



FIREFIIGHTERS' RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES August 11, 2022

A meeting of the Board of Trustees was held on August 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
Brian Fleming (designee of Commissioner Jay Dardenne)
John Broussard (designee of State Treasurer John Schroder)
Representative Michael "Gabe" Firmert
Louis Romero
Mayor Ronny Walker

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Michael Becker
Ben Johnson
Ashley Vicknair
Caitlin Myers
William Hall
David Barnes
Greg Curran
Brennan LeBlanc
Dennis Onderick
Chris Kaufmann
Dominick Bruno
Chad Duffaut

MINUTES

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

Ms. Myers presented the list of new member applicants for the month August 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 August 2022. Mr. Tarleton 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 August 2022. (see attached Exhibit #2) She stated that all applications were in order.

Chairman Jeselink raised a question regarding a possible error on one of the retirees. Ms. Myers informed Chairman Jeselink that it was an error and the numbers should have been switched.

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MOTION: Mr. Birdwell moved to approve the retiree applicants for the month of August 2022, as adjusted. 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)

Darlene McGee- Ms. Myers presented the application of Darlene McGee, surviving spouse of Alex Christopher McGee. She stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Darlene McGee. Mayor Walker seconded. The motion passed unanimously.

Christy Millien- Ms. Myers presented the application of Christy Millien, surviving daughter and DROP beneficiary of Barbara Andrews. She stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Christy Millien. Mayor Walker seconded. The motion passed unanimously.

Rosa Patin- Ms. Myers presented the application of Rosa Patin, surviving spouse of Glynn Patin. She stated that the application was in order.

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

Darrel Poche- Ms. Myers presented the application of Darrel Poche, surviving brother and named beneficiary of Carroll Poche III. She stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Darrel Poche. Mr. Tarleton seconded. The motion passed unanimously.

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

- Disability Policy - Reemployment

Under all related matters, Ms. Myers drew the board's attention to a document regarding a disability retiree considering starting part-time work at a fire department that different from that which he retired. (see attached Exhibit #3) A question arose regarding whether the employing department was in the FRS system. Another question arose whether there was a job description for the position the member would be doing. Ms. Myers explained that she did not yet receive a job description. The board postponed further discussions of this matter until additional information can be obtained.

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

RECESS FRS BOARD MEETING

CONVENE FRS-LLC JOINT ADVISORY COMMITTEE

[NOTE: The FRS-LLC Joint Advisory Committee met on June 14, 2022, at the FRS office in Baton Rouge at 8:30 a.m. to discuss the following business set forth in its posted agenda- (i) Discussion and advisory action regarding the operating budgets of the following LLC's: FRS-LB, FRS-LB#1, FRS-LB#3, and FRS-GA, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mr. Stockstill, manager; Mr. Jeselink, Mr. Tarleton, Mr. Birdwell, Mr. Fleming, Mr. Broussard, Representative Firment, Mr. Romero, Mayor Walker, Layne McKinney, Michael Becker, Ben Johnson, Ashley Vicknair, Caitlin Myers, William Hall, David Barnes, Greg Curran, Brennan LeBlanc, Chris Kaufmann, Dominick Bruno, Chad Duffaut and Dennis Onderick.]

- Discussion and advisory action regarding updates of the following LLCs: FRS-LB, FRS-LB#1, FRS-LB#3, and FRS-GA

Mr. Stockstill explained to the committee that this update was a follow-up from the Treasurer's presentation last month. He added that the Utah property is presently under contract for sale. He added that the Georgia property is already under a contract for sale. Mr. Stockstill then moved on to the Arizona property. He explained to the committee that FRS-LB#1 LLC gave a potential buyer six different extensions of time, so the buyer had more than enough time to complete the purchase. He added the value of the property is increasing due to Apple buying land north of the property, Chrysler buying land north of the property and a major railroad buying land south of the property. He then explained that the potential buyer could not put a deal together. Mr. Stockstill and the Treasurer thought it would be best to let the previous contract with the potential buyer expire. Mr. Stockstill recommended to the advisory committee, and explained the Treasurer agreed, to take the \$50,000 of earnest money

that accreted to the LLC after the contract expired, and use it to convert that former potential buyer into an expert advisor to the LLC and simultaneously terminate the management company that currently services the property. Mr. Stockstill added that the new advisor would help filter through the offers that are received until the advisory committee can decide which one is the most feasible.

MOTION: Mr. Tarleton moved to accept Mr. Stockstill and Treasurer Schroder's recommendation to apply the \$50,000 earnest money to convert the former potential buyer into an advisor regarding the Arizona property. Mr. Birdwell seconded. The motion passed unanimously.

