



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES MAY 19, 2010

A meeting of the board of trustees was held on May 19, 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. Penny Gandy called the roll.

MEMBERS PRESENT

Mr. Charles Fredieu, Chairman
Mr. Stacy Birdwell, Vice Chairman
Mr. John Broussard
Mayor Jimmy Durbin
Mayor Mayson Foster
Mr. Sammy Halphen
Mr. Paul Smith

OTHERS PRESENT

Mr. Steven Stockstill
Mrs. Kelli Rogers
Mr. Jason Starns
Ms. Penny Gandy
Mr. Ronnie Partain
Mr. Greg Curran
Mr. Eldon Ledoux
Mr. Patrick Searcy
Mr. Shane Lewis
Mr. Curtis Beauregard
Mr. Donnie Gauthier

MINUTES

MOTION: Mr. Stacy Birdwell moved to approve the minutes of the board meeting held on April 8, 2010. Mr. Halphen 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. 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 #2) He stated that all applications were in order.

MOTION: Mr. Birdwell 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)

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Mr. Starns presented the application of Mrs. Leslie Marie Gautreaux, surviving spouse of Mr. Jerry Thomas Gautreaux. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve surviving spouse benefits for Mrs. Leslie Marie Gautreaux. Mr. Halphen seconded. The motion passed.

Mr. Starns presented the application of Mrs. Mary Irona Mosca, surviving spouse of Mr. Louis Mosca. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve surviving spouse benefits for Mrs. Mary Irona Mosca. Mr. Halphen 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. 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 board trustees.

██████████ Mr. Starns presented the application for disability recertification of ██████████
██████████ 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 "There seems to be some deterioration of the patient's condition since last visit. This gentleman remains disabled as a firefighter/operator secondary to his right knee complaints and consistent with that outlined in the May 18, 2009 report."

Based upon the report of Dr. Thad Broussard, the staff recommendation was for the approval of continuation of disability retirement and the approval for continuation of disability recertification.

MOTION: Mr. Birdwell moved to approve the staff recommendation. Mr. Halphen seconded. The motion passed.

MONTHLY FLASH REPORT - APRIL 2010

Mr. Ronnie Partain presented the monthly flash report for April 2010. (see attached Exhibit #3) He began by noting that the overall fund was up/down as follows: 1.1% for the month of April as compared to the blended index of 1.4%; 18.3% for the fiscal year to date as compared to the blended index of 21.1%; 21.9% for the trailing 12 months as compared to the blended index of 26.0%.

COMMITTEE REPORT - BUDGET COMMITTEE

[NOTE: The Budget Committee met on May 18, 2010, at the FRS office in Baton Rouge at 1:30 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. Sammy Halphen, and Mr. Charles Fredieu, ex officio. Also present were Mr. Ronnie Partain and Mr. Greg Curran.]

Mayor Mayson Foster gave the Budget Committee report. He summarized the discussions held by the committee members and then asked Mrs. Rogers to provide the board with an explanation of the budget items that had the largest variance compared to last year's budget. After receiving Mrs. Rogers' report, Mayor Foster indicated that the budget committee had made one recommendation that needed action by the board of trustees. He recalled that the board had previously decided to select a new system auditor for Fiscal Year 2009-2010 in conformity with the system policy of rotating auditors every five years. He notified the board that staff had advertised the Request for Proposal (RFP) in several media outlets and that the RFP process was completed. He said only one bid was received. He asked Mrs. Rogers to provide a summary of the bid. Mrs. Rogers indicated that, although the bid was responsive, it was relatively greater than the current manager. She said it is probably too late in the audit season to rebid for a possible lower bid. For that reason, she suggested that the board not alter its policy of rotating managers every five years but, in this case, the board may want to consider rebidding next year.

MOTION: Mayor Foster said the budget committee recommends that FRS accept the audit bid of Duplantier, Hrapmann, Hogan & Maher, LLP, as the system's audit firm for the fiscal year ending June 30, 2010, and he moved that recommendation in the form of a motion. Mr. Birdwell seconded. The motion passed.

Mayor Foster stated that the FRS operating budget will lie over until next month and will become "Old Business" on the June agenda. He then concluded the Budget Committee report.

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on May 18, 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 embedded herein. Committee members present were Mr. Stacy Birdwell, Chairman; Mr. John Broussard, Mr. Sammy Halphen, and Mr. Charles Fredieu, ex officio. Also present was Mr. Ronnie Partain]

Mr. Birdwell gave the Investment Committee report. He stated that the committee made two recommendations to bring before the board of trustees and he asked Mr. Ronnie Partain to present information relative thereto.

Mr. Partain first noted that 2 managers, Blackrock and Advisory Research were sent letters notifying them of watch status last month. Both have responded and are off the watch list as of April 2010.

