



## **FIREFIGHTERS RETIREMENT SYSTEM**

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### **MEETING OF THE BOARD OF TRUSTEES April 9, 2009**

A meeting of the board of trustees was held on April 9, 2009, at the Public Safety Building in Baton Rouge. Board books containing all pertinent documents were mailed to the board members in the week before the meeting for their advance review. Page numbers referenced in these minutes are related to the board books. Mr. Charles Fredieu, Chairman, called the meeting to order at 8:30 a.m.

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

Ms. Janet Picard called the roll.

#### **MEMBERS PRESENT**

Charles Fredieu, Chairman  
Mayor Clarence Hawkins  
Chief Sammy Halphen  
Stacy Birdwell  
Paul Smith  
Mayor Jimmy Durbin  
Barbara Goodson  
John Broussard

#### **OTHERS PRESENT**

Steven Stockstill  
Kelli Chandler  
Jason Starns  
Brent Philip  
Janet Picard  
Gary Curran  
Joe Meals  
Lauren Bailey  
Karen Stephens  
Earl Bush  
Craig Miller  
Smokey Bourgeois

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**MINUTES**

MOTION: Mr. Birdwell moved to adopt the minutes of the board meeting held on March 12, 2009. Mr. Halphen seconded. The motion passed.

**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 contained on Page 14 of the board book. (see attached Exhibit #1) He stated that all applications were in order.

MOTION: Mr. Birdwell moved to approve the new member applicants. Mr. Halphen 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 new retiree list contained on Page 16 of the board book. (see attached Exhibit #2) He stated that all applications were in order.

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

- 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 license (if beneficiary is a spouse), and the beneficiary's birth certificate. Once received, the application and all supporting documentation is reviewed by staff. The deceased member's records are reviewed by staff to determine survivor benefit eligibility and to determine that survivor benefit calculations are completed per applicable state law and any merger agreement. [NOTE: Individuals who retired

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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)

Mr. Starns presented the application of Mrs. Virginia Dale Holloway Boler, surviving spouse of Mr. Forest Dale Boler. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve survivor benefits for Mrs. Virginia Dale Holloway Boler. Mr. Halphen seconded. The motion passed.

Mr. Starns presented the application of Jayla Goodwill, surviving child of Mr. Eddie Dugas, Jr. He reminded the members of the board that surviving spouse benefits had been approved in the February, 2009, board meeting. He stated that the application for surviving child benefits was in order.

MOTION: Mr. Birdwell moved to approve survivor benefits for Jayla Goodwill. Mr. Halphen seconded. The motion passed.

Mr. Starns presented the application of Mrs. Alice Davis Hardison, surviving spouse of Mr. Earl Hardison, Jr. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve survivor benefits for Mrs. Alice Davis Hardison. Mr. Halphen seconded. The motion passed.

Mr. Starns presented the application of Mrs. Olla Mae Thompson, surviving spouse of Mr. William Thompson. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve survivor benefits for Mrs. Olla Mae Thompson. Mr. Halphen seconded. The motion passed.

- Disability Application

PROCEDURE: Application for disability retirement, current job duties, and all medical records pertaining to the injury or illness are received and reviewed by the retirement office staff. An appointment is scheduled with a state medical disability board doctor specializing in the area of the claimed disability. The doctor submits a detailed report, in laymen's terms, of his findings based on the examination performed and the medical records reviewed. The board of trustees is provided with the disability application, job description, state medical disability board doctor's report and all medical records for review. (R.S. 11:215, 216, 218, & 2258)

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Mr. Starns presented the application for disability retirement of [REDACTED] who was seen by Dr. Howard Woo, the State Medical Disability Board doctor. According the medical report from Dr. Woo, the applicant has a five-year history of lower urinary tract symptoms, including worsened urinary frequency, urgency, nocturia, and bladder and pelvic pain syndrome. [REDACTED] was also treated by an outside urologist for interstitial cystitis in the past. In addition, a procedure was performed on January 21, 2009, which demonstrated maximum bladder capacity of 600 milliliters and diffused changes of the bladder, consistent with interstitial cystitis. [NOTE: The aforementioned procedure, a cystoscopy with hydro distention under general anesthesia, was performed by Dr. Woo.]

Mr. Starns referred to a report from the Houma Surgi-Center in which the applicant was diagnosed with prostatitis and microhematuria. Mr. Starns told the members that Mr. Stockstill had noted that the report was dated January 5, 2000, which is prior to [REDACTED] membership in the system. Mr. Starns stated that there may or may not be a connection between the applicant's diagnosis in 2000 and the medical conditions [REDACTED] listed on his application for disability. In addition, Dr. Woo's report did not state that there was a pre-existing condition prior to [REDACTED] membership in the system.

