Emergency" (see attached Exhibit #20) and "Act 302, 2020 Regular Session, Senate Bill No. 466" (see attached Exhibit #21). He then explained to the board that if they wish to make a motion to move

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**SEPTEMBER 10, 2020
PAGE 16**

the in-person board meetings to teleconference board meetings they are able to do so under this item. Discussions were held among the board members, but no motion resulted therefrom.

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

ADJOURNMENT

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

FUTURE MEETINGS

**FRS Board of Trustees
700 N. 10th Street
Baton Rouge, Louisiana
Thursday, October 8, 2020 at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:



Ashley Duhe, FRS Board Secretary



Stacy Birdwell, FRS Chairman