



FIREFIIGHTERS RETIREMENT SYSTEM

P.O. Box 94095, Capitol Station
Baton Rouge, Louisiana 70804-9095
Telephone (225) 925-4060 • Fax (225) 925-4062



MEETING OF THE BOARD OF TRUSTEES OCTOBER 13, 2011

A meeting of the board of trustees was held on October 13, 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
Mr. John Broussard
Mayor Jimmy Durbin
Mayor Mayson Foster
Dr. Steven Procopio
Mr. Jerry Tarleton
Mr. Paul Smith

OTHERS PRESENT

Steven Stockstill
Jason Starns
Penny Gandy
Greg Curran
Sonia Mallet
Matt Tessier
Laura Gail Sullivan
David Rogan

MINUTES

MOTION: Mr. Birdwell moved to amend the minutes of the board meeting held on September 19, 2011, by changing the start time from 8:30 am to 3:30 pm. Mr. Tarleton seconded. The motion passed.

MOTION: Mr. Birdwell moved to approve the minutes of the board meeting held on September 19, 2011, as amended. Mr. Tarleton 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. Smith seconded. The motion passed.

- 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. (see attached Exhibit #2) He stated that all applications were in order.

MOTION: Mr. Birdwell moved to approve the new retiree applicants. Mr. Tarleton 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 Stacy Nash Brack, surviving daughter of Pamela Kay Webster Nash. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the surviving daughter application for Stacy Nash Brack. Mr. Tarleton seconded. The motion passed.

Mr. Starns presented the application of Musette Hampton Harding, surviving spouse of Leroy Harding and the application of Aaron Joseph Harding, surviving child of Leroy Harding. He stated that the applications were in order.

MOTION: Mr. Birdwell moved to approve the surviving spouse application for Musette Hampton Harding. Mayor Durbin seconded. The motion passed.

MOTION: Mr. Birdwell moved to approve the surviving child application for Aaron Joseph Harding. Mr. Tarleton seconded. The motion passed.

Mr. Starns presented the application of Bernadette Jeansonne, surviving spouse of Robert Rhett Jeansonne. He stated that the application was in order.

MOTION: Mayor Foster moved to approve the surviving spouse application for Bernadette Jeansonne. Mr. Birdwell seconded. The motion passed.

Mr. Starns presented the application of Loretta Ann Romero, surviving spouse of Dean Albert Romero. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the surviving spouse application for Loretta Ann Romero. Mr. Tarleton seconded. The motion passed.

Mr. Starns presented the application of Nancy Eschete Trahan, surviving spouse of Gerald Joseph Trahan. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the surviving spouse application for Nancy Eschete Trahan. Mayor Durbin seconded. The motion passed.

- Disability Conversion Applicants

PROCEDURE: Retirees who apply for conversion from regular retirement to a disability retirement are required to submit detailed medical information as part of the application in support of their claim that the disability was job-related and occurred during active employment as a firefighter, even though the actual physical disability may not have become manifest until after the effective date in DROP or after commencement of service retirement. Once received, the application is reviewed by

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staff and medical records are forwarded to a State Medical Disability Board doctor to determine if sufficient documentation is present to certify that the retiree's disability occurred during active employment and was a direct result of working as a firefighter. If the medical information submitted is not sufficient for the doctor to determine the date and cause of the disability, then an appointment is scheduled for the applicant to undergo a physical examination. For the applicant to become eligible for conversion, the State Medical Disability Board doctor must furnish a medical report certifying the retiree's disability and that the disability was a direct result of employment as a firefighter. (R.S. 11:2258(B) and Administrative Rule)

[NOTE: By giving advance notice on its posted agenda, the board of trustees reserved its right to enter executive session pursuant to R.S. 42:17(A)(1) for discussion of any privacy protected physical or mental health information related to the disability conversion applicants.]

██████████ - Mr. Starns presented the application for disability conversion of ██████████ ██████████ was referred by FRS to the State Medical Disability Board doctor, Dr. Garland Green. In his report, Dr. Green stated, "The patient has a cardiac history extending back to 02/27/2011 when the patient had a heart attack and subsequently had coronary intervention with partial treatment of his coronary artery disease performed. The patient had three-vessel coronary artery disease and subsequently had coronary artery bypass surgery in March 2011. The patient has been progressing somewhat slowly; however, he is undergoing cardiovascular rehabilitation at this time." "The patient formerly worked as a captain on a rescue truck at the airport. There are no risk factors associated with the patient's job that predisposes him to develop any coronary artery disease. Although the patient will not be able to return to his job at this time, as he is in the recovery phase from his bypass surgery, it is not in comprehension when the patient could return to work after undergoing this surgical intervention. Patients are usually able to return work after bypass surgery with about six months of recovery time. At this point, ██████████ would only be a little over three months into his postoperative period."

