



FIREFIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES FEBRUARY 11, 2010

A meeting of the board of trustees was held on February 11, 2010, at the Public Safety Building in Baton Rouge. Mr. Charles 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. Kelli Chandler called the roll.

MEMBERS PRESENT

Mr. Charles Fredieu, Chairman
Mr. Stacy Birdwell, Vice Chairman
Mr. John Broussard
Mayor Jimmy Durbin
Ms. Barbara Goodson
Mr. Sammy Halphen
Mr. Paul Smith

OTHERS PRESENT

Mr. Steven Stockstill
Ms. Kelli Chandler
Mr. Jason Starns
Mr. Greg Curran
Mr. Joe Meals
Ms. Lauren Bailey
Mr. Van Mayhall
Mr. Chad Major
Mr. Floyd Falcon
Mr. Matthew Knoblauch
Mr. Eldon Ledoux

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MINUTES

MOTION: Mr. Stacy Birdwell moved to approve the minutes of the board meeting held on January 14, 2010. Mayor Durbin seconded. The motion passed.

Chairman Fredieu stated that he would like to have the Investment Committee report taken up at this time.

MOTION: Mr. Halphen moved to discuss the Investment Committee report. Mr. Birdwell seconded. The motion passed.

MONTHLY FLASH REPORT - JANUARY 2010

Mr. Joe Meals presented the monthly flash report for January 2010. (see attached Exhibit #1) He began by noting that the overall fund was up/down as follows: -1.1% for the month of January as compared to the blended index of -1.6%; +11.9% for the fiscal year to date as compared to the blended index of 13.1%; +19.7% for the trailing 12 months as compared to the blended index of +23.2%.

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on February 10, 2010, 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 imbedded herein. Committee members present were Mr. Stacy Birdwell - Chairman, Mr. John Broussard, Ms. Barbara Goodson, Mr. Sammy Halphen, Mr. Paul Smith, Mr. Charles Fredieu, ex officio.]

• **Commonwealth Advisors**

Mr. Meals stated that Mr. Walter Morales, Commonwealth Advisors, provided a report to the Investment Committee regarding the pricing issues pertaining to the Commonwealth portfolio. A handout relative to Commonwealth Advisors was provided to the members of the board. (see attached Exhibit #2) In the committee meeting, Mr. Morales explained that the reason for the change from one pricing service to the other was due to his belief that the assumptions being used by the former pricing service were more aggressive and did not necessarily result in a price that was close to reflecting what the market value of securities would be if liquidated. Commonwealth was of the opinion that the more appropriate pricing structures would be given by the second pricing service. Mr. Morales indicated that his own assumptions would have put the value of the fund somewhere between the former and the new pricing service. He provided a schedule of cash flows indicating that, in total, the amount of cash that was being projected to be received was the same under both pricing services, as well as under his own, and that the major discrepancy was between the timing

of when that cash flow would be received and, to some degree, the discount rate that was being used for present value in those cash flows. He also indicated that redemptions had been suspended in the fund so that one investor could not liquidate at the expense of the others, and all investors would be treated equally.

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

The report by the Investment Committee was concluded at this time.

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 #3) 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 list of new retirees. (see attached Exhibit #4) He stated that all applications were in order.

MOTION: Mr. Halphen moved to approve the new retiree applicants. Mayor Durbin 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 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)

Mr. Starns presented the application of Mrs. Mable Colvin Davis, surviving spouse of Mr. Jerry Youman Davis, Sr. He stated that the application was in order, pending receipt of a certified death certificate.

MOTION: Mr. Birdwell moved to approve surviving spouse benefits for Mrs. Mable Colvin Davis pending receipt of a certified death certificate. Mr. Halphen seconded. The motion passed.

Mr. Starns presented the application of Mrs. Traci Lee Adams, surviving spouse of Mr. Tommy Lee Adams. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve surviving spouse benefits for Mrs. Traci Lee Adams. Mr. Halphen seconded. The motion passed.

Mr. Starns presented the application of Mr. Brandon Paul James, named beneficiary and surviving son of Mr. Monroe William James. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve survivor benefits for Mr. Brandon Paul James. Mr. Halphen seconded. The motion passed.

Mr. Starns presented the application of Mrs. Trudy Thibodeaux Simon, surviving spouse of Mr. Jason Dale Simon. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve surviving spouse benefits for Mrs. Trudy Thibodeaux Simon. Mr. Halphen seconded. The motion passed.

