



## **FIREFIIGHTERS' RETIREMENT SYSTEM**

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Baton Rouge, Louisiana 70809  
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### **MEETING OF THE BOARD OF TRUSTEES July 8, 2021**

The FRS board room was designed and constructed in 1980. At that time there was no requirement for FRS to know the maximum load capacity of the board room, nor was there a reason to ask for that determination to be made. No one ever asked. However, during the recent Covid-19 pandemic, the Governor issued proclamations limiting the number of persons allowed in any room to 25%, then 50%, and then 75% of the maximum load capacity. For that reason, FRS was required to ask the state fire marshal for a determination of the maximum room capacity for purposes of adhering to the capacity limitations. The capacity limitation of the FRS conference room is a maximum of 15 persons, as determined by the Louisiana State Fire Marshal. Unfortunately, that capacity load is attained by the board members and staff, thereby leaving insufficient square footage to accommodate in-person public attendance. For the above reasons, the board meeting scheduled for July 8, 2021, was moved to the DoubleTree Hotel in Baton Rouge. The meeting was also made available by audio/video teleconferencing. Any person (including the public) could choose to attend by teleconference and submit comments regarding matters on the agenda.

A meeting of the Board of Trustees was held on July 8, 2021 at the DoubleTree Hotel in Baton Rouge. Chairman Perry Jeselink called the meeting to order at 8:30 a.m.

Chairman Jeselink gave the invocation and Mr. Romero led the pledge of allegiance.

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

#### **MEMBERS PRESENT**

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

#### **OTHERS PRESENT**

Steven Stockstill                      Chad Duffaut  
Layne McKinney                      R. Bergeron

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Jason Starns	Drew Fox
Michael Becker	Lindsay Saienni
Ben Johnson	Dawn Moeller
Ashley Vicknair	Rose (last name not provided)
David Barnes	C. Hudson
Greg Curran	Terry Stuard
Paul Schmidt	Rowen Descallar
Brennen LeBlanc	C. Santelius
Chris Kaufmann	Eric Harnish
John Reidy	Erlinda Tanuan

**MINUTES**

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on June 3, 2021. Mr. Romero 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 July 2021. (see attached Exhibit #1) He stated that all applications were in order.

MOTION: Mr. Birdwell moved to approve the new member applicants for the month of July 2021. Ms. Schexnayder 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.

Mr. Starns presented the list of new retirees for the month of July 2021. (see attached Exhibit #2) He stated that all applications were in order.

MOTION: Mr. Birdwell moved to approve the retiree applicants for the month of July 2021. Ms. Schexnayder 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)

**Vicki Bass-** Mr. Starns presented the application of Vicki Bass, surviving spouse of Mark Steven Bass. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Vicki Bass. Ms. Schexnayder seconded. The motion passed unanimously

**Nena Diane Stanley-** Mr. Starns presented the application of Nena Diane Stanley, surviving spouse of Lee Roy Stanley. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Nena Diane Stanley. Mr. Romero seconded. The motion passed unanimously

**Valda Viator-** Mr. Starns presented the application of Valda Viator, surviving spouse of Glenn John Viator, Sr. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Valda Viator. Mr. Romero seconded. The motion passed unanimously

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

### **MONTHLY FLASH REPORT - MAY 2021 & JUNE 2021 ESTIMATE**

May 2021. Mr. Barnes presented the monthly flash report for the month of May 2021. (see attached Exhibit #3) The overall fund was up/down as follows: 1.2% for the month of May as compared to the allocation index of 1.1%; 24.0% for the fiscal year to date as compared to the allocation index of 22.7%; 26.1% for the trailing 12 months as compared to the allocation index of 24.6%; and 9.7% for the trailing 3 years as compared to the allocation index of 10.4%.

