



FIREFIIGHTERS' RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES May 11, 2022

A meeting of the Board of Trustees was held on May 11, 2022 at the Firefighters' Retirement System building in Baton Rouge. Chairman Perry Jeselink called the meeting to order at 8:30 am.

Mr. 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
Jerry Tarleton
Stacy Birdwell
Marella Houghton (designee of Commissioner Jay Dardenne)
Mayor David Amrhein
Louis Romero
Mayor Ronny Walker

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Michael Becker
Jason Starns
Ben Johnson
Ashley Vicknair
Caitlin Myers
David Barnes
Greg Curran
Brennen LeBlanc
Robert Smith
Thea Smith
Charles Stephens

MINUTES

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on April 14, 2022. 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.

Ms. Myers presented the list of new member applicants for the month of May 2022. (see attached Exhibit #1) She stated that all applications were in order.

MOTION: Mr. Birdwell moved to approve the new member applicants for the month of May 2022. 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.

Ms. Myers presented the list of new retirees for the month of May 2022. (see attached Exhibit #2) She stated that all applications were in order.

MOTION: Mr. Birdwell moved to approve the retiree applicants for the month of May 2022. Mr. Romero 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)

Jean Ann Boudreaux- Ms. Myers presented the application of Jean Ann Boudreaux, surviving spouse of Terry John Boudreaux. She stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Jean Ann Boudreaux. Mayor Walker seconded. The motion passed unanimously.

Judith Kaye Kemp- Ms. Myers presented the application of Judith Kaye Kemp, surviving spouse of Robert Edward Kemp. She stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Judith Kaye Kemp. Mr. Romero seconded. The motion passed unanimously.

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

- Disability Applicants

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.]

██████████ Ms. Myers presented the disability application of ██████████. Mr. Myers stated that, based on the report by State Medical Disability Board doctor, ██████████ the staff recommendation is for approval of the Application for Disability Retirement (Non-Job-Related).

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

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

MOTION: Mr. Tarleton moved to accept the staff recommendation of approving ██████████ Application for Disability Retirement (Non-Job-Related). Mr. Birdwell seconded. The motion passed unanimously.

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

MONTHLY FLASH REPORT - APRIL 2022

Mr. Barnes presented the monthly flash report for the month of April 2022. (see attached Exhibit #3) The overall fund was up/down as follows: -5.5% for the month of April as compared to the allocation index of -5.8%; -9.5% for the calendar year to date as compared to the allocation index of -9.8%; -3.7% for the trailing 12 months as compared to the allocation index of -4.0%; and 7.1% for the trailing 3 years as compared to the allocation index of 7.0%.

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

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on May 10, 2022, at the FRS office in Baton Rouge at 1:00 p.m. discuss the following business set forth in its posted agenda- (i) The FRS monthly investment performance results for April 2022, (ii) Presentation by representatives of NEPC, regarding 2022 FRS Asset Allocation Update, (iii) Status of Bank of New York as custodial banking agent for FRS and Request for Proposals relative thereto, (iv) Audit results of existing FRS investment known as Apollo/India Fund, (v) Update regarding AEW Core Property fund, and all matters related to the foregoing items. The minutes of that meeting are embedded herein. Committee members present were Mr. Tarleton, chairman; Mr. Birdwell, Mr. Broussard, Mr. Romero and Ms. Houghton. Also present were Perry Jeselink, Steven Stockstill, Layne McKinney, Michael Becker, Ashley Vicknair, David Barnes, Brennen LeBlanc, Emily Margolis, Michael Acton, Lily Kao, and Jim Corbett.]

Mr. Tarleton gave the investment committee report. In doing so he recognized Mr. Barnes who recalled his presentation of the investment performance results to the Investment Committee for the month of April 2022. (see minute entry above captioned as "Monthly Flash Report - April 2022)

- Cost-of-Living Adjustment

Mr. Tarleton recognized FRS actuary, Greg Curran. Mr. Birdwell asked Mr. Curran what the actuarial cost to the employers would be if the system provided a lifetime-COLA to retirees? Mr. Curran explained that paying a COLA would increase the employer contribution rate by 1.45% of payroll and would compel him to account for future COLA's. He added that, if the system granted COLA's at every opportunity, then the employer rate would continue to rise. Mr. Curran then added that, if the system spends it's gains in any one year, unless it is expected to make those same gains every year, the employer is going to have to pay those back because there will be negative years. Instead, FRS will see cost decreases from the payments on the unfunded accrued liability. Mr. Birdwell asked if Mr. Curran could in good conscience recommend or support a valuation that has an increase in the employer contribution rate, which a COLA would. Mr. Curran explained that if he were in Mr. Birdwell's shoes he may not be in support of a COLA that increases the employer rate, but he does not get to make that decision.

After thorough discussion by the board, the matter was concluded.

- 2022 FRS Asset Allocation Update

Mr. Tarleton explained to the board that the investment committee heard from Michael Becker and David Barnes regarding the FRS 2022 Asset Allocation Update.(see attached Exhibit #4) He explained that Mr. Becker educated the committee on asset modeling and investment capital markets review from numerous investment firms, showing what NEPC is recommending for the systems Asset Allocation. Mr. Tarleton added that Mr. Barnes updated the committee on the Asset Allocation. He also added that Mr. Barnes explained the major market index's performance and expectations. He then added that NEPC recommended to the investment committee to continue to implement changes to its strategic asset allocation approved in 2020 and 2021, rebalance toward intermediate Policy 2, and within the U.S large-cap equity exposure, replicate a target exposure of 70% S&P 500 and 30% Russell 1000 value.

