



FIREFIIGHTERS RETIREMENT SYSTEM

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| <p>MEETING OF THE BOARD OF TRUSTEES MAY 12, 2011</p> |
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A meeting of the board of trustees was held on May 12, 2011 at the Public Safety Building in Baton Rouge. Mr. Charlie Fredieu, Chairman, called the meeting to order at 8:30 a.m.

Mayor Durbin gave the invocation and Mr. Birdwell led the pledge of allegiance.

Ms. Penny Gandy called the roll. A quorum was present.

MEMBERS PRESENT

Mr. Charlie Fredieu
Mr. Stacy Birdwell
Dr. Steven Procopio
Mayor Jimmy Durbin
Mayor Mayson Foster
Mr. Jerry Tarleton
Mr. Paul Smith
Mr. John Broussard

OTHERS PRESENT

Mr. Steven Stockstill
Ms. Kelli Rogers
Mr. Jason Starns
Ms. Penny Gandy
Mr. Gary Curran
Mr. Joe Meals (via teleconference)
Mr. Patrick Searcy
Mr. Bennie Oubre
Mr. Nick Berg
Mr. Kirk Reasonover

MINUTES

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on April 14, 2011. Mayor Durbin seconded. The motion passed.

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APPLICANTS

- New Members

PROCEDURE: 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. Jason Starns presented the list of new member applicants. (see attached Exhibit #1) He stated that all applications were in order.

MOTION: Mr. Birdwell moved to approve the new member applicants. Mayor Durbin seconded. The motion passed.

- Retirees

PROCEDURE: Written notification of retirement is received and 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. (see attached Exhibit #2) He stated that all applications were in order.

MOTION: Mr. Birdwell moved to approve the new retiree applicants. Mayor Foster seconded. The motion passed.

- Disability Recertification Applications

PROCEDURE: Once each year during the first five years following the initial board of trustees approval for disability retirement, and once every three year period thereafter, all disability retirement members must undergo a medical examination by a State Medical Disability Board doctor who must recertify that the disability retiree continues to be disabled from performing his duties, unless the board waives the recertification procedure. This recertification is required for the continuation of a disability member's benefits. The State Medical Disability Board doctor's report has been provided to the FRS board trustees.

██████████ Mr. Starns presented the application for disability recertification of ██████████
██████████ Mr. Starns stated that the applicant was seen by Dr. Stephen Wilson, the State Medical Disability Board doctor. In his report, Dr. Wilson stated, that "This patient had chronic pain in his

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lower back from working as a fireman. The pain gradually grew worse after he had been a fireman for over 9 years. He has since had two surgical procedures. The last operation was removal of disc and a fusion to his lower back." "I feel like at this time that this patient can return to gainful employment however; he needs to return to work where he does not have to lift more than 30 pounds or more than 15 pounds on a regular basis and he needs to return to activities that require only occasional bending, stooping, crawling or climbing. With these limitations which I think will probably be permanent, I do not think that this patient can return to work as a regular fireman."

Based upon the report by State Medical Disability Board doctor, Dr. Stephen Wilson, the staff recommends approval of continuation of disability retirement and approval of discontinuing disability recertification.

MOTION: Mr. Birdwell moved to accept the staff recommendation. Mr. Tarleton seconded. The motion passed.

[REDACTED] - Mr. Starns presented the application for disability recertification for [REDACTED].
[REDACTED] Mr. Starns stated that the applicant was seen by Dr. Thad Broussard, the State Medical Disability Board doctor. In his report, Dr. Broussard stated, that "This is going to be a progressive problem for this patient. I think it is going to be slow and insidious in such. I do not believe he needs further surgical intervention. I do not think that repeating the MRI scan is indicated, although he may benefit from repeat x-ray studies. My opinion remains the same in that I believe that this gentleman is totally incapacitated such that it prevents further performance of his normal duties as a firefighter and as I stated before that this incapacity is permanent. I did express to the patient that he does have capacity to perform other gainful and functional employment opportunities of a less essential nature as I explained to him on the earlier visit."

Based upon the report by State Medical Disability Board doctor, Dr. Thad Broussard, the staff recommends approval of continuation of disability retirement and approval of discontinuing disability recertification.

MOTION: Mr. Birdwell moved to accept the staff recommendation. Mr. Tarleton seconded. The motion passed.

[REDACTED] - Mr. Starns presented the application for disability recertification for [REDACTED].
[REDACTED] Mr. Starns stated that the applicant was seen by Dr. Thad Broussard, the State Medical Disability Board doctor. In his report, Dr. Broussard stated, that "I do not believe at this time that the patient should undertake a total knee arthroplasty. I do think that some time within the next 5 to 10 years he will certainly be facing such. At forty years ago [Dr. typo, "ago" should be "age".] the literature would recommend putting the surgery off in order to increase his survivorship of the knee. He remains disabled as a firefighter/operator secondary to his right knee findings and this is consistent with the previous reports of May 18, 2009 and April 13, 2010."

