



## **FIREFIIGHTERS RETIREMENT SYSTEM**

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### **MEETING OF THE BOARD OF TRUSTEES APRIL 14, 2011**

A meeting of the board of trustees was held on April 14, 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. Steve Procopio  
Mr. Paul Smith  
Mr. Jerry Tarleton

#### **OTHERS PRESENT**

Mr. Steven Stockstill  
Ms. Kelli Rogers  
Mr. Jason Starns  
Ms. Penny Gandy  
Mr. Greg Curran  
Mr. Joe Meals  
Mr. Patrick Searcy  
Ms. Lauren Bailey  
Mr. Ben Chapman  
Mr. Foster Duncan  
Mr. Louis Freeman

#### **MINUTES**

**MOTION:** Mr. Birdwell moved to approve the minutes of the board meeting held on March 10, 2011. Mayor Durbin 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: 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. Mr. Smith 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 Gloria Ann Bergeron, surviving spouse of Hewman Willard Bergeron. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve the surviving spouse application for Gloria Ann Bergeron. Mr. Smith seconded. The motion passed.

**MONTHLY FLASH REPORT -MARCH 2011**

Mr. Joe Meals presented the monthly flash report for March 2011. (see attached Exhibit #3) He began by noting that the overall fund was up/down as follows: 0.6% for the month of March as compared to the blended index of 0.0%; 18.3% for the fiscal year to date as compared to the blended index of 12.6%; 13.1% for the trailing 12 months as compared to the blended index of 9.7%.

**COMMITTEE REPORT**

[NOTE: The Investment Committee met on April 13, 2011, 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, Dr. Steven Procopio, Mayor Mayson Foster, Mr. Paul Smith and Mr. Charlie Fredieu, ex officio. Also present were Mr. Joe Meals, Mr. Duncan Foster and Mr. Louis Freeman.]

Committee chairman Birdwell recognized Mr. Joe Meals to give the Investment Committee report, which proceeded as set forth herein below.

- Louisiana Sustainability Fund

Mr. Meals advised the board that two principals of Sail Venture Partners, an existing FRS manager, appeared before the investment committee to discuss a new investment strategy called the Louisiana Sustainability Fund. (see attached Exhibit #4) The principals stated that the fund will be a mezzanine debt fund. It will bring established, profitable companies to Louisiana, to help with economic development and profitably in Louisiana. The companies that the fund will be investing in are those that have already taken the technology risk out, the risk of the underlying technology has been minimized. The companies come from high growth areas with numerous customers. Managers of the Louisiana Sustainability Fund will analyze the companies' backlog for current and expected customers to ensure their expected business would be satisfied by the investment. The Louisiana Sustainability Fund would only invest in established companies, that meet the credit background criteria set forth by the fund. The principles stated that this fund is the only fund in Louisiana that targets the clean tech industry. After the presentation, the two principles and the board engaged in an extensive question and answer session. Mr. Meals advised the board that if FRS makes a commitment to invest in the fund before June 1, 2011, there is a 50 basis point reduction in the management fee. Mr. Meals said that he recommended to the investment committee that FRS

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withdraw \$10 million from the Orleans Energy fixed income fund, an existing FRS manager, and withdraw an additional \$5 million from Barrow Hanley, an existing FRS manager, and with the executive director's approval of the contract, that \$15 million be invested with the Louisiana Sustainability Fund and, in turn, the investment committee recommended the same to the full board.

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

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

- Blackrock Asset Management, Thornburg Asset Management, and Tradewinds Global Investors

Mr. Meals advised that Thornburg Asset Management, an existing FRS manager, has completed the transition to the global strategy. Mr. Meals advised that Tradewinds Global Investors, an existing FRS manager, has completed the transition to the global strategy. Mr. Meals advised that Blackrock, an existing FRS manager, has not been converted to the global strategy because of complications with FRS' custodial bank. Mr. Meals advised that J. P. Morgan has provided contract revisions to the custodial agreement regarding the transition to global strategy with regards to Blackrock, and at the time of the meeting, the contract revisions had not been reviewed. Mr. Meals said he had recommended to the investment committee that Mr. Stockstill review the contract revisions and determine if the revisions are acceptable and, if the revisions are not acceptable, wait to transition Blackrock after the custodian bank RFP is completed and, in turn, the investment committee recommended the same to the full board.