MOTION: Mr. Tarleton explained that the investment committee approved a motion recommending that the board accept NEPC's advice to continue implementing changes to the FRS strategic asset allocation approved in 2020 and 2021, rebalance toward intermediate Policy 2, and within the U.S large-cap equity exposure, replicate a target of 70% S&P 500 and 30% Russell 1000 value, and he moved that recommendation in the form of a motion. Mr. Birdwell seconded. The motion passed unanimously.

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

- Request for Proposals (RFP) - Custodial Banking Services

Mr. Tarleton explained that the investment committee approved a motion recommending to the full board authorizing FRS staff issue a Request for Proposals regarding custodial banking services.

MOTION: Mr. Tarleton moved to accept the investment committee's recommendation and he moved that recommendation in the form of a motion. Mr. Birdwell seconded. The motion passed unanimously.

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

- Apollo/India Fund - Audit Results

Mr. Tarleton said the investment committee received information from Michael Becker about the FRS investment known as Apollo/India fund. Mr. Becker had explained to the committee that, due to audit results completed by QWC, he recommended that FRS write-off the remaining \$430,000 balance credited to FRS' account because the assets are largely illiquid. Mr. Tarleton said the investment committee voted to accept Mr. Becker's recommendation and now he moved that recommendation in the form of a motion.

MOTION: Mr. Tarleton moved to accept the investment committee's recommendation to write-off the remaining \$430,000 Apollo/India fund balance. Mr. Birdwell seconded. The motion passed unanimously.

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

- AEW Core Property Fund

Mr. Tarleton explained that the investment committee was updated regarding the AEW Core Property fund by representatives from the firm. Mr. Tarleton explained that Emily Margolis, Michael Acton and Lily Kao presented the committee with an educational presentation on inflation forcing the Federal Reserve's Open Market Committee to accelerate normalization and property market prospects. Mr. Tarleton explained that no action was taken.

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

That concluded the Investment Committee report.

STATEMENT OF FIDUCIARY NET POSITION - PRELIMINARY - 3Q FY2021-22

- Statement of Changes in Fiduciary Net Position - Preliminary - 3Q FY2021-22
- Statement of Fiduciary Net Position - Preliminary - 3Q FY2021-22

Mr. McKinney presented to the board the Statement of Changes in Fiduciary Net Position - Preliminary for the third quarter of FY2021-22. (see Exhibit #5) He then presented to the board the Statement of Fiduciary Net Position - Preliminary for the third quarter of FY2021-22. (see attached Exhibit #6) He explained each report on a line-by-line basis.

MOTION: Mr. Tarleton moved to accept the Statement of Changes in Fiduciary Net Position - Preliminary and the Statement of Fiduciary Net Position - Preliminary for the third quarter of FY2021-22 as presented by Mr. McKinney. Mr. Romero seconded. The motion passed.

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

FRS BUDGET TO ACTUAL COMPARISON - 3Q FY 2021-22

Ben Johnson, FRS Accountant, drew the board's attention to a report titled FRS "Budget to Actual Comparison" for the 3rd Quarter of FY 2021-22. (see attached Exhibit #7) He highlighted pertinent line items of the report and explained certain variances related thereto. Mr. Johnson summarized by saying that, overall, FRS is on target for the year.

MOTION: Mr. Birdwell moved to adopt the staff report as presented. Mayor Walker seconded. The motion passed.

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

G.S. CURRAN & COMPANY, LTD

Mr. Greg Curran, FRS Actuary, with G.S. Curran & Company, LTD presented the proposed annual contract (see attached Exhibit #8) for fiscal year 2022-23. He noted there is a 3% increase over the prior year.

MOTION: Mayor Walker moved to approve the contract from G.S. Curran & Co. for actuarial services for fiscal year 2022-2023. Mr. Tarleton seconded. The motion passed unanimously.

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

2022 LEGISLATION

Mr. Stockstill explained to the board that a meeting was held last week with two members of the House of Representatives and the discussion focused on the financial reasons why FRS did not grant a COLA. He added that the representatives considered the possibility of introducing a House Resolution creating a study committee and requesting a report to be submitted before the 2023 legislative session is convened. Mr. Stockstill added that a question arose whether FRS should retain independent legal counsel to advise the committee and draft the report.

**FIREFIGHTERS' RETIREMENT SYSTEM
BOARD MEETING**

**MAY 11, 2022
PAGE 8**

MOTION: Mr. Tarleton moved to retain attorney Robert Klausner to serve as independent counsel and draft the committee report for submission to the legislature. Mayor Walker seconded. The motion passed unanimously.

- HB25 McCormick Provides relative to the reporting of investments in fossil fuel companies by state and statewide systems

MOTION: Mr. Tarleton moved to support the reporting aspect of HB25, but only if it includes language that protects the private equity and commingled investment vehicles. Mayor Walker seconded. The motion passed unanimously.

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

OTHER BUSINESS

Mr. Stockstill drew the board's attention to a letter from a retired member who lives overseas explaining the difficulty of obtaining notary services related to the annual earnings statement that disability retirees are required to file. (see attached Exhibit #9)

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

ADJOURNMENT

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

FUTURE MEETINGS

**FRS Board of Trustees
Wednesday, June 8, 2022 at 1:00 p.m.
3100 Brentwood Dr. Baton Rouge, LA**

**FRS Board of Trustees
Thursday, June 9, 2022 at 8:30 a.m.
3100 Brentwood Dr. Baton Rouge, LA**

SUBMITTED BY:

APPROVED BY:



Ashley Vicknair, FRS Board Secretary



Perry Jeselink, FRS Chairman