



# **FIREFIIGHTERS' RETIREMENT SYSTEM**

3100 Brentwood Drive  
Baton Rouge, Louisiana 70809  
Telephone (225) 925-4060 • Fax (225) 925-4062



## **MEETING OF THE BOARD OF TRUSTEES March 9, 2023**

A meeting of the Board of Trustees was held on March 9, 2023 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)  
Mayor Kim Gaspard  
Philip Qualls (designee of State Treasurer John Schroder)  
Louis Romero  
Mayor Darnell Waites

### **OTHERS PRESENT**

Steven Stockstill  
Marella Houghton  
Layne McKinney  
Michael Becker  
Ashley Vicknair  
Caitlin Myers  
Ben Johnson  
William Hall  
Daniel Loper  
David Barnes  
Greg Curran  
Brennen LeBlanc  
Chad Duffaut  
Terry Stuard  
Dennis Onderick  
Henry Olinde  
Robert Klausner  
Joey David

## **MINUTES**

Mr. Birdwell cited two technical corrections in the draft minutes that staff needed to make and identified them for the record.

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on February 9, 2023 and authorized staff to make the appropriate technical corrections. Mr. Tarleton 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 March 2023. (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 March 2023. 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 March 2023. (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 March 2023. 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)

**Succession of Edna Warf-** Ms. Myers presented the application of the Succession of Edna Warf. She stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of the Succession of Edna Warf. Mr. Romero seconded. The motion passed unanimously.

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

**KENNER FIREFIGHTERS, ET AL. V CITY OF KENNER AND FRS**

*Kenner Firefighters, et al. v. City of Kenner and FRS*, Suit No. 687-197. 24<sup>th</sup> Judicial District Court, Parish of Jefferson, State of Louisiana

[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. Romero moved to enter executive session to discuss the agenda item shown above. Mayor Waites seconded. The motion passed unanimously.

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

MOTION: Mr. Tarleton moved to delegate to the executive director discretionary authority to settle the Kenner lawsuit cited above. 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 March 9, 2023, 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, Mayor Waites, Mr. Qualls, Mr. Romero, Mayor Gaspard, Marella Houghton, Layne McKinney, Michael Becker, Ben Johnson, Ashley Vicknair, Caitlin Myers, William Hall, Daniel Loper, David Barnes, Greg Curran, Brennan LeBlanc, Joey David, Dennis Onderick, Robert Klausner, Henry Olinde, Chad Duffaut, and Terry Stuard.]

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

Mr. Stockstill drew the advisory committee's attention to a document regarding LB#1, the property in Arizona. (see attached Exhibit #3) He recalled that in 2008 the system's investment consultant recommended that a portion of the overall FRS portfolio be allocated into direct real estate investments. Almost immediately thereafter, the real estate market crashed. LB#1 has been holding the property with expectations for the eventual recovery of real estate values. The values have since rebounded and LB#1 has a contract in place for the sale of the property. He added that the buyer has requested a 90-day feasibility extension to gather information regarding the property's flood plain. The buyer informed Mr. Stockstill and the Treasurer that the majority of the property is encumbered by either a flood way or

flood plain and the buyer's engineers are studying mitigation alternatives relative thereto. Mr. Stockstill informed the committee that he and the Treasurer recommend approval of the extension.

MOTION: Mr. Tarleton moved to approve the extension of 90 days 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**

### **EMPLOYER CONTRIBUTION RATE**

Mr. Stockstill drew the board's attention to three Revised Statutes. (see attached Exhibit #4) He said the law authorizes the board to keep the employer contribution rate at its current level, 33.25%, instead of lowering it to 32.50%, and the surplus funds must be credited to the funding deposit account. He added that, if the board were to place to surplus funds in the funding deposit account, then the funds could only be used for the following purposes: (1) to reduce the unfunded accrued liability, (2) to reduce the present value of future normal costs, (3) to pay all or a portion of any future net direct employer contributions, or (4) to provide a cost-of-living increase. He added that, in order to credit funds to the funding deposit account immediately, the board would have to interpret the meaning of the phrase "surplus funds". Moreover, to apply the funds to a cost-of-living increase would require a legislative change removing and existing COLA prohibition that is applicable only to FRS.

Mr. Curran acknowledged the board's authority to interpret the statutes. Mr. Tarleton asked Mr. Curran if the employer contribution rate is going to increase in 2024. Mr. Curran answered that it is not certain until the valuation is complete, but all indications are leaning towards an increase for next year. Mr. Birdwell pointed out that the employer rate was left at a higher rate once in the past to control the volatility and the two mayors on the board were the ones who made the motion.