June 2021. Mr. Barnes then announced that, because the board meeting was occurring before all investment data can be obtained by NEPC, he would be presenting an estimated monthly return for June 2021. He then said that the Estimated Monthly Composite Return equals 0.8% and the Estimated Fiscal Year to Date Return equals 25.0%. (see attached Exhibit #4)

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

### **FRS INVESTMENT REPORT**

- Fund of One manager - NEPC diligence

Mr. Barnes drew the board's attention to NEPC's Fund of One diligence questionnaire and due diligence steps undertaken by NEPC regarding the Fund of One manager finalists. (see attached Exhibit #5) He recalled that NEPC chose managers that NEPC knew are familiar with the Fund of One structure, which are HarbourVest and Mesirov. He explained that Mr. Becker, FRS CIO, requested to add Hamilton Lane to the potential candidates. Mr. Barnes explained that he brought the request back to NEPC's research team and they explained that NEPC has met with Hamilton Lane before and did not receive the level of information that NEPC had requested. Mr. Barnes relayed that information to Mr. Becker which, in turn, Mr. Becker spoke with Hamilton Lane afterwards and learned that providing data to NEPC will not be a problem. Mr. Barnes then recalled that NEPC held a virtual meeting with Hamilton Lane in November 2020 and highlighted the items that were discussed. He explained that NEPC held internal meetings with both managers to try to receive as much information as possible. He added that a due diligence questionnaire was given to

both managers and was reviewed by NEPC and the FRS staff. Mr. Barnes reiterated that NEPC's recommendation of HarbourVest as the Fund of One finalist still stands.

Questions arose from the board about the risks of private equity and manager transparency. Mayor Amrhein said that Mr. Barnes had discussed the performance aspects of Hamilton Lane, but he (Mayor Amrhein) wanted to know what can go horribly wrong with the investment being recommended by NEPC? In response, Mr. Barnes addressed certain components of risk.

Mr. Barnes explained that Eric Harnish, from NEPC's research team, was attending the meeting through Zoom and would be able to answer other questions. Mr. Harnish addressed the board. He explained that, from a transparency perspective, you will get good information from your Fund of One manager regarding the underlying fund managers to which they are allocating capital. He added that the underlying fund managers are going to be investing the allocated capital into several private companies. So, you have two layers of information. Mr. Harnish added that you will get very good transparency through to the underlying funds that are receiving allocated capital, so, you will know which investment managers are being allocated capital within the Fund of One. He explained that there is a lot of detailed information regarding the private companies in which the underlying funds are investing, but it is expected that the Fund of One manager will aggregate the data for purposes of reporting information about the industries which those fund managers are allocating capital.

Mr. Stockstill said that he and Mr. Becker had a Zoom meeting with Hamilton Lane. He explained that they looked at the answers Hamilton Lane provided in response to a FRS questionnaire. He said, at one point, Hamilton Lane indicated that FRS would most likely not be able to receive information about the companies in which the underlying fund managers are investing. Mr. Stockstill posed the following question- FRS allocates \$350 million to Hamilton Lane. Hamilton Lane then allocates \$50 million to an underlying fund manager. That manager then invests the \$50 million in private companies and FRS will not know what or who those companies are? Mr. Stockstill said that prospect will probably cause a concern with the FRS board of trustees. He then said that, based on Hamilton Lane's response to his question, that FRS and Hamilton Lane can explore a solution for FRS to receive information about where the system's dollars go. FRS would be able to follow each dollar to its end point.

Additional questions arose from the board about whether FRS would have input regarding the companies in which the underlying fund managers would invest. Mr. Becker explained that the next agenda topic involves discussing possibly retaining a legal advisor to help FRS with the contract negotiations, including questions of transparency and reporting.

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

- Fund of One Legal Advisor

Mr. Stockstill drew the board's attention to a document regarding retaining an advisor for constructing a contract between FRS and the investment manager of the Fund of One. (see attached Exhibit #6) He explained that the Municipal Police Retirement System (MPERS) is going through the process of a Fund of One manager search and they hired external council to give them advice about constructing the contract. Mr. Stockstill said that, in his opinion, he thinks FRS should do the same thing. He said that he spoke with the MPERS CIO and she recommended anyone going through this process hire a lawyer with skills specializing in a Fund of One structure. Mr. Stockstill said he also talked with the lawyer that MPERS retained and received valuable information. Mr. Becker informed the board that the Parochial Employees Retirement System (PERS) is also undergoing the hiring of a Fund of One manager and they have counsel assisting them.

Mr. Romero said that he would like to have the choice of a few lawyers to compare and ask the necessary questions in order to make a decision. Mayor Amrhein said he would prefer a lawyer that has experience negotiating contracts with Hamilton Lane. Mr. Stockstill said that he will get the requested information for the board to review.

