FIREFIGHTERS' RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES
December 10, 2020

IN ADHERENCE TO JBE PROCLAMATION 2020-117, THE FRS CHAIRMAN RULED THAT ALL MANDATORY FRS BOARD MEETINGS WILL BE HELD IN PERSON UNTIL FURTHER NOTICE. IN FURTHER ADHERENCE THEREOF, THE NUMBER OF PERSONS ALLOWED IN THE BUILDING WAS LIMITED TO 25% CAPACITY. THE PUBLIC WAS INVITED TO ATTEND THE MEETING BY TELECONFERENCE. PUBLIC NOTICE OF THE BOARD MEETING WAS POSTED IN A TIMELY FASHION, INCLUDING THE DIAL-IN NUMBER AND ACCESS CODE, AT THE PRIMARY FRS OFFICE AND ON THE FRS WEBSITE.

A meeting of the Board of Trustees was held on December 10, 2020 at the St. George Fire Department Headquarters Building Training Room in Baton Rouge, Louisiana. Chairman Stacy Birdwell called the meeting to order at 8:30 a.m.

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

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

MEMBERS PRESENT

Stacy Birdwell
Perry Jeselink
Lindsay Schexnayder (designee of Commissioner Jay Dardenne)
John Broussard (designee of Treasurer John Schroder)
Louis Romero
Jerry Tarleton
Mayor Ronny Walker (attended via teleconference without voting)

OTHERS PRESENT

Steven Stockstill
Layne McKinney
Michael Becker
Jason Starns
Benjamin Johnson
Ashley Duhe'
David Barnes
Greg Curran
Mark Waniewski
Kris Kaufmann
Brennan LeBlanc
Dawn Moeller
Chad Duffaut
Dave Berns
Chuckie Albert
Trae Welch
Chip Fleming

Attended by teleconference:

Paul Schmidt
Lindsay Saienni
Emma Mazey
Marin Coen
Bill Berns
Werzbowski, M (full name not provided)

MINUTES

MOTION: Mr. Tarleton moved to approve the minutes of the board meeting held on November 12, 2020. 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 December 2020. (see attached Exhibit #1) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the new member applicants for the month of December 2020. 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 December 2020. (see attached Exhibit #2) He stated that all applications were in order.

MOTION: Mr. Tarleton moved to approve the retiree applicants for the month of December 2020. Ms. 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)

Helen Sanburn- Mr. Starns presented the application of Helen Sanburn, surviving spouse of Leroy Sanburn. He stated that the application was in order.

MOTION: Mr. Tarleton moved to approve the application of Helen Sanburn. Mr. Jeselink seconded. The motion passed.

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

PUBLIC COMMENT

Mr. Birdwell drew the boards attention to RS 42:14 (see attached Exhibit #3) He read that this law pertains to each public body conducting a meeting which is subject to the notice requirements of R.S. 42:19(A) shall allow a public comment period at any point in the meeting prior to action on an agenda item upon which a vote is to be taken. The governing body may adopt reasonable rules and restrictions regarding such comment period. Mr. Stockstill explained to the board that he received feedback from a few trustees regarding the last meeting stating that the procedures for public comment were not being followed. He then explained that those trustees requested a copy of the law and for the board to adopt the rules regarding a comment period at the next meeting. Mr. Birdwell then expressed that the meetings have gotten out of control and it puts the board in a position to veer off track of the agenda. He explained that he reached out to two other retirement systems and they

use a public comment card procedure where a stack of cards are available at the sign in desk and anyone from the public who wishes to make a comment can fill one out and give it to the board secretary. Once the board meeting begins and the roll is called, the chairman will ask the board secretary if there are any public comment cards and if there are, those members of the public will have up to 3 minutes to express their comments.