Upon questioning by Mr. Halphen, Mr. Stockstill explained that if [REDACTED] application is approved, it should be approved subject to further study by staff to determine whether or not there is a connection between his diagnosis in 2000 and his current medical conditions.

MOTION: Mr. Halphen moved to approve the disability application of [REDACTED] pending certification that the two medical conditions are not connected. Mr. Birdwell seconded.

Mr. Starns explained that if it is found that the medical conditions are connected, the board would revisit [REDACTED] application for disability to make a determination with regard to whether or not his condition is pre-existing.

Chairman Fredieu suggested that discontinuation of recertification not be approved at this time.

MOTION: Mr. Halphen added to his earlier motion, which had been seconded by Mr. Birdwell, that the discontinuance of disability recertification not be approved at this time. The motion passed.

**MONTHLY FLASH REPORT - MARCH 2009**

Mr. Joe Mcals presented the monthly flash report for March 2009. (see attached Exhibit #3) He began by noting that the overall fund was up/down as follows: +2.5% for the month of March as compared to the blended index of +5.8%; -27.5% for fiscal year to date as compared to the blended index of -21.9%; -26.2% for the trailing 12 months as compared to the blended index of -23.4%.

**COMMITTEE REPORT - INVESTMENT COMMITTEE**

[NOTE: The Investment Committee met on April 8, 2009, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the business set forth in its posted agenda. Committee members present included committee Chairman Stacy Birdwell, Ms. Barbara Goodson, Mayor Clarence Hawkins, Mr. Paul Smith, and Mr. John Broussard, alternate.]

- **Current State of the Economy**

Mr. Meals distributed a hand-out entitled "Economic recovery dashboard." (see attached Exhibit #4) He stated that the information is current as of February 28, 2009, and provides an update on the current state of the market. Mr. Meals briefly discussed the TED Spread, the corporate debt market, and market volatility, which are the leading indicators of the market, and mortgage delinquencies, employment growth, consumer spending, and economic expansion, which are lagging indicators of the market. He also discussed the remainder of the exhibit, consisting of graphs and charts depicting historical data relative to the capital market. [NOTE: Mr. Meals stated that the three-month yield should be shown as 20 basis points rather than 2% on the Barclay's High Yield Index chart.]

- **Small/Mid Cap Manager Search Update**

Mr. Meals provided an update of the small/mid cap manager search process. (see attached Exhibit #5) He stated that the next two steps in the process would be to select firms for an invitation to respond to the RFP and to have the FRS board approve the RFP questions to be submitted to the selected firms. Mr. Meals went on to say that 26 managers met the minimum criteria. He then briefly discussed the remainder of the exhibit, explaining the way in which managers were included and excluded from the remainder of the process. Mr. Meals recommended that the first eight managers listed on Page 18 be invited to respond to the RFP, and based upon those responses, two to three could be selected for interviews. He added that the board, if it chose to do so, could invite additional managers to respond to the RFP.

Ms. Goodson questioned Mr. Meals with regard to AXA Rosenberg and whether or not the system had used any of the other managers listed in Exhibit #5. Mr. Meals responded that if, after the process, the board does select a new manager, the new manager would replace AXA Rosenberg. He also stated that, to the best of his knowledge, with the exception of AXA Rosenberg, FRS had not used any of the other managers listed.

MOTION: Mr. Birdwell said the investment committee recommended sending the RFP to the top eight managers identified in the exhibit and he moved that recommendation in the form of a motion. Mr. Halphen seconded. The motion passed.

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Mr. Meals distributed to the members of the board the RFP questionnaire to be sent to the selected managers. (see attached Exhibit #6)

MOTION: Mr. Birdwell said the investment committee recommended approval of the RFP questionnaire shown in the exhibit and he moved that recommendation in the form of a motion. Mr. Halphen seconded. The motion passed.

Mr. Meals stated that the RFP would be mailed to the eight managers with a request to return the completed form to CSG by April 30. The responses would then be compiled and be available for the board meeting to be held in May.

- **Capital Springs, LLC**

Mr. Meals stated that Capital Springs LLC presented its strategy to the Investment Committee meeting, and he was of the opinion that Capital Springs LLC is one of the better managers.

MOTION: Mr. Birdwell said the Investment Committee recommended termination of Ashmore LCF and Ironwood Partners and to invest \$20 million in Capital Springs LLC and he moved that recommendation in the form of a motion. Mr. Halphen seconded. The motion passed.