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

- FRS Investment Policy Statement - Proposed Amendment

Mr. Barnes drew the board's attention to the amendments being proposed to the FRS Investment Policy Statement. (see attached Exhibit #7) He explained the proposed amendments and answered any questions that arose.

MOTION: Mr. Jeselink moved to accept the amendments being proposed to the FRS Investment Policy Statement. Mayor Walker seconded. The motion passed unanimously.

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

- Acadian Asset Management LLC - CEO Resignation

Mr. Barnes then drew the board's attention to a document announcing the retirement of the co-CEO of Acadian Asset Management, an existing FRS investment manager. (see attached Exhibit #8) He explained that the co-CEO, John Chisolm, will be retiring in June of 2022. He added that John has been co-CEO with Ross Dowd since 2018. Mr. Barnes added that Ross Dowd will take over as the sole CEO and there will be no other changes to the executive management team. He explained that NEPC is comfortable with the retirement announcement and recommends no action regarding the transition.

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

- Retention of Tax Reclamation Agent

Mr. Becker drew the board's attention to a document regarding retaining a tax reclamation agent. (see attached Exhibit #9) He explained that when FRS receives dividends from the system's investments in securities issued by companies in non-US countries, a pension plan like FRS, is generally tax exempt. He added that taxes are usually withheld on dividend income, but FRS may be able to reclaim some of those withholdings. Mr. Becker explained there are tax treaties between countries that allow FRS to do this. The problem is, usually there is a lot of paperwork involved and the documents are typically written in foreign languages that refer to tax treaties that the FRS staff does not have familiarity. Mr. Becker explained that the current procedure is to send this information to FRS' tax advisor, which is a firm named Ice-Miller, located in Indianapolis. He added that over the last five years FRS has spent about \$1,100 on the tax services. He added that over those last five years FRS received about \$800,000 of reclaimed taxes over 32 claims. He added there is about \$2.5 million still out there on 700 claims. Mr. Becker explained that the claims process happens every year. He then explained that there are reclaim specialists that some pension funds use to help with these matters. He added that two of the specialists he is looking at are called WTax and Globe Tax, who seem to be the biggest agents. There are no out of pocket costs. The agent just keeps a portion of the successful claims and they can clear FRS' backlog of these claims. They can also help FRS to stay current. Mr. Becker explained he would like to explore a cost benefit analysis regarding hiring a specialist like this. He also added that FRS might be able to keep the smaller claims and give the larger and longer ones to the specialist.

MOTION: Mayor Walker moved to allow Mr. Becker to explore the concept of retaining a tax reclamation agent based on a cost benefit analysis. Mr. Broussard seconded. The motion passed unanimously.

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

#### **PENSION TECHNOLOGY GROUP (PTG)**

John Reidy, Principal at Pension Technology Group presented the board with an update of the PTG software implementation. (see attached Exhibit #10) He explained that the new FRS software will be able to go live at the beginning of 2022 which, at that time, only the FRS employees and the payroll administrators of the municipalities will be able to have access. He added that training on how to use the retirement software will be made available to the municipalities through Zoom sessions, videos and in-person. He then answered questions that arose from the board and concluded his presentation.

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

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**LEGISLATION**

Mr. Stockstill advised the board that the HR166 study committee meeting that was scheduled for this month (July) had been cancelled and postponed until August. He explained there was no action to be taken on this item.

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

**ADJOURNMENT**

Mr. Tarleton moved to adjourn. Mr. Romero seconded. The motion passed.

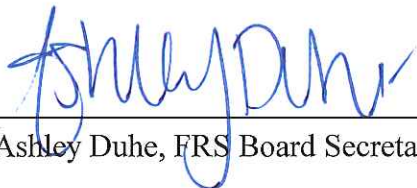
**FUTURE MEETINGS**

**FRS Board of Trustees  
3100 Brentwood Drive  
Baton Rouge, Louisiana 70809  
Wednesday, August 11, 2021, at 08:30 am  
And Continuing On  
Thursday, August 12, 2021, at 08:30 am**

**HR61 Study Committee  
3100 Brentwood Drive  
Baton Rouge, Louisiana 70809  
Wednesday, August 11, 2021 At 03:00 pm**

SUBMITTED BY:

APPROVED BY:

  
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Ashley Duhe, FRS Board Secretary

  
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Perry Jeselink, FRS Chairman