MOTION: Ms. Schexnayder moved that the public be allowed a comment period at the beginning of all Firefighters' Retirement board meetings before any agenda item is taken up for discussion or action, each speaker will be allowed 3 minutes to comment regarding any item that will be coming up on the agenda for that day. Speakers can not delegate any portion of their time to another speaker, speakers are allowed to comment but not ask questions to the board members or any other witnesses testifying before the board. Mr. Broussard seconded. The motion passed.

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

PUBLIC COMMENT PERIOD:

- Mark Waniewski, PMI CEO, addressed the board. He asked the board to adopt a protocol for public comment when there is a virtual meeting. Mr. Stockstill pointed out to the board that on the agenda it states that written comments may be submitted for the public record by email before and during the meeting by use of the following email address: frs@ffret.com. Mr. Waniewski then asked about a cost issue on the letter attached to the survey that was sent out. Mr. Birdwell answered by telling Mr. Waniewski to side bar with Mr. Stockstill after the meeting. Mr. Waniewski then asked the board to take the item on the agenda regarding Red River seriously because they are a fairly small department and have already made numerous budget cuts. He then added that this is not going to be the only department that can't pay their contributions and to make significant budget cuts.

- Chris Kaufmann, Fire Chief of St. Tammany Fire District #1, addressed the board. He explained to the board that only being able to comment at the beginning of the meeting and not after every item is going to be problematic. He also added that we should be worrying about the firefighters that are already in the system and not the ones we have not hired yet. Chief Kaufmann then referred to the letter that Mr. Stockstill drafted to go with the survey that went out and in the first paragraph it states that the board was involved in writing the letter and Chief Kaufmann claims that the statement is false. He then added that the letter made Chiefs in Louisiana think that the system is doing okay when it is not. He concluded saying that he is very disappointed at the resolution that came out of today.

- Trae Welch, Attorney at Law, addressed the board. He explained that he has sat on boards who are going through the same thing as we are regarding allowance for public comment. He then read portions of the law 42:17 regarding the public to comment at meetings. He added that the motion made by the board to allow a time for public comment is under the law.

Mr. Birdwell recalled that a motion was made a few meetings ago to not meet virtually. He explained that things have changed since the Covid-19 pandemic has spiked again. Mr. Broussard explained that he asked for this item to be brought up because, in a recent legislative session, a bill was passed that allows videoconferencing or teleconferencing for public meetings under certain circumstances. He further explained that several other retirement systems have started doing this and with this new Covid-surge not many people are comfortable meeting in person. [Act No. 43, 2nd Special Session, 2020]

MOTION: Mr. Broussard moved to allow the board to exercise their rights under the law to allow meetings in the future to be held in person or virtual. Ms. Schexnayder seconded. The motion passed.

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

FY 2019-20 FRS FINANCIAL STATEMENTS

Dawn Moeller, Audit Manager with the Louisiana Legislative Auditors office, addressed the board. She presented a report titled "Financial Statement Audit For The Years Ended June 30, 2019, and 2020, Issued December 9, 2020." (see attached Exhibit # 4). Ms. Moeller noted that the annual audit had been conducted by the Office of the Legislative Auditor and the Legislative Auditor distributed the Financial Statements. She said that FRS received an unmodified opinion on the audit, in other words, this was a clean opinion.

MOTION: Ms. Schexnayder moved to accept the Financial Statement Audit For The Year Ending June 30, 2020. Mr. Broussard seconded. The motion passed.

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

FY2020-21 FRS OPERATING BUDGET AMENDMENT

Mr. Johnson drew the board's attention to the FY 2020-21 Budget Amendment Request (see attached Exhibit #5) and verbally proposed an additional adjustment to the 2020-21 FRS Operating Budget.

