



FIREFIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES

October 8, 2009

A meeting of the board of trustees was held on October 8, 2009, at the Public Safety Building in Baton Rouge. Mr. Charles Fredieu, Chairman, called the meeting to order at 8:50 a.m.

Mayor Durbin gave the invocation and Mr. Birdwell led the pledge of allegiance.

Ms. Janet Picard called the roll.

MEMBERS PRESENT

Mr. Charles Fredieu, Chairman
Mr. Stacy Birdwell, Vice Chairman
Mayor Jimmy Durbin
Chief Sammy Halphen
Mayor Randy Roach
Mr. John Broussard

OTHERS PRESENT

Steven Stockstill
Kelli Chandler
Jason Starns
Janet Picard
Joe Meals
Mike Gallagher
Ronny Partain
Gary Curran
Lauren Bailey
Eldon Ledoux
Buddy Caskey
Curtis Boudreaux
April Boudreaux

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MINUTES

MOTION: Mr. Birdwell moved to adopt the minutes of the board meeting held on September 10, 2009. Chief Halphen seconded. The motion passed. [Note: Due to the lack of a quorum at the time the motion was made, the vote on this matter occurred later in the meeting.]

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 complete 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. Chief 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. Chief Halphen 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.

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[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 for survivor DROP benefits of Mrs. Joyce Marie Lewis Solt, surviving spouse of Mr. Roger Oliver Solt. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve survivor DROP benefits for Mrs. Joyce Marie Lewis Solt. Chief Halphen seconded. The motion passed.

Mr. Starns presented the application for survivor benefits of Ms. Melissa Rose Martinez, surviving beneficiary of Mr. Kirk Paul Landry. He stated that the application was in order.

MOTION: Mr. Birdwell moved to approve survivor benefits for Ms. Melissa Rose Martinez. Mayor Durbin seconded. The motion passed.

- Disability Retirement 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 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)

Mr. Starns presented the application for disability retirement of [REDACTED]

At this time, it was explained to [REDACTED] that he could request that the board enter into executive session to discuss his disability application and medical information. [REDACTED] declined.

Mr. Starns stated that [REDACTED] was seen by Dr. Rubin Patel, the State Disability Board doctor, who stated in his report that [REDACTED] should remain temporarily disabled until he is cleared by Dr. Ravi Kanagala. According to Dr. Patel, per Dr. Kanagala's notes and per Dr. James Smith, [REDACTED] complained of tachycardia in 2004, but continued to work. Dr. Patel also indicated in his report that he was uncertain if [REDACTED] supraventricular tachycardia was due to his job as a firefighter and, in addition, he noted that the patient had a history of coronary artery disease. Dr. Patel was of the opinion that if [REDACTED] continued to work as a firefighter, a stressful

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situation may cause supraventricular tachycardia, which can lead to further arhythmias and possible sudden death. With regard to the lumbar disc displacement, Dr. Patel reported that [REDACTED] should be clear to return to duty; however, cardiac clearance was necessary prior to return to work as a firefighter.

Based upon the report of Dr. Rubin Patel, approval for disability retirement and the continuation of disability recertification was recommended.

MOTION: Mr. Birdwell moved to approve disability retirement for [REDACTED] and to continue disability recertification. Chief Halphen seconded.

Upon questioning by Mayor Roach, Chairman Fredieu explained that after one year, [REDACTED] would be asked to undergo an examination to determine if he continues to be disabled.

At this time, the vote on the earlier motion relative to [REDACTED] application for disability retirement occurred. The motion passed.

[Note: The vote on the motion to adopt to the minutes of the board meeting held on September 10, 2009, occurred at this time.]

Chairman Fredieu noted for the record that Mayor Randy Roach arrived and established a board quorum shortly after commencement of the meeting.

MONTHLY FLASH REPORT - SEPTEMBER 2009

Mr. Joe Meals presented the monthly flash report for September 2009. (see attached Exhibit #3) He began by noting that the overall fund was up/down as follows: +3.5% for the month of September as compared to the blended index of +2.7%; +10.4% for the fiscal year to date as compared to the blended index of +10.8%; -1.5% for the trailing 12 months as compared to the blended index of +0.6%. According to Mr. Meals, FRS' portfolio experienced a negative cash outflow for the month of \$3.3 million; however, due to gains in the market, the portfolio was up \$29 million for the month, bringing the growth of the portfolio fiscal year-to-date to a total of \$83.7 million.