- **Townsend Real Estate**

Mr. Meals stated that, although Townsend Real Estate provided a presentation to the Investment Committee, there was no recommendation at this time.

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

- **Land Baron LLC and First NBC**

Referring to the renegotiation of the lending agreement maintained between Land Baron LLC and First NBC relative to the property known as Nothing Left To Prove, Mr. Meals informed the members of the board that the revised term sheet had not yet been received from First NBC bank.

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

- **FRS LB#1 and Land Baron Investments Management Agreement**

Discussion of this matter was deferred until a later date.

- **FRS Investment Policy**

Mr. Stockstill distributed a revised copy of the FRS Investment Policy to the board members. (see attached Exhibit #7) He explained that substantive revisions had been recommended by Mr. Meals and suggested that the board defer discussion and action on the Investment Policy until the next meeting.

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

- **Northern Trust 500 Index Fund/Northern Trust 400 Index Fund**

Mr. Birdwell said the Investment Committee recommended redemption of 15% of the Northern Trust 500 Index Fund and the Northern Trust 400 Index Fund.

Mr. Meals explained that the Northern Trust Index Funds participated in securities lending and have placed a restriction on redemptions. A redemption of up to 15% can be requested every two weeks; however, depending upon the Fund's liquidity and ability to meet the request, the full 15% redemption may not be received. Mr. Meals requested approval from the board to submit a request for a 15% redemption every two weeks.

MOTION: Mr. Birdwell moved to approve the redemption instruction as stated by Mr. Meals. Mr. Smith seconded. The motion passed.

- **U. S. Department of Labor - Settlement Agreement With CSG  
(Trading Services Group- Brokerage Recapture)**

Chairman Fredieu turned the board's attention to the settlement agreement executed by and between the Department of Labor (DOL) and Consulting Services Group (CSG). He stated that the signed agreement had been signed by FRS. He asked Mr. Stockstill if the signed agreement was legitimate, to which Mr. Stockstill responded affirmatively.

Mr. Stockstill explained that a copy of an unsigned settlement agreement between the DOL and CSG was distributed at the FRS board meeting held in March. A request was made at that meeting for a copy of the signed version to be provided to the board in order to ensure that there were no differences between the unsigned and signed versions of the agreement. Mr. Stockstill then referred to a supplemental package of documents that had been provided to the board containing a copy of both versions of the agreement. He stated that there were three technical differences in the two versions but, otherwise, they were the same in all material respects.

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

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MOTION: Mr. Birdwell moved to enter into executive session in order for the board to discuss a personnel matter related to the operations and practices of Consulting Services Group (CSG) and its affiliate Trading Services Group (TSG) as posted on the FRS agenda. Mr. Halphen seconded. The motion passed.

The board entered executive session.

MOTION: Upon conclusion of executive session, Mr. Birdwell moved to return to regular session. Mayor Durbin seconded. The motion passed.

The board returned to public session.

Upon inquiry from a board member, Mr. Stockstill suggested that the appropriate board motion, based on discussions by and between board members, would be to direct the FRS staff to prepare a summary report of the substance and content of the executive session discussions.

MOTION: Mr. Birdwell then moved that suggestion in the form of a motion. Messrs. Broussard and Halphen jointly seconded. The motion passed.

**COMMITTEE REPORT - BUDGET & FINANCE COMMITTEE**

[NOTE: The Budget and Finance Committee met on April 8, 2009, at the FRS office in Baton Rouge at 2:00 p.m. to discuss the business set forth in its posted agenda. Committee members present included committee Chairman Mayor Clarence Hawkins, Mr. Stacy Birdwell, Mr. Sammy Halphen, Ms. Barbara Goodson, Mr. Paul Smith, and Mr. Charlie Fredieu, ex officio member.]

Chairman Hawkins began discussion of the budget by recognizing Mr. Brent Philip, FRS staff accountant.

**• FRS Operating Budget - Fiscal Year 2009-2010**

Mr. Philip presented the FRS Operating Budget for Fiscal Year 2009-2010. (see attached Exhibit #8) He began by saying that the budget contains the following expenses: Administrative, \$544,155; Professional Services, \$173,39; office, \$99,960; Travel (board members), \$22,700; Travel (staff), \$2,250; Hotel (board and staff), \$16,640; Other, \$7,775; a total of \$866,870 for Fiscal Year 2009-2010.

Mr. Broussard requested clarification relative to the increase in the budget from the prior year and asked if there had been a decrease in any specific budget items.



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Mr. Stockstill replied that, although the budget does reflect an increase in certain line items, the overall budget for FY 2009-2010 represents a net 6% decrease over FY 2008-2009.