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

ADJOURN FRS-LLC JOINT ADVISORY COMMITTEE

RECONVENE FRS BOARD MEETING

MONTHLY FLASH REPORT - JULY 2022

Mr. Barnes presented the monthly flash report for the month of July 2022. (see attached Exhibit #4) The overall fund was up/down as follows: 4.5% for the month of July as compared to the allocation index of 4.6%, -10.3% for the calendar year to date as compared to the allocation index of -10.2%; -7.1% for the trailing 12 months as compared to the allocation index of -6.8%; and 6.4% for the trailing 3 years as compared to the allocation index of 6.3%.

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

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on August 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) Educational presentation by Orleans Capital Partners, an existing portfolio manager, (ii) The FRS monthly investment performance results for July 2022, (iii) FRS 2022 Asset Allocation Update and Review, (iv) Status of performance and operations of Rothschild Asset Management and all items 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 Mr. Fleming. Also present were Perry Jeselink, Steven Stockstill, Layne McKinney, Michael Becker, Ashley Vicknair, Ben Johnson, Caitlin Myers, William Hall, David Barnes, Brennan LeBlanc, Emily Becker, and Gary Welchel.]

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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 July 2022. (see minute entry above captioned as "Monthly Flash Report - July 2022)

- Orleans Capital Partners

Mr. Tarleton explained to the board that the investment committee heard from Emily Becker, President and Chief Investment Officer, and Gary Welchel, Executive Vice President of Business Development, with Orleans Capital Partners regarding an update of the FRS portfolio. (see attached Exhibit #5) He explained that Ms. Becker educated the committee on yield curves, the path to recession, and Orleans Capital's investment process. Mr. Tarleton explained that there was no action taken on this item.

- FRS 2022 Asset Allocation

Mr. Tarleton invited Mr. Barnes to finish his presentation regarding the FRS Asset Allocation Update and Review to the full board, since the time ran out during the investment committee meeting. Mr. Barnes drew the board's attention to the FRS Asset Allocation Update and Review. (see attached Exhibit #6) He explained to the board that NEPC recommends to keep the current exposure and to not change the modeling. Chairman Jeselink invited Mr. Becker to provide his thoughts. Mr. Becker explained to the board that he would be very hesitant to make any large allocation changes. He added that, next month, the board should analyze what a neutral allocation would be and to have an educational presentation from FRS' other emerging markets manager, Acadian Emerging Markets Equity.

- Rothschild Asset Management

Mr. Tarleton invited Mr. Barnes to present the status of performance and operations of Rothschild Asset Management. Mr. Barnes drew the board's attention to a memo regarding Rothschild. (see attached Exhibit #7) He explained that, as of June 30, 2022, FRS had approximately \$33.5 million invested in the Rothschild & Co. U.S. Small/Mid-Cap Core fund, representing 1.7% of the total FRS portfolio. He added that Rothschild was put on NEPC's internal watch-list in 2019 and re-affirmed in 2021. Mr. Barnes informed the board that Rothschild's strategy has declined in assets under management from \$1.3 billion in December of 2019 to \$638 million in June 2022. He then explained that the portfolio underperformed the Russell 2500 Index during the period from 2018 to 2020 and underperformed its benchmark while, at the same time, value stocks in general outperformed the Russell 2500 Index by 7.8%. Mr. Barnes recommended that the FRS board redeem the Rothschild US Small/Mid-Cap portfolio and transition the redeemed assets into PGIM Quantitative Solutions SMID Core portfolio (formerly QMA) or a combination of its remaining active and passive SMID cap portfolios. Mr. Becker also recommended to the board to terminate Rothschild but to reallocate the assets in a 2/3 & 1/3 fashion into PGIM/QMA and the Russell 2500 Index.

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MOTION: Mr. Birdwell moved to accept NEPC's recommendation to terminate Rothschild Asset Management, but to reallocate all funds to the Russell 2500 index. Mr. Romero seconded. The motion passed unanimously.

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

That concluded the Investment Committee report.

COMMITTEE REPORT - HR136 COLA STUDY COMMITTEE

[NOTE: The HR136 COLA Study Committee met on August 10, 2022, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the following business set forth in its posted agenda- (i) Discussion and action regarding alternative methods of granting Cost-of-Living Adjustments, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mr. Jeselink, chairman; Mr. Curran, Mr. Herbold, Mr. Demoruelle, Dr. Procopio, Mr. Birdwell, Mr. Broussard, Mr. Fleming, Mr. Romero, and Mayor Walker. Also present were, Steven Stockstill, Layne McKinney, Michael Becker, Ashley Vicknair, Caitlin Myers, William Hall, Joey David, Robert Klausner, Tyler Brannan, Dennie Boyt, Crit Miller, Kenny D., Brian Hughes, Paul Smith, Daniel Vitrano, Charles Duke, and Bernie Piro.]