- Disability Retirement Applications

PROCEDURE: Application for disability retirement, current job duties, and all medical records pertaining to the injury or illness were received and reviewed by the retirement office staff. An appointment was scheduled with a State Medical Disability Board doctor specializing in the area of the claimed disability. The doctor has submitted a detailed report in laymen's terms of his findings based on the examination performed and the medical records reviewed. The board of trustees has

been 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)

Mr. Starns presented the application for disability retirement of [REDACTED]. He noted that [REDACTED] was not present. He stated that [REDACTED] was seen by Dr. Glenn Gomes, the *State Medical Disability Board* doctor. Dr. Gomes stated in his report that [REDACTED] is totally incapacitated and unable to perform his normal duties as a fireman, which is likely to be permanent. Dr. Gomes was of the opinion that the condition causing the disability is pancreatic cancer, which is due to the applicant's exposure to various carcinogens from his employment as a firefighter. Based upon the report of Dr. Gomes, approval for disability retirement was recommended, as well as the discontinuation of disability recertification.

MOTION: Mr. Halphen moved to approve disability retirement benefits for [REDACTED] and to discontinue disability recertification. Mr. Birdwell seconded. The motion passed.

Mr. Starns presented the application for disability retirement of [REDACTED]

It was noted that the applicant was present and requested that the board enter into executive session to discuss his application for disability retirement and all related personal medical information.

MOTION: Mr. Halphen moved that the board to enter into executive session. Mr. Birdwell seconded. The motion passed.

The board entered into executive session.

MOTION: Mr. Halphen moved that the board return to regular session. Mr. Birdwell seconded. The motion passed.

The board returned to regular session.

MOTION: Mr. Halphen moved to approve job-related disability benefits for [REDACTED] based upon the finding that he had coronary artery disease as of 2009, which has caused him to be disabled. Mr. Birdwell seconded. The motion passed.

MANAGEMENT AGREEMENT - LAND BARON, INC. AND FRS

Upon request by Mr. Stockstill and approval by Chairman Fredieu, the proposed restructuring of the Management Agreement between Land Baron and FRS was taken up at this time.

Mr. Stockstill recalled that in the board meeting held on January 14, 2010, a discussion was had relative to a proposal by the principals of Land Baron to be paid a management fee on properties held

by FRS. Currently, Land Baron manages the properties, but will not be paid a fee until the properties are sold and, at that time, a management fee would be paid from the profit. Due to financial difficulties, Land Baron has proposed that FRS pay, in advance, a quarterly 25-basis-point fee, and at the time the properties are sold, the management fee would be recovered from the profits of the sales. During the January 14th meeting, the board voted to authorize Mr. Van Mayhall to draft an amendment to the management fee agreement. [NOTE: Please refer to the minutes of the board meeting held on January 14, 2010, for the discussion and vote on this matter.]

Mr. Stockstill went on to say that Land Baron acquiesced to the one-year term and 30-day written notice of termination provisions in the agreement. Mr. Stockstill explained that he and Mr. Mayhall discussed with Land Baron, as part of the amendment to the management agreement, that Land Baron would pay 9.25% interest on the advancement of management fees. At that time, he and Mr. Mayhall were unclear as to whether the 9.25% interest fee was included in the motion and vote on the amendment, but out of an abundance of caution, it was presented to Land Baron. Since that time, however, it was realized that the board had not voted to charge the interest to Land Baron. Although the documents were forwarded to Land Baron with the aforementioned amendments, the documents had not yet been signed, and if the board decided against charging the 9.25% interest fee, that part of the agreement could be retracted or omitted. He added that, although he and Mr. Mayhall may or may not have been correct relative to the 9.25% interest fee, the issue is now before the board.

A discussion on this matter was had by the board, Mr. Stockstill, and Mr. Mayhall. The discussion included opinions for and against charging the 9.25% interest fee to Land Baron. Questions were also raised as to whether or not FRS should continue to use Land Baron to manage the property; however, it was decided that it would cost more to hire another company.

MOTION: Mr. Birdwell moved to approve payment of the management fees to Land Baron and to waive the 9.25% interest fee. Mr. Halphen seconded. The motion passed. [NOTE: The vote occurred after further discussion by the board.]

Mr. Broussard requested Mr. Stockstill to perform research relative to the issue of leverage used by entities that are co-owners in properties held by FRS.