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Based upon the report of State Medical Disability Board doctor, Dr. Thad Broussard, the staff recommends approval of continuation of disability retirement and approval of continuing disability recertification.

MOTION: Mr. Birdwell moved to accept the staff recommendation. Mayor Durbin seconded. The motion passed.

MONTHLY FLASH REPORT -APRIL 2011

Mr. Joe Meals presented the monthly flash report for April 2011. (see attached Exhibit #3) He began by noting that the overall fund was up/down as follows: 1.8% for the month of April as compared to the blended index of 1.9%; 20.0% for the fiscal year to date as compared to the blended index of 14.8%; 13.5% for the trailing 12 months as compared to the blended index of 10.4%.

COMMITTEE REPORTS

- System Policies, Bylaws and Procedures Committee

[NOTE: The System Policies, Bylaws and Procedures Committee met on April 13, 2011, at the FRS office in Baton Rouge at 2:00 p.m. to discuss the business set forth in its posted agenda. The minutes of that meeting are embedded herein. Committee members present were Mayor James Durbin, chairman, Mr. Jerry Tarleton and Mr. Charlie Fredieu, ex officio. Also present was Mr. Stacy Birdwell.]

Committee chairman Durbin presented the System Policies, Bylaws and Procedures Committee report. Mayor Durbin advised the board that certain amendments need to be made in the bylaws to bring them up to date. The bylaws committee met to discuss the issues. The committee now proposes the following bylaw amendments to the full board. (see attached Exhibit #4)

(1) Article II, Section 5, Quorum and Voting Rights- the bylaws currently read in part "Four trustees shall constitute a quorum." The actual number of trustees required by state law to constitute a quorum is 6.

(2) Article III, Section 1, Executive Director- the bylaws currently read in part

- The board of trustees shall preapprove the hiring of any employee by the director.
- The board of trustees shall preapprove the termination of any employee until such time as such preapproval is rescinded by motion and adoption by the board.
- Regarding employees of the system who are employed on or before December 6, 2001, the chairman of the board of trustees shall be involved in any formal disciplinary proceeding conducted by the director as a preparatory step to presenting the disciplinary matter to the full board of trustees."

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Current FRS procedures do not require the executive director to have preapproval of hiring and the executive director does not have to have preapproval of termination. These are requirements that were instituted when the present executive director was initially hired, but are no longer needed. Mayor Foster recommended that, in addition to eliminating the 3 bullet point items above, the number of days that the executive director can be out of the office without notifying board chairman should be changed from 1 day to 3 days.

(3) Article V, Section 1, Regular Meetings- the bylaws currently read in part "Regular business meetings shall be held on the second Thursday of each month at 9:00 a.m., unless such other date and time is specified in the meeting notice." Current procedure of FRS is to hold its regular business meetings at 8:30 a.m.

(4) Article V, Section 5, Meeting Limitations- the bylaws currently read in part "An item may be added to the agenda upon unanimous approval of the board of trustees." Committee chairman Durbin advised the board that the law has changed over the years and noted it is easier to follow statutory law than to continuously change the FRS bylaws. He said, for that reason, the committee recommends that the phrase "upon unanimous approval of the board of trustees" be changed to "in accordance with law."

(5) Article VIII, Section 1, Bylaw Amendments- the bylaws currently read in part "Any amendment to these bylaws shall require a three-fourths vote of the board of trustees". Committee chairman Durbin said the committee recommends that the phrase "three-fourths" be changed to "two-thirds".

MOTION: Mr. Birdwell moved to adopt the recommendations from the System Polices, Bylaws and Procedures committee. Mr. Tarleton seconded. The motion passed.

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

- Budget and Finance Committee

[NOTE: The Budget and Finance Committee met on April 13, 2011, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the business set forth in its posted agenda. The minutes of that meeting are embedded herein. Committee members present were Mayor Mayson Foster, chairman, Mr. Stacy Birdwell, Mr. Jerry Tarleton and Mr. Charlie Fredieu, ex officio. Also present was Mayor James Durbin.]

Committee chairman Foster recognized Ms. Kelli Rogers, System Administrator/CPA, to present the proposed FRS operating budget for Fiscal Year 2011-2012. (see attached Exhibit #5) Ms. Rogers stated that the proposed budget is being distributed at this meeting so the board can assist in its completion. For example, the item for "Board Travel Expense - Conferences" was left blank at this point for board members to advise staff of the conferences that will be attended. Then the proposed

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budget will lay over for one month to give the board more time for review and consideration. It will be presented again at next month's board meeting, including any changes made by board members in the interim.