- Alternative Methods of Granting Cost-of-Living Adjustments

Chairman Jeselink gave the committee report for the HR136 COLA Study Committee. In doing so, he recognized Mr. Curran who presented the committee with material regarding COLAs. Mr. Curran began with a memo titled Firefighters' Retirement System - HR136 Committee Discussion. (see attached Exhibit #8) He explained that the memo lists FRS' COLA history, the amount of COLAs that were paid and the amount of those COLAs that are still being paid through the UAL of the system, different types of COLA models, and how to fund COLAs. Mr. Curran went on to explain the scenarios he created which included from a 1% to a 3% COLA every 2-5 years.

Chairman Jeselink then explained that Mr. Curran referenced a second document titled NASRA Issue Brief: Cost-of-Living Adjustments. (see attached Exhibit #9) He explained that this was mainly for the committee and retirees to review and study. He then drew the committee's attention to the following two additional documents, One Time Payment Cost by Employer - Retired 1 year (see attached Exhibit #10) and One Time Payment Cost by Employer - Retired 5 years. (see attached Exhibit #11) Chairman Jeselink said Mr. Curran explained the documents which show in detail the cost to each employer of paying a one-time payment (sometimes referred to as a 13th check) under two separate scenarios.

Lastly, Chairman Jeselink said Mr. Curran educated the committee about one final document titled 4 COLA Examples. (see attached Exhibit #12) He said the report explains the cost for employers if a 3% COLA is paid under four different scenarios related to age and years lapsed since retirement.

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Chairman Jeselink explained that the committee choose at least three options for Mr. Curran to explore and bring related information back to the committee next month regarding costs to the system. A 3% COLA to members 65 and older was suggested. Mayor Walker suggested the committee explore giving a COLA to members who are below the poverty level. Mr. Klausner agreed to the poverty level option and explained that would be the easiest to receive funding for, and then suggested a third option of a \$2,000 bonus payment to those retired for 5 or more years. Chairman Jeselink explained to the board that Mr. Curran will explore those three options and return to the committee next month with a report explaining how much each option would cost.

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

That concluded the HR136 COLA Study Committee report.

**STATEMENT OF CHANGES IN PLAN NET ASSETS - PRELIMINARY AND
STATEMENT OF PLAN NET ASSETS - PRELIMINARY FOR FIRST QUARTER OF 4Q
FY2021-22**

- Statement of Changes in Plan Net Assets - Preliminary - 4Q FY2021-22
- Statement of Plan Net Assets - Preliminary - 4Q FY2021-22

Mr. McKinney presented to the board the Statement of Changes in Plan Net Assets - Preliminary for the fourth quarter of FY2021-22. (see attached Exhibit #13) and the Statement of Plan Net Assets - Preliminary for the fourth quarter of FY2021-22. (see attached Exhibit #14) He explained each report on a line-by-line basis.

MOTION: Mr. Birdwell moved to accept the Statement of Changes in Plan Net Assets - Preliminary for the fourth quarter of FY2021-22 and the Statement of Plan Net Assets - Preliminary for the fourth quarter of FY2021-22 as presented by Mr. McKinney. Mr. Romero seconded. The motion passed unanimously.

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

FRS BUDGET TO ACTUAL COMPARISON - 4Q FY 2021-22

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 2021-22. (see attached Exhibit #15) 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 2021-22 fiscal year and, as such, FRS ended the year at 85% of total budgeted operating expenses.

MOTION: Mr. Birdwell moved to approve the FRS Budget to Actual Comparison for 4Q FY 2021-22 as presented by Mr. Johnson. Mr. Tarleton seconded. The motion passed unanimously.

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

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OTHER BUSINESS

Mr. Stockstill recalled that, at the prior month's board meeting, the board asked the staff to explore whether the FRS website has the storage capability and bandwidth capacity to post each month's board meeting so members who can't attend the meeting can watch it later at their own convenience. Mr. Stockstill informed the board that after research from the staff, it would be possible to post one prior meeting on the FRS website without disruption of storage or bandwidth capacity.

MOTION: Mr. Tarleton moved to authorize the FRS staff to post each month's recorded board meeting to the FRS website. Mayor Walker seconded. The motion passed unanimously.

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

ADJOURNMENT

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

FUTURE MEETINGS

**FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana 70809
Wednesday, September 07, 2022, at 01:00 pm**

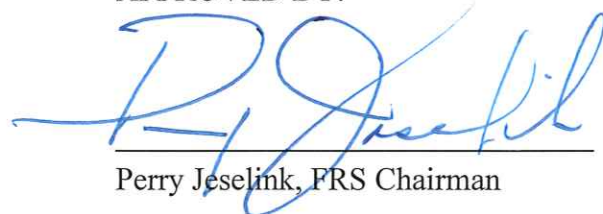
**FRS HR136 COLA Study Committee
3100 Brentwood Drive
Baton Rouge, Louisiana 70809
Wednesday, September 07, 2022, at 03:00 pm**

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana 70809
Thursday, September 08, 2022, at 08:30 am**

SUBMITTED BY:


Ashley Vicknair, FRS Board Secretary

APPROVED BY:


Perry Jeselink, FRS Chairman