Mr. Stockstill recalled that a motion was made at last month's board meeting for a consulting firm to be retained to analyze the entire FRS system. He explained that FRS is looking at three consulting firms and they have been given three instructions. He explained the first instruction is to start with the portfolio. They would be able to construct a portfolio that they thought was proper without any limitations. He added the second instruction is to conduct an asset liability study in order to construct that type of portfolio. Mr. Stockstill added the third instruction would be for the consulting firm to look at the FRS staff. He explained that, if the board would like to go forward with the consulting firm analyzing the entire system, then there is going to be a cost and the board would have to put additional money into the budget. He then added that the pricing from one consultant came in and he is waiting on the other two, but it looks like the consulting will cost between $60,000 to $100,000+. Mr. Stockstill suggested to the board that, since all the bids are not in yet, he would

recommend adding $135,000 to the budget for the consulting firm. He also suggested that if the board does decide on a consulting firm, a decision should not be put off until the next board meeting. He added that the board could form a subcommittee that would be delegated authority to review the proposals and to choose which firm to move forward with the study.

MOTION: Mr. Tarleton moved to amend the FY2020-21 Operating Budget by adding $135,000 to pay the cost of a consulting firm to evaluate the entire system and to form a system consultant subcommittee of trustees with authority being delegated to the subcommittee to make a final decision regarding retaining a consulting firm. Mr. Broussard seconded. The motion passed.

[EDITORIAL NOTE: The following motion occurred later in the meeting, but is reported here so the context will align with the subject matter item memorialized immediately above.]

MOTION: Mr. Tarleton moved to recognize the board chairman's authority to appoint members of the newly created system consultant subcommittee. Mr. Broussard seconded. The motion passed.

Chairman Birdwell then appointed the following trustees as members of the system consultant subcommittee: Jerry Tarleton, Louis Romero, Mayor Ronny Walker and John Broussard.

Mr. Johnson also discussed other amendments that were not related to the consulting firm that would also necessitate a budget amendment. One such item was the previously unforeseeable cost associated with having the FRS building Covid-disinfected monthly by a professional service.

MOTION: Mr. Jeselink moved to accept the budget amendments as presented by Mr. Johnson. Mr. Tarleton seconded. The motion passed.

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

EMPLOYER CONTRIBUTION RATE - RED RIVER PARISH FD

[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 III(2) above; all pertinent notifications had been provided.]

Discussion and action regarding increasing employer contribution rates and contribution information related to Red River Parish Fire District.

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

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

After conversations had in executive session, the following motions were made:

MOTION: Mr. Jeselink moved to retain Trae Welch, Attorney at Law, to handle the Red River Parish Fire District matter. Mr Romero seconded. The motion passed.

MOTION: Mr. Jeselink then moved to instruct the executive director to send a letter to all members employed by the Red River Parish Fire District explaining there will be a loss of benefits if contributions are not paid. The motion passed.

Mr. Broussard commented that the motion should be changed from a loss of benefits to a reduction of benefits.

Mr. Jeselink indicated that, in substance, his motion was meant for the staff to use the most appropriate language such as that illustrated by Mr. Broussard.

Mr. Stockstill explained that Mr. Greg Curran had been asked in a prior meeting to discuss how much the system would need to earn in order to see a reduction in the employer contribution rate and how long would the system need to earn that amount. Mr. Curran drew the board's attention to a letter sent to the board from G.S. Curran & Company. (see attached Exhibit #6) He explained that given the returns of the most recent 4 years, it appears that a market rate of return of approximately 11.25% in fiscal 2021 would result in a 7% rate of return on the actuarial value of assets. He added that if the system were to earn a 7% market rate of return in fiscal 2021, they estimate that the actuarial rate of return would be approximately 6.19%. Mr. Curran further explained that with such a loss, the employer contribution rate would be expected to increase by approximately 0.58% in fiscal 2022. He concluded with stating the factors that increase and decrease the normal cost of the system. A change in valuation interest rate, asset experience loss, contribution loss and member loss are factors that increase the rate. Plan liability experience gains and changes in demographic assumptions are factors that cause the rate to decrease.