MOTION: Mr. Broussard moved to add \$1,200 in the budget, in order to allow one computer purchase per year for FRS staff members. Mr. Birdwell seconded. The motion passed.

Committee chairman Foster advised the board that if Senate Bill 12 passes in its current form during the 2011 Legislative Session, FRS will need to have new computer programs written for its implementation. The exact cost of such programming cannot be determined at this time. He said that, if major reprogramming must be done, then modernizing the current AS400 system might become a feasible consideration. An amount has not been budgeted for this contingency, but Ms. Rogers noted a projected amount of approximately \$500,000. (see attached Exhibit #6)

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

FRS INVESTMENT REPORT

[NOTE: The Investment Committee did not meet this month.]

Committee chairman Birdwell recognized Mr. Joe Meals for the purpose of presenting the monthly investment report, via teleconference.

- Land Baron - Sole Mate Too

Mr. Meals discussed the existing FRS investment as a co-owner of a parcel of property known as Sole Mate Too located in Surprise, Arizona. He recalled that FRS co-owns the property along with an LLC named Sole Mate Too LLC. He said the property is managed by the principals of Land Baron LLC. He referenced a chart provided by Land Baron showing the ownership interest of the property as FRS-86.17% and Sole Mate Too LLC-13.83%. (see attached Exhibit #7) The chart further shows that the Sole Mate Too LLC is comprised of 8 members, one of which represents 41.32% ownership of the LLC and who is unable to meet its capital call commitments. Because of that LLC member's delinquency, Land Baron provided all other members of the LLC and FRS with a notice of the right to purchase the delinquent member's interest for a total sum of \$15,752.07. He said if no investor buys the position at this price, Land Baron will issue a second capital call to every investor, proportionate to their interest, to obtain the money that is needed to make up the delinquency and change every investor interest pro rata. Mr. Meals recommended that FRS reject the opportunity to purchase the delinquent member's interest.

MOTION: Mayor Durbin moved to accept Mr. Meals' recommendation. Mr. Broussard seconded. The motion passed.

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

- Amendment to JPM Chase Custody Agreement Regarding Global Investments

Mr. Stockstill advised the board that while making the transition of Blackrock, from an existing FRS International Equity manager to a Global Equity mandate, JPM Chase gave FRS a 28-page amendment to the existing JPM custody agreement that would have to be executed before the Global account could be opened. Mr. Stockstill said there are certain sections of the proposed amendment that he is unable to sign without first having board approval. He noted that the jurisdiction for any judicial dispute would be the US District Court for the Southern District of New York. Mr. Stockstill said he did not refuse to sign the amendment based on this provision alone because in a prior agreement, with another manager, the board accepted New York jurisdiction. He advised the board that another provision of the amendment requires FRS to waive its right to a trial by jury in the event of a judicial dispute. Mr. Stockstill advised the board that he did not have the authority to waive such a constitutional right unless the board gives him the right to do so. Mr. Stockstill said that he was not authorized to accept the severe limitation of damages that could be awarded if FRS prevailed in a lawsuit versus JPM. He said remedial changes were sent to JPM Chase. JPM advised the changes were not acceptable.

MOTION: Mayor Foster moved to reject the custody amendment in the form as submitted by JPM Chase. Mr. Birdwell seconded. The motion passed.

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

- Blackrock Asset Management

Mr. Stockstill advised the board that the transition of Blackrock, from an existing FRS International Equity manager to a Global Equity mandate is on hold until the transition to a new custodial bank occurs.

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

CUSTODIAL BANK SERVICE RFP

Mr. Stockstill advised the board that the FRS staff, joined by Mr. Joe Meals, interviewed 4 respondents of the Custodial Bank RFP, those being Union Bank, Northern Trust, State Street, and Bank of New York Mellon. He presented a chart titled "FRS Custodian Summary" showing the numerical rating of each respondent. (see attached Exhibit #8) He then recommended Northern Trust as the RFP finalist to come before the board for a diligence interview. However, he noted that FRS is the lead plaintiff in a class action law suit against Northern Trust involving securities lending, which is not a service that FRS is seeking from its custodial bank. He asked Mr. Kirk Reasonover,

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with Reasonover & Olinde, to discuss the issue with hiring a company in which FRS is involved in a lawsuit.

MOTION: Mr. Smith moved to enter executive session. Mayor Durbin seconded. The motion passed unanimously.

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

Mr. Stockstill advised the board that the formal staff recommendation is for Northern Trust to appear before the board for a diligence interview.

