



FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES JUNE 10, 2010

A meeting of the board of trustees was held on June 10, 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.

Mrs. Penny Gandy called the roll.

MEMBERS PRESENT

Mr. Charles Fredieu, Chairman
Mr. Stacy Birdwell, Vice Chairman
Mrs. Barbara Goodson
Mayor Jimmy Durbin
Mayor Mayson Foster
Mr. Sammy Halphen
Mr. Paul Smith

OTHERS PRESENT

Mr. Steven Stockstill
Mrs. Kelli Rogers
Mr. Jason Starns
Mrs. Penny Gandy
Mr. Joe Meals
Mr. Gary Curran
Mr. Eldon Ledoux
Mr. Robert Evans, Jr.
Mr. Robert Evans
Mr. Gary Welchel
Mr. Ferrell Crane

MINUTES

MOTION: Mr. Stacy Birdwell moved to approve the minutes of the board meeting held on May 19, 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. 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 Mrs. Mary Ann McDonald Liles surviving spouse of Mr. Roland Othel Liles. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve surviving spouse benefits for Mrs. Mary Ann McDonald Liles. Mr. Halphen seconded. The motion passed.

Mr. Starns presented the application of Mrs. Rebecca Ann Batiste Watson, surviving spouse of Mr. Herbert Watson, Jr.. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve surviving spouse benefits for Mrs. Rebecca Ann Batiste Watson. Mrs. Goodson seconded. The motion passed.

- Disability 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)

[REDACTED] - Mr. Starns presented the application for disability retirement of [REDACTED]. 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 "I think that this gentleman sustained an on-the-job injury and in talking with him was a compensable injury and is apparently receiving workers' compensation. He does have objectively documented lumbar disc disease as well as continued subjective complaints relative to his back and knee. The objective findings alone would preclude this gentleman from returning to his normal duties as a firefighter and likely such incapacity is going to be permanent. I do believe that his condition is a result of the injury he sustained in the performance of his normal duties."

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

MOTION: Mr. Smith moved to accept the recommendation of the staff related to [REDACTED]. Mr. Birdwell seconded. The motion passed.

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MONTHLY FLASH REPORT - MAY 2010

Mr. Joe Meals presented the monthly flash report for May 2010. (see attached Exhibit #3) He began by noting that the overall fund was up/down as follows: -3.8% for the month of May as compared to the blended index of -4.5%; 14.0% for the fiscal year to date as compared to the blended index of 15.7%; 12.2% for the trailing 12 months as compared to the blended index of 16.1%.

COMMITTEE REPORT - BUDGET COMMITTEE

[NOTE: The Budget Committee met on June 9, 2010, at the FRS office in Baton Rouge at 2:00 p.m. to discuss the business set forth in its posted agenda. The minutes of that meeting are embedded herein. Committee members present were Mayor Mayson Foster-Chairman, Mr. Stacy Birdwell, Mr. Sammy Halphen, and Mr. Charles Fredieu, ex officio. Also present were Mr. Joe Meals and Mr. Gary Curran.]

Mayor Mayson Foster gave the Budget Committee report and presented the proposed operating budget for Fiscal Year 2010 - 2011. (see attached Exhibit #4) After summarizing the discussions of the budget committee, he stated that the committee made four recommendations to bring before the board of trustees.

MOTION: Mayor Foster said the budget committee recommends that FRS adopt the budget as presented by staff for Fiscal Year 2010 - 2011, but with a reduction of \$5,000 for audit fees of the new auditing firm, Duplantier, Hrapmann, Hogan & Maher, LLP. Mayor Durbin moved that recommendation in the form of a motion. Mr. Birdwell seconded. The motion passed.

MOTION: Mayor Foster said the budget committee recommends that FRS accept the proposed contract of G.S. Curran and Company, LTD. and he moved that recommendation in the form of a motion. Mr. Birdwell seconded. The motion passed. (see attached Exhibit #5)

MOTION: Mayor Foster said the budget committee recommends that the Executive Director be allowed to approve all travel for staff up to the amount allocated in the budget and he moved that recommendation in the form of a motion. Mr. Birdwell seconded. The motion passed.

MOTION: Mayor Foster said the budget committee recommends that the Executive Director have open discussion with the State Police Retirement System regarding the recommended increase in rent and report back to the board next month. Mayor Durbin moved that recommendation in the form of a motion. Mr. Halphen seconded. The motion passed.

Following action regarding the foregoing motions, Mayor Foster concluded the Budget Committee report.

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on June 9, 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. Sammy Halphen, Mr. Paul Smith, and Mr. Charles Fredieu, ex officio. Also present were Mr. Joe Meals and Mayor Mayson Foster.

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. Joe Meals to present information relative thereto.