Based upon the report of Dr. Garland Green, the staff recommendation was for the denial of disability conversion.

MOTION: Mr. Birdwell moved to defer this matter until the November board meeting. Mr. Tarleton seconded. The motion passed.

██████████ - Ms. Gandy presented the application for disability conversion of ██████████ ██████████ was referred by FRS to the State Medical Disability Board doctor, Dr. Garland Green. In his report, Dr. Garland stated, that ██████████ "[W]as seen in my office today for evaluation for disability. ██████████ has a history of hypertension, hyperlipidemia, and valvular heart disease consisting of aortic insufficiency. The patient was not experiencing any angina or evidence of congestive heart failure. ██████████ reports undergoing a stress test by his cardiologist was reportedly normal without evidence of myocardial ischemia or coronary artery disease. The patient

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does state that he does get short of breath and has some chest discomfort with exertion. EKG today was also within normal limits." "██████████ does not have any cardiac criteria for disability to perform his job as a firefighter based on information that I have reviewed nor with his physical exam and history findings. His valvular heart disease does need to be followed over time; however, it itself is not an indication to be disabled at his current level of compensation. There is also no direct relationship between firefighting and development of valvular heart disease."

Based upon the report of Dr. Garland Green, the staff recommendation was for the denial of disability conversion.

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

MOTION: Mr. Smith moved to reconsider the previous board decision. Mr. Birdwell seconded. The motion failed.

MONTHLY FLASH REPORT - SEPTEMBER 2011

The monthly flash report for September 2011 was distributed to the board members. (see attached Exhibit #3) The overall fund was up/down as follows: -5.3% for the month of September as compared to the blended index of -3.9%; -8.3% for the fiscal year to date as compared to the blended index of -7.0%; 1.6% for the trailing 12 months as compared to the blended index of 3.0%.

COMMITTEE REPORT - INVESTMENT COMMITTEE

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

Committee chairman Birdwell recognized Mr. Steven Stockstill to give the investment committee report.

• **FRS Manager Review QE 6/30/11**

Mr. Stockstill advised the board that Mr. Joe Meals was going to present a comprehensive manager review this month, but it has been deferred until next month.

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

• **FRS Property - Vision Capital**

Mr. Stockstill asked the board to defer this matter to the November 2011 board meeting. (see attached Exhibit #4) He advised the board that there is an impairment to the FRS property located

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in Gainesville, Georgia. The property is managed for FRS by Vision Capital, LLC. The impairment is shown in the annual financial statements provided by Vision and means the previously reported fair market value of the property will be written down. Mr. Stockstill advised that there is a \$6.1 million total impairment to the property. Mr. Stockstill advised that FRS owns 41% of the property and will have to recognize 41% of the impairment. He said the property would be written down approximately \$2.5 million to recognize FRS' share of the impairment.

The discussion of this matter was deferred to November 2011 with no action being needed or taken.

- **Litigation - Bank of New York Mellon (BoNY)**

Mr. Stockstill advised the board that FRS' custodian bank, BoNY, has been accused by the New York Attorney General, of cheating the state and other pension funds nationwide out of foreign exchange fees. (see attached Exhibit #5) He said the lawsuit alleges that BoNY guaranteed that its customers would receive the most competitive or attractive foreign exchange transaction rates available on any given trading day. However, the lawsuit alleges the BoNY charged the opposite to their customers, the worst or nearly the worst rates available, and earned nearly \$2 billion or as much as 75% of its FX revenue by pocketing the difference. Mr. Stockstill said that the lawsuit will not affect FRS because BoNY had not yet been hired by FRS during the period alleged in the lawsuit and therefore had not yet handled any foreign exchange transactions for FRS. He said that, as part of FRS' fee structure with BoNY, the bank charges FRS \$30 per foreign exchange transaction if FRS' broker does not execute the trade through BoNY. He said that BoNY incents its customers to use the BoNY foreign exchange desk to avoid paying the \$30 foreign exchange transaction fee.

The board instructed the executive director to make a written inquiry with BoNY, seeking to learn when the lawsuit was filed and how long the allegations had been pending versus BoNY.

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

- **Portfolio Monitors**

Mr. Stockstill advised the board that FRS has three law firms authorized to monitor the system's portfolio and notify FRS of lawsuits such as the one against BoNY. He said that none of the monitors advised him of the BoNY lawsuit. Mr. Stockstill recommended that FRS discontinue such monitoring services with all such law firms and discontinue providing them with sensitive information regarding FRS' portfolio.

