



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES SEPTEMBER 13, 2012

A meeting of the Board of Trustees was held on September 13, 2012 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.

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

MEMBERS PRESENT

Mr. Charlie Fredieu
Mr. Stacy Birdwell
Mr. John Broussard
Mayor James Durbin
Mayor Mayson Foster
Mr. Perry Jeselink
Dr. Steve Procopio
Mr. Jerry Tarleton

OTHERS PRESENT

Steven Stockstill
Kelli Rogers
Layne McKinney
Jason Starns
Penny Gandy
Gary Curran
Stephanie Little
Joe Meals

MINUTES

MOTION: Mr. Birdwell moved to defer action regarding the minutes of the board meetings held on August 9, 2012 and August 27, 2012. Mr. Tarleton seconded. The motion passed.

APPLICANTS

- New Members

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PROCEDURE: The FRS enrollment process, including the completion of the applicant forms, the physical examination, and the completion of any waivers of preexisting conditions, must be completed and all documents received by FRS within six months of the date of employment. If the FRS enrollment process is not completed within six months from the date of employment, the applicant will be a member eligible to begin vesting for regular benefits from the date of employment, but not eligible to begin vesting for disability benefits until the completion of the enrollment process. It is the statutory responsibility of the employer to insure that the enrollment process is timely completed or to provide FRS with notice of noncompliance by the applicant. If a member who has not completed the enrollment process becomes injured in the line of duty and applies for disability benefits, then the member must prove that the disabling condition was not preexisting. 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. 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. Jeselink 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

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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 Elizabeth Anne Terrell, surviving beneficiary of Allen James Babineaux. He stated that the application was in order.

MOTION: Mr. Jeselink moved to approve the application for Elizabeth Anne Terrell. Mr. Birdwell seconded. The motion passed.

Mr. Starns presented the application of Valerie Alexander Louis, surviving spouse of David Louis, Sr. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Valerie Alexander Louis. Mr. Tarleton seconded. The motion passed.

Mr. Starns presented the application of Barbara Partain Meyer, surviving spouse of Clyde Leon Meyer. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the application of Barbara Partain Meyer. Mr. Jeselink seconded. The motion passed.

- Disability Applications

PROCEDURE: To obtain disability benefits, a member must furnish the retirement office with an application for disability retirement. For the following applicant(s), the 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 submitted a detailed report in laymen's terms of his findings based on the examination performed and the medical records reviewed. Prior to the meeting, the board of trustees was provided with the disability application, job description, State Medical Disability Board doctor's report and, when appropriate, all medical records related to each applicant, for their advance review. (R.S. 11:215, 216, 218, & 2258)

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[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 applicants.]

██████████ - Mrs. Gandy presented the application for the disability retirement of ██████████. She advised the board that this was an appeal from the July board meeting.

MOTION: Mr. Birdwell moved to enter executive session. Mr. Jeselink seconded. The motion passed unanimously. The board entered executive session.

MOTION: Mr. Birdwell moved to resume public session. Mr. Jeselink seconded. The motion passed unanimously. The board resumed public session.

Based on the medical narrative report received from the State Medical Disability Board doctor, Dr. Larry Ferachi, the staff recommendation was for denial of disability retirement.

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

MONTHLY FLASH REPORT - AUGUST 2012

Mr. Joe Meals forwarded the monthly flash report for August 2012. (see attached Exhibit #3) The overall fund was up/down as follows: 1.2% for the month of August as compared to the blended index of 1.4%; 2.6% for the fiscal year to date as compared to the blended index of 2.8%; 4.9% for the trailing 12 months as compared to the blended index of 13.3%; and 7.8% for the trailing 3 years as compared to the blended index of 11.1%.

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on September 12, 2012, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the following business set forth in its posted agenda- (A) The FRS monthly investment performance results for August 2012, (B) Feasibility of investing in asset class known as High Yield Bonds, (C) Ashmore Emerging Markets Debt Fund response letter regarding being placed on "watch status", (D) Knight notice of technology issues and its impact on securities trading activity, and (E) Termination of existing recapture agreement with Commerce Square Trading, LLC. The minutes of that meeting are embedded herein. Committee members present were Stacy Birdwell, chairman; Mayor James Durbin, John Broussard, Chief Jerry Tarleton and Charlie Fredieu, ex officio. Also present were Perry Jeselink, Margaret Corley, Stephanie Little, and Joe Meals.]

Committee chairman Birdwell recognized Mr. Joe Meals to give the investment committee report.

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- Ashmore Emerging Markets Debt Fund

Mr. Meals advised the board that Ashmore Emerging Markets Debt Fund, an existing FRS manager, was placed on the watch list last month. He said that Ashmore responded with an explanation. (see attached Exhibit #4) Mr. Meals explained two exhibits titled "Market Insights- Fixed Income Sector Returns" (see attached Exhibit #5) and "Ashmore Investment Management Limited - External Debt Composite, Historical Country Allocations". (see attached Exhibit #6) He then concluded that he does not believe the investment performance results of Ashmore's strategy will be able to overcome its high fee structure.

Mr. Meals said that the investment committee voted to recommend to the full board that the contract of Ashmore Investment Management Corporation be terminated effective as soon as allowable by the governing contract, without a decision to replace the manager at this time.

