



FIREFIGHTERS' RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES October 13, 2022

A meeting of the Board of Trustees was held on October 13, 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)
Treasurer John Schroder
Louis Romero
Mayor Ronny Walker

OTHERS PRESENT

John Broussard	Robert Klausner
Steven Stockstill	Chris Kaufmann
Marella Houghton	Richard Williams
Layne McKinney	Dominick Bruno
Michael Becker	
Daniel Loper	
Ben Johnson	
Ashley Vicknair	
Caitlin Myers	
William Hall	
Greg Curran	
David Barnes	
Brennen LeBlanc	
Alana Perrin	
Joey David	
Dawn Moeller	
Dennis Onderick	

MINUTES

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on September 8, 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 October 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 October 2022. Mr. Romero 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 October 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 October 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)

Letha Armstrong- Ms. Myers presented the application of Letha Armstrong, surviving spouse of David Armstrong. She stated that the application was in order.

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

Donna Broussard- Ms. Myers presented the application of Donna Broussard, surviving spouse of Larry Broussard. She stated that the application was in order.

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

Frances Scalco Carney- Ms. Myers presented the application of Frances Scalco Carney, surviving spouse of George Carney. She stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Frances Scalco Carney. Mr. Romero seconded. The motion passed unanimously.

Kelli Letellier- Ms. Myers presented the application of Kelli Letellier, surviving spouse of Marcel Letellier, Jr. She stated that the application was in order.

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

Deborah Ann Warren- Ms. Myers presented the application of Deborah Ann Warren, DROP beneficiary of Milburn Sherwood Warren. She stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Deborah Ann Warren. Mr. Romero seconded. The motion passed unanimously.

Marilyn Wilson- Ms. Myers presented the application of Marilyn Wilson, surviving spouse of Rivers Wilson. She stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Marilyn Wilson. 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 denial of the Application for Disability Retirement (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. Birdwell moved to accept the staff recommendation for denial of the application for a job-related disability retirement for [REDACTED] Mr. Romero seconded. The motion passed unanimously.

[REDACTED] Ms. Myers presented the disability application of [REDACTED]

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

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

MOTION: Mr. Tarleton moved to approve a job-related disability retirement for [REDACTED] contingent on FRS staff's receipt of a report from the State Medical Disability Board doctor certifying the total and permanent disability of the applicant. Mr. Birdwell seconded. The motion passed unanimously.

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

RECESS FRS BOARD MEETING

CONVENE FRS-LLC JOINT ADVISORY COMMITTEE

[NOTE: The FRS-LLC Joint Advisory Committee met on October 13, 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 updates 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, Treasurer Schroder, Mr. Romero, and Mayor Walker. Others present were, Marella Houghton, Layne McKinney, Michael Becker, Ben Johnson, Ashley Vicknair, Caitlin Myers, William Hall, David Barnes, Greg Curran, Brennan LeBlanc, Alana Perrin, Joey David, Dawn Moeller, John Broussard, Dennis Onderick, Robert Klausner, Chris Kaufmann, Dominick Bruno, and Richard Williams.]

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

Treasurer Schroder updated the committee regarding the three LB properties under contract. He said the sale of the properties in Georgia and Utah are scheduled to close this year.

FRS-LB#1. He added that the sale of the Arizona property will apparently be the last one to close. He recalled that, a few months ago, he presented the committee with a Letter of Intent (LOI) reflecting the terms of the sale. The Treasurer explained that, at the committee's request, he went back Arizona to discuss with the buyer an increase of the profit sharing terms in LB#1's favor, and if the aggregate carrying costs could be covered by buyer, and if a sales commission can be avoided. The Treasurer added that the answers to those questions are all yes. He then added that the final amount offered for the Arizona property would be approximately \$25.2 million and, if the advisory committee recommends acceptance of the LOI today, then the next step would be to move to the contract stage. (see attached Exhibit #3) The Treasurer then explained that he asked LB#1's professional advisor in Arizona to analyze the retail value of the land. The Treasurer wanted the committee to be aware of the property's potential future value before giving final consideration of the \$25.2 purchase offer. Mr. Tarleton asked the Treasurer if the committee should hold the property and not sell. The Treasurer observed that, if it is the committee's pleasure, then the committee would need to hire a broker to keep the property active on the commercial market.