COMMITTEE REPORT - SYSTEM'S RECOMMENDATION COMMITTEE

Committee chairman Halphen stated that he and staff met with eMaxim and Southwest to discuss the different issues and concerns expressed by the board in its meeting on January 14, 2010. The items discussed with the companies were service, a performance contract with time limits and possible penalties, and pricing. Relative to pricing, eMaxim's bid was higher than Southwest, but not significantly more. Chairman Halphen explained that Southwest was not agreeable with regard to the possibility of having to pay penalties. However, eMaxim had no objection to penalties. Both companies were asked to submit proposals regarding what they felt would be reasonable penalties.

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He stated that, after the meeting, Southwest wrote a letter to the committee stating they no longer wished to be considered for providing services to the system. According to chairman Halphen, the System's Recommendation Committee found the bid from eMaxim to be reasonable and the timelines acceptable. It was recommended that the board enter into a contract with eMaxim and that the contract include the time parameters, as well as penalties if the time parameters are not met. He requested that Mr. Stockstill discuss the penalty portion to be included in the contract.

Mr. Stockstill stated that eMaxim proposed a 3% sliding scale penalty, with a cap of 18%, if they fail to meet timelines. He explained that there are three phases of the contract and each phase has a different cost. He was of the opinion that a cap of 18% was reasonable for normal delays, and would apply to the cost of the particular phase in which they did not meet the timeline. However, in the case of neglect, a cap should not apply, and a figure for damages needed to be established.

Chairman Halphen commented that, at the point of neglect, the system would bring action not only for the price of the work, but the damage that it caused for not having the work performed.

Mr. Stockstill and Mr. Broussard stated that stipulated damages in a contract are very common.

Copies of the project proposal submitted by eMaxim was distributed to the members of the board, (see attached Exhibit #5) Chairman Halphen provided a brief synopsis of the four phases contained in the exhibit. He advised the members that start dates for the phases may change when the contract is negotiated. Additionally, although FRS currently has a very good host station not far from the FRS office, eMaxim was requested to explore and include in Phase 4, a remote hosting/recovery solution, in its proposal. However, chairman Halphen explained that Phase 4 may not be necessary.

MOTION: Mr. Birdwell moved to authorize Mr. Stockstill to draft and enter into a contract with eMaxim, including timelines and penalties, with the penalties not to exceed 18%, except in the instance of neglect. Ms. Goodson seconded. The motion passed.

Chairman Fredieu thanked the System's Recommendation Committee and staff of FRS for their hard work and time on this matter.

PROPOSED LEGISLATION - 2010 REGULAR SESSION

Mr. Stockstill stated that the board had previously discussed two pieces of legislation to be introduced in the upcoming legislative session. He referred to a bill he drafted (SLS 10RS FRS-Quorum), to exempt ex officio members of the board of trustees from being counted in the number of members necessary to establish a quorum. (see attached Exhibit #6) Also previously discussed was the reintroduction of legislation to allow the statewide systems who receive monies from the Insurance Premium Tax Fund (IPTF) to be able to receive excess funds, if any, rather than having

those funds revert back to the state general fund. However, it was decided that this legislation should not be introduced.

A discussion on the issue of establishing a quorum followed, with the members expressing concern that it is difficult to establish a quorum during legislative sessions. Additional comments were made with regard to timing, that is, it may not be the right time to introduce such legislation. The members also discussed different ways in which the absence of a quorum could be handled.

Mr. Stockstill suggested that, if the board is not comfortable with the proposed legislation, perhaps it could form and delegate authority to a subcommittee to meet, review, and approve benefits. The board would consist of any five members of the full board of trustees.

Ms. Goodson commented that establishing a quorum has always been a concern of hers regarding members of the system being able to be approved and receive their disability benefits or regular retirement benefits. She was of the opinion that Mr. Stockstill's suggestion be considered.

Mr. Broussard pointed out that the formation of a subcommittee would not require legislation.

MOTION: Mr. Broussard moved to authorize Mr. Stockstill to draft a policy creating a subcommittee, consisting of any five members of the board of trustees, authorized to meet only in the absence of a quorum and to vote only on matters of applications. Mayor Durbin seconded. The motion passed.

MOTION: Mr. Halphen moved to withdraw the proposed legislation to exempt ex officio members of the board of trustees from being counted for purposes of establishing a quorum for business meetings. Mr. Birdwell seconded. The motion passed.