Upon questioning by Mayor Hawkins, Mr. Philip, referred to Page 144 of the board book, and explained that the -6% decrease is the difference between the budgeted amount for FY 2008-2009 compared to FY 2009-2010. He added that the 5% increase is based on the annualized expenses for 2008-2009 over what is being budgeted for 2009-2010. Mr. Philip noted that an increase in actuarial fees had been budgeted in expectation of a 10-year study relative to employer rates and studies regarding mergers and transfers.

Chairman Fredieu announced that, in order to reduce expenses, the board would be limiting the number of conferences members attend.

MOTION: Mayor Hawkins stated that it was the recommendation of Budget and Finance Committee to approve the FRS Operating Budget for FY 2009-2010 and he moved that recommendation in the form of a motion. Mr. Birdwell seconded. The motion passed.

Ms. Kelli Chandler informed the members of the board that, although it may seem like it is not the time to increase spending, it is essential that the FRS computer system be replaced. She stated that the cost of a new computer system was not included in the budget and explained that, if it was, it would be a capital item that gets depreciated each year.

In addition, Ms. Chandler discussed the rental agreement between FRS and the State Police Retirement System and that additional space is needed by both systems.

Mayor Hawkins stated that conversations would be held with the State Police Retirement System relative to whether or not it will continue to rent space from FRS and the outcome of those discussions will determine the need for building expansion.

Ms. Chandler also mentioned that an RFP for auditors would be recommended next year in order to follow SEC standards.

- **FRS Proposed Legislation**

Mr. Stockstill turned the board's attention to proposed legislation by the system to provide for an increase in the amortization period for actuarial gains and losses from 15 to 20 years for a five-year period. During the five-year period following enactment of the legislation, the amortization period would decrease each year until such amortization period returns to 15 years. Mr. Stockstill provided a handout to the members depicting changes in the language of the legislation suggested by Mr. Gary Curran. (see attached Exhibit #9) In addition, he stated that the chairman of the House Committee on Retirement had requested a copy of a resolution from the FRS board authorizing the introduction

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of any legislation proposed by the FRS board for the 2009 Regular Session. Mr. Stockstill distributed to the members a proposed resolution. (see attached Exhibit #10)

MOTION: Mayor Durbin moved to approve the proposed legislation as presented with Mr. Curran's suggested language and the resolution. Mr. Broussard and Mayor Hawkins jointly seconded. The motion passed.

- **St. Gabriel Site Visit**

Ms. Chandler provided a brief overview of the site visit with St. Gabriel Parish which she and Mr. Philip conducted on February 19, 2009. (see attached Exhibit #11) She stated that, although St. Gabriel has only five full-time firefighters, the records are less than adequate. For example, firefighters fluctuate between full and part-time service and dates of service cannot be verified. Also, a firefighter hired on June 24, 2006 was not enrolled in FRS until June of 2008.

Chairman Fredieu asked what, if anything, the board could do to correct the issues at St. Gabriel.

Mr. Stockstill recommended that a letter be sent to St. Gabriel expressing concern regarding the issues found during the FRS site visit. He stated that he would also offer assistance to St. Gabriel in addressing those issues.

MOTION: Mr. Birdwell moved to approve the recommendation of Mr. Stockstill. Mr. Smith seconded. The motion passed.

- **Southern Theaters LLC**

Mr. Stockstill informed the board that he had been approached by Mr. George Solomon, a principal in Southern Theaters LLC, regarding the possibility of the system becoming an investing partner in its fund. He stated that information pertaining to the investment was provided to him by Mr. Solomon. Mr. Stockstill stated he, in turn, provided the information to Mr. Meals for his review and informed Mr. Solomon that the board would be made aware of the investment opportunity.

**ADJOURNMENT**

MOTION: There being no further business, Mr. Birdwell moved to adjourn the board meeting. Mayor Hawkins seconded. The motion passed.

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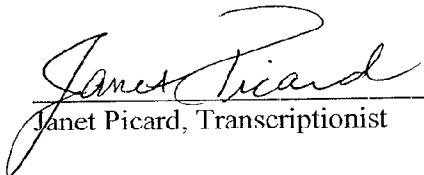
**FUTURE MEETINGS**

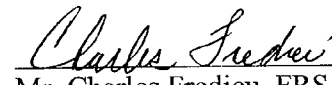
**FRS Investment Committee  
Public Safety Building  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Wednesday, May 20, 2009, at TBA**

**FRS Board of Trustees  
Public Safety Building  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Thursday, May 21, 2009, at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:

  
\_\_\_\_\_  
Janet Picard, Transcriptionist

  
\_\_\_\_\_  
Mr. Charles Fredieu, FRS Chairman