MOTION: Mr. Birdwell moved the investment committee recommendation in the form of a motion. Mr. Tarleton seconded. The motion passed.

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

- Vanguard Large Cap Index

Mr. Meals said that the investment committee voted to recommend to the full board that \$40 million be transferred out of the cash account and placed in the Vanguard large cap index, an existing FRS manager.

MOTION: Mr. Birdwell moved the investment committee recommendation in the form of a motion. Mayor Foster seconded. The motion passed.

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

- High Yield Asset Manager

Mr. Meals recommended that \$30 million of the Ashmore redemption be reallocated to a high yield manager. He acknowledged that, since FRS does not currently have a high yield manager, the placement of the funds must be preceded by a high yield manager search. He advised the board that, during the upcoming October board meeting, he will recommend where to place the money until a high yield manager search can be held.

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

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- Knight Commission Recapture Agent

Mr. Meals advised the board that Knight securities had experienced some difficulties in the market because of computer technology issues and took a pretty significant loss in their own proprietary portfolio. He noted that Knight had been approved for securities trading on behalf of FRS. Mr. Meals advised the board that FRS had no exposure or problems related to Knight's issues.

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

- Commerce Square Trading, LLC

Mr. Meals advised that Commerce Square Trading, LLC, is a broker/dealer firm that CSG previously owned. He advised the board that CSG has sold this company to an independent party.

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

- Impact of Litigation on FRS Portfolio

Mr. Meals next said he wanted to discuss the impact of pending litigation on the FRS portfolio.

Mr. Stockstill acknowledged that the information is being presented by the investment consultant. He advised the board to receive the information if it is so inclined, but to refrain from making any comments regarding pending litigation.

Mr. Birdwell asked if the board was going to discuss this matter in executive session.

Mr. Stockstill said the board cannot enter executive session because prior notice was not posted on the FRS meeting notice.

Mr. Broussard suggested the board receive the information and put it on the agenda for next meeting for discussion and post on that agenda the possibility of going into executive session.

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

This concluded the investment committee report.

MURPHREE VENTURE PARTNERS

Mr. Stockstill advised the board of a continuing problem with Murphree Venture Partners (MVP), an existing FRS private equity fund manager. He said the FRS staff has kept the board apprised, year

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after year, about the problem of MVP not providing annual financial statements to FRS on a timely basis. Mr. Stockstill recalled that, last year, a representative from MVP was asked to appear before the board to address the problem. Instead of the principle officer appearing, he sent his son. The son acknowledged there had been a problem at MVP and they created a department to take care of the problem and assigned the son to take charge of the department. The son committed to producing and furnishing the financial statements on a timely basis. Mr. Stockstill compared this to another FRS manager that had not provided timely financial statements and that had also become a source of concern. He noted that, here, FRS is experiencing the same thing by not getting them in time or the proper format. Mr. Stockstill said that, every year when the FRS accountants would express frustration, he would write a letter to MVP about the problem, but to no avail. Mr. Stockstill recommended hiring a law firm to file an action compelling MVP to provide FRS with the financial statements so FRS can complete its own audit in a timely fashion.

After further discussions and supportive comments by the board, Mr. Stockstill said this was only an introductory discussion and he will reschedule the matter for more detailed discussion and action.

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

IN THE MATTER OF FLETCHER ASSET MANAGEMENT

[In the Matter of the Compaines Law (2011 Revision) and In the Matter of FIA Leveraged Fund, FSD No. 0013/2012, In the Grand Court of the Cayman Islands, Financial Services Division; and the same matter pending In the Court of Appeal of the Cayman Islands, Civil Appeal No. 6 of 2012; and the same matters sharing concurrent jurisdiction with the case styled as In re Fletcher International, Ltd., Chapter 11 Case No. 12-12796 (Reg), United States Bankruptcy Court, Southern District of New York.]

[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)(1) for discussion of character or professional competence of the juridical entities identified in agenda item III(3); The board of trustees further 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(3); all pertinent notifications had been provided.]

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

MOTION: Mr. Birdwell moved to resume public session. Mr. Jeselink seconded. The motion passed unanimously. The board resumed public session.

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

**ACTUARIAL COST ANALYSIS RELATIVE TO UNREDUCED JOINT AND 50%
CONTINGENT SURVIVOR ANNUITY**

MOTION: Mr. Birdwell moved to defer this item to the October 2012 board meeting. Mr. Jeselink seconded. The motion passed.

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

ACCELERATED REFUND OF EMPLOYEE CONTRIBUTIONS - JON-DAVID PIAZZA

Mr. Stockstill advised the board that this matter relates to an emergency request for accelerated refund of employee contributions. The board reviewed the particular emergency medical information provided by the applicant.

MOTION: Mayor Durbin moved to authorize the accelerated refund due to the circumstances stated in Mr. Piazza's letter. Mr. Jeselink seconded. Mr. Broussard opposed. The motion passed 5 to 1.

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, October 10, 2012 at 3:00 p.m.**

**FRS Board of Trustees
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, October 11, 2012 at 8:30 a.m.**

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SUBMITTED BY:



Penny Gandy, FRS Board Secretary

APPROVED BY:



Mr. Charles Fredieu, FRS Chairman