Mayor Waites explained that he understands why those mayors moved to keep the rate higher. He said he is responsible to be the voice for other mayors who are not on the board but still have to factor FRS costs in their municipal budgets, as he does, and it helps when the contribution rate is stable, not moving up and down so much.

MOTION: Mayor Waites moved to keep the employer contribution rate at 33.25% for July 1, 2023 - June 30, 2024. Mr. Tarleton seconded. The motion passed unanimously.

Mr. Stockstill explained that, in order to credit surplus funds into the funding deposit account, the statutory language would need to be interpreted to mean "surplus funds" are immediately available for deposit, instead of waiting an additional fiscal year to see if the funds would be allocated to some other purpose. He said it would require a motion to that affect. He recommended that interpretation because, although it mandates the funds to be credited into the funding deposit account, it does not mandate how the funds are to be applied. That option is left open to future boards' discretion.

MOTION: Mr. Birdwell moved to interpret the term "surplus funds" in a manner consistent with the explanation given by staff. Mr. Romero seconded. The motion passed unanimously.

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

### **PRIVATIZATION OF FRS MEMBERSHIP**

Attorney Robert Klausner explained the many legal barriers that prohibit a municipality or fire department from privatizing its fire services in order to avoid mandatory participation in FRS. He provided an educational presentation about the subject. (see attached Exhibit #5)

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

### **MONTHLY FLASH REPORT - FEBRUARY 2023**

Mr. Barnes presented the monthly flash report for the month of February 2023. (see attached Exhibit #6) The overall fund was up/down as follows: -2.3% for the month of February as compared to the allocation index of -2.7%; 4.7% for the fiscal year to date as compared to the allocation index of 3.4%; -5.4% for the trailing 12 months as compared to the allocation index of -6.2%; and 5.9% for the trailing 3 years as compared to the allocation index of 5.4%.

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

### **COMMITTEE REPORT - INVESTMENT COMMITTEE**

[NOTE: The Investment Committee met on March 8, 2023, 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 Hancock Whitney Bank regarding the role, scope, and mission of a custodial bank, (ii) The FRS monthly investment performance results for February 2023, (iii) 2023 Annual FRS Asset Allocation update, (iv) FRS custodial banking RFP update, (v) Louisiana Fund regarding requested consent to extension of term, (vi) Multi-Sector Fixed Income presentation by NEPC, 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. Qualls, Mr. Romero and Mr. Fleming. Also present were Perry Jeselink, Mayor Gaspard, Mayor Waites, Steven Stockstill, Marella Houghton, Layne McKinney, Michael Becker, Daniel Loper, Ashley Vicknair, David Barnes, Ben Johnson, Caitlin Myers, William Hall, Brennen LeBlanc, John Trainor, and David Lonibos.]

Mr. Tarleton invited Mr. Barnes to give a summary of the Flash Report for February 2023. (see attached Exhibit #6) Mr. Tarleton then gave the investment committee report.

- Trustee Education: Role, Scope, and Mission of a Custodial Bank

Mr. Tarleton explained to the board that the investment committee received a presentation from Hancock Whitney Bank Senior Vice Presidents, John Trainor and David Lonibos. He explained that the representatives from Hancock Whitney educated the committee with topics regarding what a custodian bank is, the next generation for custody services, and cybersecurity. (see attached Exhibit #7) Mr. Tarleton informed the board that there was no action taken on this item.

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

- 2023 Annual Asset Allocation

Mr. Tarleton explained to the board that this item was previously tabled until this meeting. Mr. Stockstill drew the board's attention to an Asset Allocation Update. (see attached Exhibit #8) He explained the importance of asset allocation, the average percentage of total return variation, and alternative portfolios. Mr. Becker addressed the board and compared returns from the system and the systems peer's. There was no action taken on this item.

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

- FRS Custodial Bank RFP Update

Mr. Tarleton explained to the board that the investment committee received information from Michael Becker concerning the RFP for Global Custodial Bank services and the RFP's minimum requirements. (see attached Exhibit #9) Mr. Tarleton then invited Mr. Becker to provide the board with an overview of the item. Mr. Becker explained that item #3 listed in the minimum requirements says the applying bank must be a fiscal agent bank of Louisiana as defined by LA R.S. 49:319 or have submitted an application to become a fiscal agent bank. Mr. Becker then explained that this statement needed to be changed because, based on legal counsel, that statutory provision applies to the IEB for state funds, but does not apply to FRS. Mr. Tarleton explained that the investment committee approved a motion recommending to the full board acceptance of the minimum requirements of the RFP with the change to item number #3.