Mr. Becker was asked to share his thoughts with the committee. He explained that, if the committee goes that route, then it would be taking development risks and would probably have to pay out additional cash toward getting the water, sewer, and electric infrastructure prepared for the sale.

MOTION: Mayor Walker moved to accept the Letter of Intent. Mr. Tarleton seconded.

The Treasurer recommended that the motion include advancing to the stage of contractual negotiations.

AMENDED MOTION: Mayor Walker moved to accept the Letter of Intent that was provided to the committee and to begin contractual negotiations. Mr. Tarleton seconded. The motion passed unanimously.

FRS-LB#3. Mr. Stockstill mentioned that he was contacted by the buyers of the Utah property. He said the buyer's requested a delay which would put the closing on the property in the middle of November.

MOTION: Mr. Tarleton moved to approve the extension of the contract regarding the Utah property. Mayor Walker 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 - SEPTEMBER 2022

Mr. Barnes presented the monthly flash report for the month of September 2022. (see attached Exhibit #4) The overall fund was up/down as follows: -6.7% for the month of September as compared to the allocation index of -6.8%, -18.4% for the calendar year to date as compared to the allocation index of -18.4%; -15.1% for the trailing 12 months as compared to the allocation index of -14.9%; and 2.8% for the trailing 3 years as compared to the allocation index of 2.7%.

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

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on October 12, 2022, at the FRS office in Baton Rouge at 1:00 p.m. discuss the following business set forth in its posted agenda- (i) Legal review of laws applicable to ESG investments and targeted economic investments, (ii) The FRS monthly investment performance results for September 2022 , (iii) FRS 2022 Asset Allocation Update and Review, 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, Mayor David Amrhein, Mayor Ronny Walker, Steven Stockstill, Marella Houghton, Layne McKinney, Michael Becker, Daniel Loper, Ashley Vicknair, Ben Johnson, Caitlin Myers, David Barnes, Brennan LeBlanc, Alana Perrin, Robert Klausner, Amy Mathews, Philip Q., J. Roberson, and Tony Ligi.]

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

- Laws Regarding ESG Investments and Targeted Economic Investments

Mr. Tarleton explained to the board that the investment committee received an educational presentation from attorney Robert Klausner regarding the laws applicable to ESG investments and targeted economic investments. He explained that Mr. Klausner related the subject to whether Blackrock was making investment decisions based on matters other than the economic best interest of their clients. Mr. Tarleton added that Mr. Klausner referred to a resolution regarding Fiduciary Duty in Investments (see attached Exhibit #5). Mr. Tarleton explained that there was no action taken on this item.

- FRS 2022 Asset Allocation Update and Review

Mr. Tarleton invited Mr. Barnes to continue his presentation regarding the FRS Asset Allocation Update and Review to the full board, since time ran out during yesterday's 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 there was discussion during the committee about why FRS invests in an asset class that for the last 10 years hasn't met or exceeded the system's assumed investment return. Mr. Barnes further explained that the system's investment returns are measured by a long term horizon. To re-frame the discussion board should turn away from solely looking at investment returns and should also consider risks and risk tolerance. Mr. Barnes referenced the report identified in Exhibit #6 above and focused on the three different portfolio asset mixes and the current policy targets. He explained that Mix A diminishes the overweight to emerging markets, Mix B brings the portfolio in line with the overall weight to emerging markets equities, and Mix C under-weights emerging markets from an asset allocation perspective. Mr. Barnes added that the framework should address whether the board is comfortable experiencing higher benchmark relative volatility, given the managers' performance.