- **JP Morgan India Fund**

JP Morgan India Fund requested to extend investment period by one year. Mr. Ronnie Partain recommended not granting this request due to overall real estate exposure in portfolio.

MOTION: After further discussions, Mr. Birdwell said that the investment committee recommended denial of the requested extension and he moved that recommendation in the form of a motion. Mr. Halphen seconded. The motion passed.

- **International Equities: Individual Account v. Commingled Fund**

Mr. Ronnie Partain presented a spreadsheet highlighting certain features related to the investment vehicles used by FRS with respect to its international equity investments managed by three FRS investment managers, i.e., Thornburg, LSV, and Fisher. (see attached Exhibit #4) The features included fee terms, fees amounts, custody fees, liquidity, miscellaneous fees, and transfer costs. He discussed the use of a separate account compared to a commingled fund and contrasted the advantages and disadvantages of each. After further discussions related to the administrative burden and complex paperwork related to emerging markets in the international equity class, he recommended investing in Fisher's commingled vehicle for emerging market component of portfolio.

MOTION: Mr. Birdwell said that the investment committee recommended reallocating the emerging market segment of the FRS portfolio managed by Fisher into a commingled fund managed by Fisher and he moved that recommendation in the form of a motion. Mr. Halphen seconded. The motion passed.

Mr. Birdwell stated that the report of the Investment Committee was concluded.

STATEMENT OF NET ASSETS FOR PERIOD ENDING 03/31/10

Mrs. Rogers presented the FRS Statement of Net Assets and Statement of Changes in Net Assets for nine months ending 03/31/10. (see attached Exhibit #5) She reported that FRS had \$84 million in cash and cash equivalents compared to \$38.3 million as of March 31, 2009, which is approximately a \$45 million increase. FRS held small mid-cap stocks of \$115 million, large cap stocks of \$114 million, international equity stocks \$143 million, fixed income \$259 million, real estate at about \$104 million, hedge funds around \$125 million, and private equity at \$62.5 million. She said the total investments as of March 31, 2010 were \$914 million, compared to \$746 million as of 2009, which is a \$157 million or 22% increase. She said the receivables for the period ending March 31, 2010, were \$3.9 million, which is slightly higher than fiscal year 2009 at \$3.2 million. The increase

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was mostly due to the accrued investment income, which we classify as a receivable. Property, plant and equipment equals \$754,000, which is basically the same as it was at this time last year, but a little less due to depreciation. She said total assets equal a little over \$1 billion.

Chairman Fredieu also observed that the FRS assets are now back over the billion dollar mark. He said, at one point, FRS assets were at \$1.2 billion, and when the bottom fell out, the assets fell to \$700 million. So FRS is back over a billion now.

Mayor Foster asked Mrs. Rogers to include a column in the financial statements showing the value of each reported item as of the close of last fiscal year.

Mrs. Rogers then addressed the changes in the net assets. She said that contributions for the nine months ended March 31, 2010, equaled \$31.2 million, which is an increase from this time last year. She said FRS received \$19.7 million in employer contributions and, for 2009, the system had around \$17 million, which is \$2.8 million or a 15% increase. The system also had an increase in employee contributions. FRS received \$11.4 million in employee contributions compared to \$10.7 million at this time last year, which is about a 6% increase. She then addressed the system's investment income, which is the appreciation (or depreciation) in the fair market value of assets less investment expenses. She said investment expenses are such things as the custodial fees, money manager fees, and investment consultant fees. So, as of March 31, 2010, FRS paid \$3.5 million in fees, which is up \$1.2 million over the same period last year. She said the IPTF distribution was \$21.3 million, compared to \$21.2 million last year. The retiree benefit payments were about \$42.6 million. The same time last year, the benefits equaled \$40 million, so there was an increase of \$2.5 million or 6%. Disability benefits were up by \$500,000 from this time last year. Refunds are down slightly and the administration expenses are up \$27,000 or 4% as compared to the same period last year. She concluded by observing that, overall, FRS had a net increase in assets available for retiree benefits of \$137 million and total assets are at a little over a \$1 billion for March 31, 2010.

MOTION: After further discussions, Mr. Broussard moved to accept the financial statements as presented by staff. Mr. Birdwell seconded. The motion passed.

ADJOURNMENT

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

FUTURE MEETINGS

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**FRS Budget and Finance Committee
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, June 9, 2010, at 1:30 p.m.**

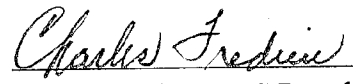
**FRS Investment Committee
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, June 9, 2010, at 3:00 p.m.**

**FRS Board of Trustees
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, June 10, 2010, at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:


Penny Gandy, FRS Board Secretary


Charles Fredieu, FRS Board Chairman