MOTION: Mr. Smith moved to reject the staff's recommendation. Mayor Durbin seconded. The motion passed.

Mr. Stockstill advised the board that, based on the previous board action, the staff now formally recommends that Bank of New York Mellon appear before the board for a diligence interview.

MOTION: Mayor Durbin moved to accept the staff recommendation. Mr. Tarleton seconded. The motion passed.

Mr. Birdwell noted that the staff, joined by Mr. Meals, conducted a comprehensive two-day interview of each RFP respondent and, based on those interviews, suggested that the interview process was sufficient to satisfy the due diligence required by the RFP process.

MOTION: Mr. Birdwell then moved to hire Bank of New York Mellon as the custodial bank service provider, subject to fees being successfully negotiated by a FRS fee negotiation committee. Mayor Durbin seconded. The motion passed.

MOTION: Mr. Birdwell moved that board chairman, Charlie Fredieu, investment committee chairman, Stacy Birdwell, and budget chairman, Mayor Foster be appointed as members of the fee negotiating committee. Mr. Tarleton seconded. The motion passed.

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

FRS STATEMENT OF NET ASSETS

Ms. Kelli Rogers presented the board with the FRS Statement of Net Assets as of March 31, 2011, and FRS Statement of Changes in Net Assets For the Nine Months Ending March 31, 2011. (see attached Exhibit #9)

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MOTION: Mr. Broussard moved to adopt the statements as presented. Mayor Durbin seconded. The motion passed.

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

2011 LEGISLATIVE SESSION UPDATE

Mr. Stockstill presented the board with the following House and Senate bills currently pending in the 2011 Legislative Session:

HB332 PEARSON RETIREMENT/STATE-STWIDE: Relative to the Municipal Employees' Retirement System (MERS), the Municipal Police Employees' Retirement System (MPERS), and the Firefighters' Retirement System (FRS), implements the recommendations of the Funding Review Panel by providing for board membership, benefit calculation, maintaining employer contribution rates at certain amounts, and employee contribution rates (EG DECREASE APV).

Mr. Stockstill asked the board to take a position on HB332. (see attached Exhibit #10)

MOTION: Mr. Birdwell moved to oppose HB332, unless the portion of the bill that provides a floating contribution rate is amended to reflect "Total Employer Contributions", and is further amended to discontinue the Funding Review Panel, and is further amended to remove the anti-spiking provisions. Mr. Smith seconded. Mr. Broussard and Dr. Procopio opposed. The motion passed 6 to 2.

MOTION: Mr. Birdwell moved to support an amendment to Senate Bill 12 to include language requiring any employer that opts to be in Tier 2 to pay their share to FRS of any additional costs incurred by FRS. Mr. Tarleton seconded. The motion passed.

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

ADJUSTMENT TO THE MERGER OF ST. GEORGE FIRE PROTECTION DISTRICT

Mr. Stockstill advised the board that when St. George Fire Protection District merged into FRS in 2007, three employees' non-firefighter service was not included in the service merged into FRS, despite the fact that such service had been transferred into or purchased while a member of the City of Baton Rouge-Parish of East Baton Rouge Employees' Retirement System. A review by the transferring system found that additional funds were available for only one of the three individuals. Mr. Greg Curran prepared an actuarial report titled "Adjustment To The Merger Of Firefighters From The St. George Fire Protection District Into The Firefighters' Retirement System As Of June 30,

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2011", regarding adjusting the service of these three individuals. (see attached Exhibit #11) Mr. Stockstill said that, if the board approves a technical adjustment to the previously approved merger, then the adjustment will be included in the FRS Valuation next fiscal year and will be presented to PRSAC for its consideration. If PRSAC approves the valuation, then IPTF funds will be allocated to FRS to cover the cost of the adjustment.

MOTION: Mr. Birdwell moved to approve the merger adjustment as provided for in the actuarial report presented by Mr. Curran. Mayor Durbin seconded. The motion passed.

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

ADJOURNMENT

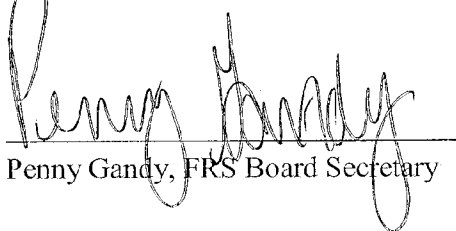
There being no further business, the meeting of the FRS board of trustees was adjourned.

FUTURE MEETINGS


FRS Investment Committee
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, June 8, 2011 at 3:00 p.m.

FRS Board of Trustees
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, June 9, 2011 at 8:30 a.m.

SUBMITTED BY:


Penny Gandy, FRS Board Secretary

APPROVED BY:


Mr. Charles Fredieu, FRS Chairman