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

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

- Request for Proposal for Custodial Bank

Mr. Meals advised the board that five companies had responded to the Request for Proposal for Custodial Bank. Mr. Meals said he recommended to the investment committee that J.P. Morgan, the existing FRS custodian bank, be removed from the search for certain service-related reasons and, in turn, the investment committee recommended the same to the full board.

MOTION: Mr. Birdwell moved the investment committee's 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 recalled that, in a previous month's board meeting, the board had authorized a \$20 million redemption from Vanguard, an existing FRS manager, with that \$20 million plus an additional \$5 million (total \$25 million) to be invested in the Blackrock global strategy. Mr. Meals said the Blackrock global transition is taking more time than expected so the Vanguard redemption had not yet occurred. As a follow-up this month, Mr. Meals said he had recommended to the investment committee that FRS rescind the \$20 million redemption from Vanguard and instead invest \$10 million from the FRS cash account with Vanguard and, in turn, the investment committee recommended the same to the full board.

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

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

#### **AMITE FIRE DEPARTMENT - ENROLLMENT**

[NOTE: At its meeting held on March 10, 2011, the FRS board of trustees heard a presentation made by Jason King, a firefighter from the Amite Fire Department, about the Amite firefighters not being enrolled in FRS. Mr. King advised the board that there was pending litigation. Mayor Durbin then moved to defer the matter until an attorney with Avant & Falcon, representing the Amite firefighters, could appear before the FRS board.]

Mr. Ben Chapman, with Avant & Falcon, came before the board to discuss certain pending litigation involving the Amite Fire Department employees.

MOTION: Mr. Birdwell moved to enter executive session for discussions regarding the lawsuit referenced above, all as duly noted on the FRS posted agenda. Mayor Durbin seconded. The board entered executive session. The motion passed unanimously.

MOTION: Mr. Birdwell moved to resume public session. Mayor Durbin seconded. The board resumed public session.

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

#### **2011 LEGISLATIVE SESSION UPDATE**

Mr. Stockstill presented the following House and Senate bills currently pending in the 2011 Regular Legislative Session for discussion by the board:

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SB3	GAUTREAUX	SHERIFFS PEN/RELIEF FUND: Provides for calculation of benefits and retirement eligibility requirements.
SB4	SHAW	MUNICIPAL POL EMPS RET: Provides relative to employee and employer contributions under certain circumstances.
SB11	QUINN	RETIREMENT SYSTEMS: Provides for the Public Retirement Systems Taxpayer Protection Act. (FRS board-sponsored bill)
SB12	GAUTREAUX	RETIREMENT BENEFITS: Provides relative to eligibility and benefit calculation for state and statewide retirement systems.

and a draft bill titled HLS-PFFA DC. (see attached exhibit #5)

Mr. Stockstill asked the board to take a position on SB12.

MOTION: Mr. Birdwell moved to oppose Senate Bill 12. Mayor Durbin seconded. Dr. Procopio abstained and Mayor Foster opposed the motion. The motion passed 6 to 2.

Mr. Stockstill asked the board to take a position on HLS-PFFA DC.

MOTION: Mr. Birdwell moved to support HLS-PFFA DC. Mr. Smith seconded. The motion passed.

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

**INFORMATION DVD ON FRS**

Mr. Stockstill noted that previously, FRS staff believed that producing a short informational DVD about FRS would be beneficial for new employers and the legislature. After a lengthy discussion by the board, it was decided not to proceed producing a DVD.

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

**ADJOURNMENT**

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

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**FUTURE MEETINGS**

**FRS Policy, Bylaws, and Procedur Committee  
Public Safety Building  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Wednesday, May 9, 2011 at 3:00 p.m.**

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

SUBMITTED BY:

  
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Penny Gandy, FRS Board Secretary

APPROVED BY:

  
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Mr. Charles Fredieu, FRS Chairman