MOTION: Mr. Tarleton then moved the investment committee's 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.

- Louisiana Fund I - Request for Extension of Term

Mr. Tarleton explained to the board that the investment committee received information from Michael Becker. Mr. Becker presented a document regarding Louisiana Fund I, L.P. titled Joint Written Consent. (see attached Exhibit #10) Mr. Tarleton explained that Mr. Becker informed the committee that the partners of the fund have agreed to extend the term to December 31, 2023 to provide the orderly liquidation of the partnership. Mr. Tarleton explained that this item was for informational purposes and no action was taken.

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

- Multi-Sector Fixed Income presentation by NEPC

Mr. Tarleton explained to the board that the investment committee received information from David Barnes. Mr. Barnes drew the committee's attention to a presentation titled Multi-Sector Fixed Income Education. (see attached Exhibit #11) Mr. Tarleton explained that Mr. Barnes educated the committee regarding the fixed income portfolio structure, duration and return-seeking, active vs passive fixed income, and understanding the risk of fixed income. Mr. Tarleton informed the board that there was no action needed or taken on this item.

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

That concluded the Investment Committee report.

### **PROPOSED LEGISLATION**

Mr. Stockstill explained the following legislation prefiled for introduction in the upcoming regular legislative session of 2023-

- HLS 23RS-294 Firmment Provides for nonrecurring lump-sum supplemental payment to eligible retirees and beneficiaries (see attached Exhibit #12)

Mr. Stockstill explained the bill provides for a nonrecurring lump-sum payment to retirees and beneficiaries in the sum of \$2,500 which, if enacted, will become effective on August 1, 2023.

MOTION: Mr. Birdwell moved to support the HLS 23RS-294. Mr. Tarleton seconded. A roll call vote was taken and the motion passed with the following tally-

Tarleton	Yes
Birdwell	Yes
Fleming	Yes
Gaspard	Yes
Qualls	Yes
Romero	Yes
Waites	Yes



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Jeselink                      Yes  
(8-0)

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

- HB37                      Emerson      Provides relative to the board of trustees of the Firefighters Retirement System (see attached Exhibit #13)

Mr. Stockstill explained the bill would increase the membership of the board of trustees from ten members to eleven by including the addition of one fire chief.

MOTION: Mr. Romero moved to support the HB 37. Mayor Gaspard seconded. A roll call vote was taken and the motion passed with the following tally-

Tarleton                      Yes  
Birdwell                      Yes  
Fleming                      Yes  
Gaspard                      Yes  
Qualls                      Abstain  
Romero                      Yes  
Waites                      Yes  
Jeselink                      Yes

(7-1-0)

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

- HB44                      Horton      Provides relative to the board of trustees of the Firefighters' Retirement System (see attached Exhibit #14)

Mr. Stockstill explained the bill would increase the membership of the board of trustees from ten members to fifteen. The fifteen member board would consist of a five retirees, two mayors, two fire chiefs, a member of the House Committee on Retirement, the chairman of the Senate Committee on retirement or his designee, an active firefighter who has at least six years of creditable service and whose rank does not exceed captain, a surviving spouse of a deceased member, the state treasurer or his designee, and the commissioner of administration or his designee.

MOTION: Mayor Gaspard moved to oppose the HB 44. Mayor Waites seconded. A roll call vote was taken and the motion passed with the following tally-

Tarleton                      Yes  
Birdwell                      Yes  
Fleming                      Yes

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Gaspard	Yes
Qualls	Yes
Romero	Yes
Waites	Yes
Jeselink	Yes
(8-0)	

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

**ADJOURNMENT**

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

**FUTURE MEETINGS**

FRS Investment Committee

**Wednesday, April 12, 2023 at 01:00 p.m.**

3100 Brentwood Dr. Baton Rouge, LA

**(Tarleton, chairman; Birdwell, Fleming, Qualls, Romero)**

**Alternates- Firment, Gaspard, Waites)**

FRS Personnel Committee

**Wednesday, April 12, 2023**

at the later of 3:00 p.m. or adjournment of the FRS Investment Committee

3100 Brentwood Dr. Baton Rouge, LA

**(Romero, chairman; Birdwell, Fleming, Waites)**

FRS Board of Trustees


**Thursday, April 13, 2023 at 8:30 a.m.**

3100 Brentwood Dr. Baton Rouge, LA

SUBMITTED BY:

APPROVED BY:

  
\_\_\_\_\_  
Ashley Vicknair, FRS Board Secretary

  
\_\_\_\_\_  
Perry Jeselink, FRS Chairman