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

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

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• **Fletcher Asset Management**

[NOTE: By giving notice on its duly posted agenda, the FRS 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 where an open meeting would have a detrimental effect on the litigating position of FRS in the matter referenced in agenda item III(1)(E); and the board of trustees further reserved its right to enter executive session pursuant to R.S. 42:17(A)(1) for discussion of character or professional competence of the juridical entities identified in agenda item III(1)(E); all pertinent notifications had been provided.]

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

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

MOTION: Mr. Broussard moved to adopt the Interagency Cooperative Agreement as presented between Firefighters' Retirement System, Municipal Employees' Retirement System, and the New Orleans Fire Fighters' Pension and Relief Fund. Dr. Procopio seconded. The motion passed.

MOTION: Mr. Broussard moved to fully comply with the Legislative Subpoena Duces Tecum issued to FRS on behalf of the Legislative Auditor by tendering all subpoenaed documents on October 19, 2011. Mayor Foster seconded. The motion passed.

MOTION: Mr. Broussard moved authorize the FRS general counsel to interact with the principals of Fletcher Asset Management regarding FRS' compliance with the Legislative Subpoena Duces Tecum. Dr. Procopio seconded. The motion passed.

MOTION: Mr. Birdwell moved to approve the legal expenses incurred to date relative to Land Baron and Fletcher Asset Management. Mr. Tarleton seconded. The motion passed.

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

Duty v. FRS et al

[NOTE: By giving notice on its duly posted agenda, the FRS 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 based on FRS' receipt of formal written demand, and where an open meeting would have a detrimental effect on the litigating position of FRS in the matter cited in agenda item III(2); all pertinent notifications had been provided.]

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MOTION: Mr. Birdwell moved to enter executive session. Mr. Tarleton seconded. The motion passed unanimously.

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

MOTION: Mayor Durbin moved to approve the conflict letter relative to Kean Miller, LMA and FRS written and submitted by Charles S. McCowan, Jr., attorney retained by FRS to provide limited assistance in the lawsuit styled Duty v. FRS, et al. Mr. Tarleton seconded. The motion passed.

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

Hopper, et al v. Black, et al

[NOTE: By giving notice on its duly posted agenda, the FRS 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 where an open meeting would have a detrimental effect on the litigating position of FRS in the matter cited in agenda item III(3); all pertinent notifications had been provided.]

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

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

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

Kandi Smith v. FRS et al

[NOTE: By giving notice on its duly posted agenda, the FRS 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 based on FRS' receipt of formal written demand, and where an open meeting would have a detrimental effect on the litigating position of FRS in the matter cited in agenda item III(4); all pertinent notifications had been provided.]

MOTION: Mr. Birdwell moved to enter executive session. Mr. Tarleton seconded. The motion passed unanimously.

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

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MOTION: Mayor Durbin moved to authorize Steven Stockstill the authority to retain the law firm of Olinde & Mercer to provide litigation support and assistance to the FRS general counsel and subject to the FRS general counsel's supervision regarding all litigation strategy and decisions. Mr. Birdwell seconded. The motion passed.

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

FIREFIGHTERS' RETIREMENT SYSTEM V. REGIONS BANK, ET AL

[NOTE: By giving notice on its duly posted agenda, the FRS 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 based on FRS' receipt of formal written demand, and where an open meeting would have a detrimental effect on the litigating position of FRS in the matter cited in agenda item III(5); all pertinent notifications had been provided.]

MOTION: Mr. Birdwell moved to enter executive session. Mr. Tarleton seconded. The motion passed unanimously.

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

MOTION: Mr. Birdwell moved to form a study subcommittee made up of John Broussard, Mayor Foster and Stacy Birdwell regarding litigation options in the Regions Morgan Keegan lawsuit. Mr. Tarleton 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

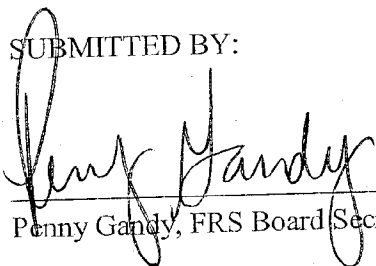
**FRS Investment Committee
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, November 9, 2011 at 3:00 p.m.**

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**FRS Board of Trustees
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, November 10, 2011 at 8:30 a.m.**

SUBMITTED BY:



Penny Gandy, FRS Board Secretary

APPROVED BY:



Mr. Charles Fredieu, FRS Chairman