- **Orleans Energy**

Mr. Gary Welchel and Mr. Ferrell Crane appeared before the board regarding the investment known as Orleans Energy Fund, which they manage on behalf of FRS. Mr. Crane gave an update on the Energy fund and also provided an in-depth analysis of the BP gulf oil spill and its impact on the FRS portfolio. He stated that the Energy fund is down 11% YTD (year to date) and the energy sector is down about 9%. He concluded that stocks are over sold as a reaction to the BP incident. He said if investors can get past the next 6 month period, then everything is going to get back working and it's not going to be that big of an impact. (see attached Exhibit #6)

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

- **Franchise Capital Partners III, L.P.**

Mr. Meals explained that FRS retained a company called Capital Springs that manages three underlying funds named Franchise Capital Partners I, LP, Franchise Capital Partners II, LP and Franchise Capital Partners III, LP. He said FRS invests in Fund II and III. He explained that the managers of Capital Springs were making two requests of the FRS board, in the board's capacity as a limited partner in Fund II and III.

The first request involved extending the closing date by one year for Fund III. (see attached Exhibit #7)

MOTION: After discussing the matter, Mr. Birdwell said the investment committee recommends that FRS grant the extension of the closing date as requested by Capital Springs. Mr. Halphen moved that recommendation in the form of a motion. Mr. Smith seconded. The motion passed.

The second request involved allowing Fund III to invest funds in a company that also previously received funding from Fund II. Mr. Meals explained that the limited partnership agreement prohibits Fund III from making an investment in a company of any existing affiliated fund, i.e., Fund II. That is a protective measure that prevents one partnership from doing business with another partnership that they control. It makes sure that FRS does not get caught up in a pyramid scheme where the investors in one fund are benefitting from the capital coming in from another fund under common control. However, he said that, after having several discussions with the managers of Capital Springs, that he had become comfortable with the request and was in support of it.

MOTION: After further discussions, Mr. Birdwell said that the investment committee recommends that for purposes of one investment only, known as the GLR Investment, FRS should allow FEC III to invest funds in the GLR investment, notwithstanding that Fund II has already invested funds in the same company. Mr. Smith moved the recommendation in the form of a motion. Mr. Halphen seconded. The motion passed.

- **Land Baron**

Mr. Meals notified the board that representatives of Land Baron (an existing FRS investment manager) made a capital call in the sum of \$49,000 relative to the St. George Air Park property, which FRS owns a percentage interest via FRS-LB#3. (see attached Exhibit #8) After further discussions, it was determined that the board had originally approved a capital commitment sufficient to cover the capital call, so no action was necessary.

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

LITIGATION REPORT - FRS v. MASSEY ENERGY COMPANY

Mr. Stockstill explained that, during the interim period between board meetings, it became necessary to seek the board chairman's authority to file a lawsuit on behalf of FRS. He said the suit was filed on such terms that it could withdraw from the lawsuit at no cost to the system. He explained the basis of the lawsuit. (see attached Exhibit #8) He asked the board to either ratify the action taken in the interim or direct the system to withdraw therefrom.

MOTION: Mr. Birdwell moved to enter into executive session to discuss the matter styled *Firefighters' Retirement System of Louisiana, Individually and On Behalf of All Others Similarly Situated v. Massey Energy Company, et al.*, No. 5:10-0776, United States District Court, Southern District of West Virginia at Beckley, as posted on the FRS agenda. Mr. Halphen seconded. The motion passed.

MOTION: Mr. Birdwell moved to exit executive session and enter public session. Mr. Halphen seconded. The motion passed.

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MOTION: Mr. Birdwell moved to ratify the prior filing of the lawsuit against Massey Energy and the related contract of representation entered into with the law firm of Labaton Sucharow, LLP. Mayor Durbin seconded. The motion passed.

LEGISLATIVE UPDATE

Mr. Stockstill presented a brief update of the House and Senate bills currently pending before the legislature. After discussions, this matter was concluded with no action being needed or taken.

ADJOURNMENT

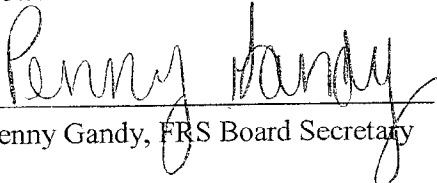
There being no further business, the meeting of the FRS board of trustees was adjourned.

FUTURE MEETINGS

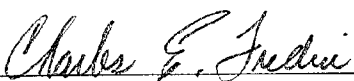
**FRS Investment Committee
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, July 7, 2010, at 3:00 p.m.**

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

SUBMITTED BY:


Penny Gandy, FRS Board Secretary

APPROVED BY:


Mr. Charles Fredieu, FRS Chairman