PRE-EXISTING MEDICAL CONDITIONS - NEW MEMBERS

Chairman Fredieu discussed the approval of new members in the system who may have pre-existing medical conditions. He stated that it is assumed that each new hire has met the standards and physical requirements of employment as a firefighter, and new hires have to be enrolled in the system. However, physical requirements varies from department to department.

Mr. Halphen briefly touched on medical conditions that do not preclude a person from being hired as a firefighter, but those certain conditions result in more serious disabling conditions later in life, and the board is charged with the task of determining whether a disability is job-related or non-job-related. He commented that perhaps a letter could be sent to all fire departments regarding hiring practices.

Mr. Smith suggested that all new hires enrolled in the Firefighter's Retirement System be required to sign a disclosure stating that they understand that benefits could be denied if it is found that a pre-existing medical condition exists, even if unknown at the time of membership.

MOTION: Mr. Smith moved that, beginning March 1, 2010, every new applicant to be enrolled in the system be required to sign an affidavit acknowledging his understanding that benefits could be denied in the future due to a pre-existing condition, whether known or unknown at the time of enrollment into the system. Mr. Halphen seconded. After continued discussion of this matter, the motion passed.

FRS STATEMENT OF NET ASSETS

Ms. Kelli Chandler presented for consideration the FRS Statement of Net Assets for September 30, 2009 and December 31, 2009. (see attached Exhibit #7) She pointed out that the system had less cash on hand as of December 31, 2009, as compared to December 31, 2008, and briefly touched on the information contained in the statement of net assets.

MOTION: Mr. Birdwell moved to accept the FRS Statement of Net Assets. Mr. Halphen seconded. The motion passed.

PUBLIC RETIREMENT SYSTEMS ACTUARIAL COMMITTEE (PRSAC)

Mr. Stockstill reminded the members of the board that the PRSAC meeting will be held on February 24, 2010. He pointed out that he was advised that the Louisiana Municipal Association (LMA) had been strongly encouraged to attend; otherwise, the valuations may not be approved or acted on. He suggested that anyone who has any contact with any members of the LMA between now and February 24th pass the information on.

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

CONFERENCES

- **AIM Charity - Memphis in May**

Mr. Stockstill notified the board that the annual AIM Charity Conference, hosted by CSG, will be held in Memphis on May 12-14, 2010.

MOTION: Mr. Halphen moved to approve attendance for any member wishing to attend the AIM Charity Conference in Memphis. Mr. Birdwell seconded. The motion passed.

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- **National Conference on Public Employee Retirement Systems (NCPERS)**

MOTION: Mr. Birdwell moved to approve attendance at the NCPERS Conference to be held on May 1-7, 2010, in Las Vegas, Nevada, for any board member interested in attending. Mr. Halphen seconded. The motion passed.

CHANGE OF MARCH AND MAY 2010 MEETING DATES

March. A brief discussion was had relative to the Investment Committee and Board of Trustees' meeting dates for the month of March, 2010.

MOTION: Mr. Birdwell moved to reschedule the Investment Committee meeting for March 1, 2010, and the Board of Trustees' monthly meeting for March 2, 2010. Mr. Broussard seconded. The motion passed.

May. A brief discussion was had relative to the Investment Committee and Board of Trustees' meeting dates for the month of May, 2010.

MOTION: Mr. Birdwell moved to change the date of the Investment Committee and Board of Trustees meetings from May 12 and May 13, 2010, and to reschedule a meeting of the board only for May 19, 2010, at which time, investment committee matters will be taken up by the full board. Mr. Broussard seconded. The motion passed.

ADJOURNMENT

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

FUTURE MEETINGS

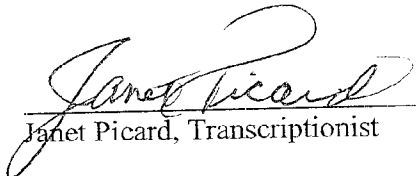
**FRS Investment Committee
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Monday, March 1, 2010, at 3:00 p.m.**

**FRS Board of Trustees
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Tuesday, March 2, 2010, at 8:30 a.m.**

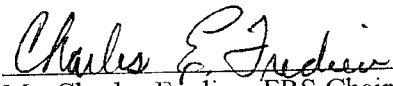
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SUBMITTED BY:


Janet Picard, Transcriptionist

APPROVED BY:


Mr. Charles Fredieu, FRS Chairman