Mr. Barnes explained that, to the extent that the board would want to reduce the active risk, he would not recommend taking it from just one manager or the other. He recommended taking it from both Acadian and Invesco proportionately. He added that NEPC is still comfortable with both managers and nothing has significantly changed with them. He further added that one of them has just made some mistakes, but is recouping some of that. Mr. Broussard recommended to not terminate either of the current managers, but to allocate 50% into the index and the remaining 50% to the two current active managers in accordance with their present percentage weights. Mr. Barnes explained that a decision does not need to be made today in terms of the asset allocation. Mr. Becker recommended to the board to move to the market weight, which is not something that needs to be done today, but is certainly something to review before the 2023 asset class discussion.

After further discussions the board decided to invite two managers to attend the next board meeting to discuss a strategy of indexing certain assets.

The discussion of this matter was concluded with no 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 October 12, 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. Williams, Dr. Procopio, Mayor Amrhein, Mr. Birdwell, Mr. Broussard, Mr. Fleming, Representative Firment, Mr. Romero, Mr. Tarleton, Mayor Walker, and committee legal counsel Robert Klausner appearing via Zoom. Also present were, Steven Stockstill, Marella Houghton, Layne McKinney, Ashley Vicknair, Caitlin Myers, William Hall, Ben Johnson, Joey David, Alana Perrin, Bernie Piro, Paul Smith, Dennie Boyt, Charles Duke, Courtney Foster, and Tracy Dee.]

Chairman Jeselink invited Robert Klausner to give the committee report. Mr. Klausner informed the board that the committee met on October 12, 2022, to discuss how to proceed with the draft report that was presented to the committee. (see attached Exhibit #7) He further informed the board that the committee instructed him (Klausner) to draft the report including an outline of the cost of a \$2,000 one-time payment to retirees and also to include a description of various classes of retirees and the cost related to each such class. For example, a discussion involved the 327 retirees who are receiving FRS benefits amounting to sums that are below the poverty level. Another class that was discussed is retirees and survivors who have been retired for at least five years. Mr. Klausner added that the committee directed him to work with the FRS actuary to prepare the cost analysis for each such class.

Mr. Klausner said a second part of the committee's instruction recommend that the report include a draft of legislative language enacting a model using Act 360 of the 2022 session as a concept, which created the funding deposit account for Municipal Police Employees Retirement System (MPERS).

Mr. Klausner concluded his report by explaining that the foregoing committee recommendations are also being recommended to the full board and, if the board approves the recommendations, then he will have the final report for the November committee meeting.

Chairman Jeselink invited Mr. Stockstill to provide his thoughts regarding the COLA committee meeting. Mr. Stockstill explained that his thoughts towards the committee was to keep the funding deposit account that FRS presently has, but correct the problem that prevented the board from putting money into that account when there seemed to be an opportunity years ago. He added that his prior understanding was that, if the MPERS model is adopted, then that problem will be corrected. He then added that, after having a very long conversation with Mr. Curran after the COLA meeting, he learned that the MPERS model is not at all what he thought he was suggesting to the committee. Mr. Stockstill said that, at next month's COLA meeting, he will present a draft of legislation addressing the corrective action as he thought he had been previously describing. It can then be integrated into the final report if the committee is inclined to accept that addition to the report.

MOTION: Mr. Birdwell moved to adopt the COLA committee's recommendations. Mr. Broussard seconded. The motion passed unanimously.

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

That concluded the HR 136 COLA Study Committee report.

PENSION TECHNOLOGY GROUP (PTG) UPDATE

McKinney, FRS CPA, to provide the board an update on the progress of implementing the new PTG system. Mr. McKinney explained to the board that PTG recently hired Susita Suire, who retired from Municipal Employees Retirement System (MERS), who also had the PTG system. He added that

PTG sent Ms. Suire over to the FRS office to help the staff move information over from the old system to the new PTG system. He then added that she has been very helpful in assisting the staff and making the process move much quicker. Mr. McKinney further explained to the board that she and the staff are working on a memo to send out to all employers to inform them of the new reporting that will take place for contributions. He added that the memo will explain how the new system requires the reports to be formatted and everything will be done through the employer-access portal. He also added that if an employer does not have the software needed to upload its files to the employer portal, there will be an option to manually input the information. Mr. McKinney then added that, the memo that will be sent out, will include a request for the employers to send FRS a contribution file by March 1, 2023, so the FRS staff and Ms. Suire can test each employers file to make sure everything transitions smoothly before the employer portal is live.