Upon questioning relative to the negative cash flow, Mr. Meals responded that there was a net decrease in cash flow due to operating expenses of the fund. The benefits paid, as well as administrative expenses, exceeded the contributions collected. Mr. Meals noted that FRS receives a fairly substantial contribution in the first quarter of the year from the Insurance Premium Tax Fund, which normally offsets negative cash flow.

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on October 7, 2009, at the FRS office in Baton Rouge at 3:00 p.m. to discuss the business set forth in its posted agenda. Committee members present included Mr. Stacy Birdwell, committee chairman, Chief Sammy Halphen, Ms. Barbara Goodson, Mr. Charles Fredieu, ex officio, and Mr. John Broussard. Mr. Stockstill notified the committee that, due to time constraints, Mayor Roach said he would no longer be able to serve as a committee member but would attend committee meetings as time permits. Upon receiving that notice, Board Chairman Fredieu immediately appointed Mr. John Broussard as a committee member in the place of Mayor Roach and designated Mayor Roach as an alternate to the committee.]

- **Market Update**

Mr. Meals provided an update of the market to the members of the board. A hand-out was provided to the members depicting economic indicators in the market. (see attached Exhibit #4)

Mr. Meals began by stating that a soft labor market is currently being experienced, although there has been some improvement in the manufacturing sector due to inventory restocking. The fundamentals for the U. S. stock market are negative to neutral, which gives a low to mid single digit return outlook from the present levels in the stock market. He stated that there is concern as to whether earnings will come in stronger than previously. According to Mr. Meals, corporate spreads have tightened to a level where there is a more normal spread to treasury environment, which resulted in the achievement of most of the return potential expected for the system due to its allocation to corporate-only managers. In addition, a downtrend in the U. S. dollar, which is expected to remain weak in the current environment, should be supportive of the system's international allocations.

Mr. Meals turned the board's attention to the recommendations made by the Investment Committee. He made reference to a hand-out entitled "FRS Asset Allocation Proposed Adjustments as of September 30, 2009." (see attached Exhibit #5)

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

Pointe Bio Energy LLC Project

With regard to the investment opportunity with Pointe Bio Energy, Mr. Meals stated that it was the recommendation of the Investment Committee that the board pass on this investment.

MOTION: Mr. Birdwell moved the recommendation in the form of a motion. Chief Halphen seconded. The motion passed.

LSV Asset Management

Mr. Meals reminded the members of the board that LSV had been notified that they were being placed on a "watch list" due to its performance relative to its benchmark. He then made reference to a letter received by the board from LSV in which LSV stated that pursuant to its contract with FRS, its benchmark was actually the EAFE Index, which does not include emerging markets. However, if compared to the EAFE Index, their performance was actually slightly ahead of the benchmark. Mr. Meals stated that after discussions with LSV, they have agreed to expand their mandate to include emerging markets, which would be consistent with the benchmark that CSG uses for comparison, which is the ACWI x US. He stated that it was the recommendation of CSG that FRS amend the contract with LSV to change its benchmark to the ACWI x US.

Mr. Birdwell stated that it was his understanding that approximately 20% of the LSV portfolio would be moved into emerging markets and would carry a 1% management fee.

MOTION: Mr. Birdwell moved to amend the contract with LSV to provide that approximately 20% of the system's portfolio with LSV would be invested in emerging markets with the system paying a 1% management fee on that portion of the investment. Chief Halphen seconded. The motion passed.

Barrow Hanley Corporate Bond Fund

Mr. Meals stated that it was the recommendation of the Investment Committee to expand the mandate for Barrow Hanley's corporate-only strategy to allow investments in any credit quality or "best ideas" in its fixed income credit market strategy.

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

Orleans Capital Corporate Bond Fund

Mr. Meals stated that it was the recommendation of the Investment Committee to expand the mandate for the Orleans Capital corporate-only portfolio to include its "best ideas" in any fixed income category. In addition, the assets of the two accounts FRS has with Orleans Capital would be merged into one account.

MOTION: Mr. Birdwell moved the recommendation in the form of a motion. Chief Halphen seconded. The motion passed.

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J. P. Morgan

Mr. Meals discussed a request by J. P. Morgan that the board give approval to J. P. Morgan to lend securities in the FRS' portfolio to one of its affiliates. According to Mr. Meals, the recommendation of the Investment Committee was to deny the request by J. P. Morgan.

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

The Clinton Group

Chairman Fredieu asked Mr. Stockstill to discuss certain articles he provided to the board with regard to The Clinton Group.