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

MONTHLY FLASH REPORT - DECEMBER 2020

Mr. Barnes presented the monthly flash report for the month of December 2020. (see attached Exhibit #7) The overall fund was up/down as follows: 7.6% for the month of December as compared to the allocation index of 7.2%, 7.4% for the calendar year to date as compared to the allocation index of 8.8%; 9.9% for the trailing 12 months as compared to the allocation index of 11.2/%; and 6.2% for the trailing 3 years as compared to the allocation index of 7.4%.

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

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on December 10, 2020, at the St. George Fire Department Headquarters Building Training Room in Baton Rouge at 3:00 p.m. to discuss the following business set forth in its posted agenda- **(i)** The FRS monthly investment performance results for November 2020, **(ii)** Presentation by representatives of Quantitative Management Associates (QMA), LLC, regarding investment returns, **(iii)** Presentation by representatives of Rothschild Asset Management Inc., regarding investment returns, **(iv)** Update regarding Russell 2500 Index Manager search, **(v)** Offer to purchase Limited Partners' interests as tendered by CCMP Capital Investors III, L.P., **(vi)** Strategy for implementation of separately managed account for FRS private equity investments, **(vii)** NEPC request to authorize Smonik Systems LLC to directly gain access to FRS investment documentation, **(viii)** NEPC educational presentation regarding investment manager fee structure, and all related matters. The minutes of that meeting are embedded herein. Committee members present were Mr. Jeselink, chairman; Ms. Schexnayder, Mr. Romero, and Mr. Tarleton. Also present were Mr. Birdwell, Steven Stockstill, Layne McKinney, Michael Becker, Ashley Duhe, David Barnes, Brennan LeBlanc, and Chuckie Albert. Attending by teleconference were Mayor Ronny Walker, Patrick McMenam, Kevin O'Rourke, Stacie Mintz, Stephen Courtney, Doug Levine, Michael Kehoe, and Anna Niziol.]

Mr. Jeselink 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 November 2020. (see minute entry above captioned as "Monthly Flash Report - November 2020")

- Quantitative Management Associates (QMA), LLC - Performance Review

Mr. Jeselink explained to the board that Kevin O'Rourke, Head of East Coast Sales at QMA, addressed the investment committee yesterday through teleconference. In doing so, he introduced his colleagues Stacie Mintz, Co-Head of Quantitative Equity, Stephen Courtney, Portfolio Manager and Patrick McMenam, Global Client Relationship Management. Mr. O'Rourke presented a report to the investment committee. (see attached Exhibit #8) The report included QMA's organization and people, Firefighters' Retirement System Portfolio Review and QMA's research. Mr. Jeselink said the representatives of QMA answered questions from the investment committee and then concluded their presentation.

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

- Rothschild Asset Management Inc. - Performance Review

Mr. Jeselink explained to the board that Michael Kehoe, Managing Director and Portfolio Manager of Rothschild, addressed the investment committee yesterday through teleconference. In doing so, he introduced his colleagues Douglas Levine, CFA and Anna Niziol, Chief Marketing Officer. Mr. Kehoe presented a report to the investment committee. (see attached Exhibit #9) The report included Rothschild's profile, investment philosophy and process, the portfolio characteristics and the

performance and risk statistics. Mr. Jeselink said the representatives of Rothschild answered questions from the investment committee and then concluded their presentation.

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

- Russell 2500 Index Manager search

Mr. Jeselink explained that the Russell 2500 Index Manager search was discussed during the investment committee meeting held yesterday. Mr. Jeselink deferred to Mr. Barnes for an explanation of that discussion. In addressing the full board, Mr. Barnes said he reminded the investment committee that, at last month's board meeting, the board approved a motion to reallocate 1/3 of the SMid Cap portfolio, or approximately $125 million, to the index fund and divide the other 2/3 in a 60/40 fashion between the managers, with Rothschild having 60% and QMA having 40%. Mr. Barnes said he discussed with the investment committee a report published by NEPC titled "Russell 2500 Index Fund Manager Search". (see attached Exhibit #10) Then Mr. Jeselink explained that, also during the investment committee meeting, there was a question as to whether FRS should index more than 1/3rd of the SMid cap portfolio. Mr. Jeselink said that, after discussions were had, a motion was approved by the investment committee to report this subject matter item to the full board without a recommendation regarding the percentage-amount that should be indexed.