Mr. Romero asked Mr. McKinney when the new operating system will go live. Mr. McKinney explained that it will probably be about July 1, 2023 depending on when FRS receives the contribution files from the employers. Mr. Stockstill explained that the go-live date has been pushed back because the FRS staff has been requesting more information and it was not because of PTG. He added that the more information and the more detail that is being added acceptably causes more time to be added to the project. Mr. Stockstill then added that if the employers need help navigating the new system, the FRS staff will assist with training. Mr. McKinney explained that Ms. Suire will also assist with the training for the employers. Mr. Stockstill recalled that this new system isn't something that FRS just arbitrarily decided to do. FRS' current operating system, the IBM AS400, uses an antiquated programming language that is not even taught in school anymore. Moreover, the rarely found programmer that still knows that language, and that FRS had previously employed, passed away. So now that a modern operating system is being constructed, it is important for FRS to work with our partner-employers in bringing the new system on line successfully.

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

REPLACEMENT OF FRS TELEPHONE EQUIPMENT

Ben Johnson, FRS Accountant, explained the need to replace the obsolete FRS telephone service and equipment. He explained that, lately, the FRS office has been having issues with the current telephone system, which is a Preferred Toshiba system. He said that Toshiba recently went out of business.

Mr. Johnson drew the board's attention to a document outlining two different vendors with two different service options (**see attached Exhibit #8**), those being the Preferred Hosted, Executone Hosted, Preferred internal VOIP Phones, and Executone internal VOIP Phones. Mr. Johnson explained the two options in detail and answered all questions relative thereto.

MOTION: Mr. Birdwell moved to accept the staff recommendation to replace the current phone system with the Preferred Hosted option. Mayor Walker seconded. The motion passed unanimously.

Mr. Romero suggested that, while the equipment is being replaced, it should include the MiFi, as suggested by Marella Houghton, FRS Deputy Director, which allows FRS employees to have portable internet as part of its disaster recovery plan, along with the night hawk device, which allows FRS to permanently keep recordings of all office phone calls.

AMENDED MOTION: Mr. Birdwell moved to accept the staff recommendation to replace the current phone system with the Preferred Hosted option with MiFi and to include the night hawk device and the \$20 fee to keep recordings of all office phone calls. Mayor Walker seconded. The motion passed unanimously.

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

FRS POLICY

Mr. Stockstill drew the board's attention to Internal Policy No. 07012022 named "Retirement Account for Employees Hired Over the Age of 50". (see attached Exhibit #9) He explained that this policy refers to any employee hired by FRS who is age 50 and older thereby making the person ineligible to become a participating member of FRS. He said this policy provides for equitable treatment of a non-member employee with regard to retirement benefits.

MOTION: Mr. Tarleton moved to adopt Policy No. 07012022. Mr. Romero seconded. The motion passed unanimously.

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

OTHER BUSINESS

Mr. Romero discussed changing the January board meeting date. Mr. Stockstill asked the board to check their schedules and if January 10th and 11th worked for everyone, then a motion would be needed to change the meeting dates.

MOTION: Mr. Tarleton moved to change the January board meeting dates to January 10th and 11th. 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. Tarleton moved to adjourn. Mr. Romero seconded. The motion passed unanimously.

FUTURE MEETINGS

**FRS Investment Committee
3100 Brentwood Drive
Baton Rouge, Louisiana 70809
Wednesday, November 9, 2022, at 01:00 pm**

**FRS HR136 COLA Study Committee
3100 Brentwood Drive
Baton Rouge, Louisiana 70809
Wednesday, November 9, 2022, at 03:00 pm**

**FRS Board of Trustees
3100 Brentwood Drive
Baton Rouge, Louisiana 70809
Thursday, November 10, 2022, at 08:30 am**

SUBMITTED BY:

APPROVED BY:



Ashley Vicknair, FRS Board Secretary



Perry Jeselink, FRS Chairman