Mr. Stockstill stated that he wanted to make the members of the board aware that there is an ongoing investigation by the State of New York of one of the principals of The Clinton Group, which is one of the system's money managers. Upon hearing of the ongoing investigation, he performed research and found older articles relating to the investigation; however, at the time the system was going through the hiring process with The Clinton Group, he was not aware of any such investigation. He assured the members that the investigation does not involve any of the funds in which FRS has an interest.

Mr. Meals explained that some years ago, based upon statements by a former employee of The Clinton Group, the SEC conducted a thorough investigation into the firm's securities pricing. The SEC determined that the securities pricing that the firm had been using was appropriate and no action was taken. Mr. Meals stated that, at this point, he is not concerned about any investments FRS has in those strategies.

Mr. Broussard asked if, at the time The Clinton Group was hired by the system, the old allegations were known and disclosed to the board. Mr. Meals replied that the allegations were known and, to the best of his knowledge, discussed with the board.

Mr. Broussard then inquired as to whether or not the board was provided at that time with a copy of the ADV of The Clinton Group. Mr. Stockstill responded that, typically, the decision by the board to hire a money manager has already been made before the ADV is provided.

MOTION: Mr. Broussard moved that, at the time any investment is brought to the board for consideration, a copy of the firm's ADV be presented to the board. Mayor Roach seconded. The motion passed.

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Mr. Birdwell asked Mr. Meals if he had any concerns regarding The Clinton Group. Mr. Meals responded that he had no concerns with regard to the viability or activities of its organization.

Mayor Roach commented that The Clinton Group Magnolia Fund was down 4.2% since inception and suggested that Mr. Meals provide a report to the full board at the next meeting.

Chairman Fredieu asked if the board is required to meet in order to withdraw its money from the fund if further losses are incurred. Mr. Meals replied that The Clinton Group CES Fund has a daily trigger, in that if their collateral account falls to 2% of the value of the portfolio, the contract requires an automatic liquidation of the fund. Relative to The Clinton Group Magnolia Fund, the board can liquidate the fund at the end of any month; however, the system is subject to full market exposure in the Magnolia Fund.

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

NOVEMBER/DECEMBER 2009 BOARD MEETING DATES

Mr. Stockstill informed the members that the date of the next Investment Committee meeting, November 11th, is a state/federal holiday. If the board decided not to change the meeting date, he requested that FRS staff be allowed to work that holiday and then take off on Friday, November 13th.

After a brief discussion, it was decided that the meeting dates for November would not change.

MOTION: Mr. Broussard moved to allow FRS staff to be off on Friday, November 13, 2009, due to working on the November 11th holiday. Mayor Durbin seconded. The motion passed.

A discussion then ensued with regard to changing the date of the December meetings. Mr. Stockstill suggested that the Investment Committee meeting be changed to December 16, 2009, and the Board of Trustees meeting be held on December 17, 2009.

MOTION: Mr. Birdwell moved to change the Investment Committee and Board of Trustees meeting dates from December 9th and 10th to December 16th and 17th. Chief Halphen seconded. The motion passed.

Mr. Stockstill announced that a meeting of the System's Recommendation Committee, of which Chief Halphen is the chairman, will be necessary. He explained that the purpose of the meeting will be to receive presentations by two companies with regard to providing computer software service. The System's Recommendation Committee would then make a recommendation to the full board at its meeting.

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After a brief discussion, the board decided that the System's Recommendation Committee would meet on Wednesday, December 16, 2009, at 1:00 p.m. Also, the members of the committee are as follows: Chief Sammy Halphen, chairman; Mayor Jimmy Durbin; Mr. John Broussard; Mr. Paul Smith; Mr. Gary Curran.

ADJOURNMENT

MOTION: There being no further business, Mr. Broussard moved to adjourn the board meeting. Mayor Durbin seconded. The motion passed.

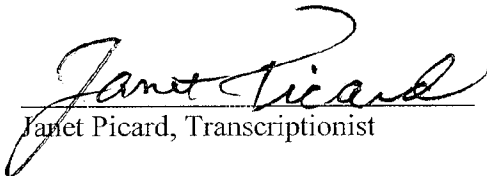
FUTURE MEETINGS

**FRS Investment Committee
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Wednesday, November 11, 2009, at 3:00 p.m.**

**FRS Board of Trustees
Public Safety Building
3100 Brentwood Drive
Baton Rouge, Louisiana
Thursday, November 12, 2009, at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:


Janet Picard, Transcriptionist


Mr. Charles Fredieu, FRS Chairman