At the board meeting, the board discussed the amount that should be indexed, if any. Messrs. Broussard and Becker were asked for their opinions. Mr. Broussard agreed with indexing more than 1/3rd and explained that last month's motion was mainly a compromise. He added that, until FRS is at a point where the managers are actually beating the index fund, there is little faith in their ability to do so. Mr. Broussard stated that if Mr. Becker is comfortable with allocating a greater amount, then FRS should do so. Mr. Becker added that it all comes down to the risk tolerance of the board. He then added that, if the board is comfortable with reallocating either 1/3rd or 1/2 of the approximately $125 million, he too is comfortable with both.

Mr. Barnes explained to the board that NEPC's recommendation to the investment committee was to allocate whatever percentage the board agrees of the $125 million to the BlackRock Non-Lending Russell 2500 Index fund and that, he said, is also his recommendation to the full board.

MOTION: Mr. Birdwell moved to reallocate 50% of the approximately $125 million to the BlackRock Russell 2500 Non-Lending Index fund and divide the remainder in a 60/40 fashion, with Rothschild having 60% and QMA having 40%. Mr. Broussard seconded. The motion passed.

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

- CCMP Capital Investors III, L.P. - Offer to purchase Limited Partners' Interests

Mr. Jeselink drew the board's attention to a letter from CCMP Capital Investors III, L.P. which was discussed at the investment committee meeting. (see attached Exhibit #11) He said that Mr. Becker had given the committee his analysis and recommended rejecting the buy-out transaction proposed

in the CCMP letter. Mr. Jeselink said the investment committee approved a motion recommending rejection of participation in the proposed CCMP buy-out transaction.

MOTION: Mr. Jeselink moved the investment committee's recommendation in the form of a motion. Mr. Romero seconded. The motion passed.

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

- FRS Private Equity Investment Strategy - Fund of One

Mr. Jeselink explained that the investment committee discussed the implementation of a private equity strategy called Fund of One. He said that Mr. Barnes had provided the investment committee with profiles of three different private equity managers that might be feasible for implementing the strategy, with those being HabourVest, Mesirow, and Hamilton Lane. Mr. Jeselink said that NEPC recommended that the full board interview at least two of the managers, preferably Hamilton Lane and HarbourVest and the investment committee approved a motion to that affect.

MOTION: Mr. Romero moved the investment committee's recommendation in the form of a motion, and added that the contracts of HarbourVest and Hamilton Lane, should be obtained and reviewed before inviting them in for interviews. Ms. Schexnayder seconded. The motion passed.

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

- NEPC - Smonik Systems LLC

Mr. Jeselink said that Mr. Barnes had drawn the investment committee's attention to a letter from NEPC concerning NEPC's use of a third-party vendor (Smonik Systems, LLC) for data collection purposes. (see attached Exhibit #13) He explained that several questions were left unanswered by NEPC regarding information security and the process used by NEPC to diligence the vendor. Mr. Jeselink said that the investment committee approved a motion recommending that the full board postpone making a decision regarding Smonik's access to FRS data until NEPC provides answers to the remaining questions.

MOTION: Mr. Tarleton moved the investment committee's recommendation in the form of a motion. Mr. Broussard seconded. The motion passed.

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

That concluded the Investment Committee report.

ADJOURNMENT

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

FUTURE MEETINGS

FRS Board of Trustees
Virtual Meeting
Audio-Video Transmission
Baton Rouge, Louisiana
Thursday, January 14, 2021 at 8:30 a.m.
(Public Attendance/Participation Protocols Published on FRS Agenda and FRS Website, ffret.com)

SUBMITTED BY:

Ashley Duhe, FRS Board Secretary

APPROVED BY:

Stacy Birdwell, FRS Chairman