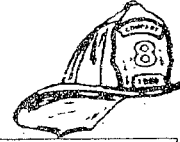




FIREFIIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES FEBRUARY 10, 2011

A meeting of the board of trustees was held on February 10, 2011 at the Public Safety Building in Baton Rouge. Mr. Stacy Birdwell, Vice 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. Stacy Birdwell
Dr. Steve Procopio
Mayor Jimmy Durbin
Mayor Mayson Foster
Mr. Paul Smith
Mr. John Broussard
Mr. Jerry Tarleton

OTHERS PRESENT

Mr. Steven Stockstill
Ms. Kelli Rogers
Mr. Jason Starns
Ms. Penny Gandy
Mr. Greg Curran
Ms. Lauren Bailey
Ms. Laura Gail Sullivan
Mr. Joe Meals
Mr. Matt Tessier
Mr. Arnold Lowther
Mr. Patrick Searcy

MINUTES

MOTION: Mayor Durbin moved to approve the minutes of the board meeting held on January 13, 2011. Mr. Tarleton seconded. The motion passed.

APPLICANTS

- New Members



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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: Mayor Foster moved to approve the new member applicants. Mayor Durbin 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. Broussard moved to approve the new retiree applicants. Mayor Foster 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)

Mr. Starns presented the application of Mary Jane Prest, surviving spouse of Frank Thomas Prest, Sr. He stated that the application was in order.

MOTION: Mayor Durbin moved to approve the surviving spouse application for Mary Jane Prest. Mayor Foster seconded. The motion passed.

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Mr. Starns presented the application for Tara Gregory Wink, surviving spouse of Aaron Jay Wink. Mr. Starns also presented the application for Emmaline Elizabeth Wink, surviving child of Aaron Jay Wink. He stated the applications were in order.

MOTION: Mayor Durbin moved to approve the surviving spouse benefits for Tara Gregory Wink and surviving child benefits for Emmaline Elizabeth Wink. Mr. Broussard 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 submitted a detailed report in laymen's terms of his findings based on the examination performed and the medical records reviewed. Prior to this meeting, each member of the board of trustees was provided a copy of the disability application, job description, State Medical Disability Board doctor's report and all medical records for their advance review. (R.S. 11:215, 216, 218, & 2258)

██████████ - Mr. Starns presented the application for disability retirement of ██████████. 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 "Although I think in reviewing the records forwarded to me a number of these changes were likely degenerative and I think it was a margin of coincidence that he developed both cervical and lumbar spine complaints at the time of his injury. I do believe that this patient is disabled and totally incapacitated as to prevent further performance of his normal duties as a firefighter and I do believe that such incapacity is likely to be permanent. I do not believe that this disability was a result of a condition that he received in the line of duty. I do not believe he should be allowed to return as a firefighter because of the injuries as outlined and represents a hazard not only to him self but to others[.]"

Based upon the report of Dr. Thad Broussard, the staff recommendation was for the approval of non-job related disability retirement and discontinuance of disability recertification.

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

[NOTE: On December 9, 2010, the disability application of ██████████, was considered by the FRS board. The board was provided with a medical narrative report written by the examining physician, Dr. Carolyn Baker. Based on Dr. Baker's report, the staff recommended denial of disability benefits and the board approved the staff recommendation. ██████████ appealed the board's decision and, pursuant to statutory procedure, he was scheduled for examination by a second State Medical Disability Board doctor, Dr. Kenneth Gaddis.]

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██████████ - Mr. Starns presented the disability appeal of ██████████. Mr. Starns stated that the applicant was seen by Dr. Kenneth Gaddis, the State Medical Disability Board doctor for a second opinion. In his medical narrative report dated January 18, 2010, Dr. Gaddis stated, "As you can see from my dictation, it is my opinion that this patient does have epilepsy. And further, it is my opinion that the patient does not have complete control over that condition with his current medication. Additional aggressive medication management could improve this seizure control considerably."

"It is further my opinion, that without complete control of his seizures, the patient would not be able to safely comply with the job description that you provided to me. My reasoning behind that statement is related to the fact that the patient is unable to drive, and it would not be safe left alone for prolonged periods of time. Further, he could experience a partial seizure that would incapacitate him and prevent him from any cognitive activity for several hours at a time."

"I do not think this condition is service connected. Obviously the symptoms began in 2003 and were not present before he became a member of your system in March, 2001. However, I could not find any indication that events that occurred after his involvement with the firefighting system lead to the development of this epilepsy. I would be of the opinion that within a reasonable degree of medical certainty, this seizure disorder could have developed in any occupation."

In Dr. Gaddis' report titled New Patient Evaluation dated January 18, 2010, he stated: "There cannot be any question as to this patient having episodes of seizure. He continues to experience seizure which is estimated by the family to be at least every 2-3 months but that he has also continued to experience grand mal seizure, the most recent occurring in December, 2010. The patient has had a very thorough work up including multiple MRI, routine EEG, and ambulatory EEG. The studies do confirm an apparent seizure origination in the frontal of the brain on the left. The patient is currently receiving Lamictal, but this medication could be increased to improve seizure control. Based upon the reported seizure frequency, the patient is unable to drive. He is unable to operate any type of heavy equipment. Review of the description as provided by Firefighters' Retirement System and recognizing that the patient continues to experience unpredictable seizure some of which are precipitated by stress, I would be of the opinion that the patient cannot perform this job duty. However, with more aggressive management of his seizure disorder, better control can be achieved. Permanence of his disability cannot be determined with any degree of medical certainty at this time until he has had an attempt at more aggressive management of his seizures. Further, within a reasonable degree of medical certainty, the seizure disorder would not considered to be job related."

On February 1, 2011, Mr. Starns sent Dr. Gaddis a supplemental letter, which asked the following questions: "(1) Based upon your Independent Medical Evaluation regarding ██████████ application for disability retirement and based upon ██████████ 'job description' is ██████████ totally incapacitated for the further performance of his normal duties? and (2) If yes, that ██████████ is totally incapacitated for the further performance of his normal duties, then is the disabling condition likely to be permanent?" Dr. Gaddis responded in the affirmative to both questions.

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Based on Dr. Kenneth Gaddis' information, Mr. Starns suggested that there is a conflict between the two prior examining physicians opinions regarding the question of disability and he recommended that the statutory procedure be applied in this case by requiring those two physicians to select a third physician to examine [REDACTED] (R.S. 11:218(D)(3))

MOTION: Mayor Durbin moved to accept the staff recommendation for [REDACTED] Mr. Tarleton seconded. The motion passed.

- Disability Conversion Applicant

PROCEDURE: Retirees who apply for conversion from regular service 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 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. 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)

[REDACTED] Mr. Starns presented the application for disability conversion of [REDACTED] [REDACTED]. Mr. Starns stated that the applicant was seen by Dr. Kenneth Gaddis, the State Medical Disability Board doctor. In his report, Dr. Gaddis stated, that "Based upon my review of these medical records, and review of the job description, the patient is considered to be permanently and totally disabled from performing his duties as a firefighter. The date of disability would date to the time of the radical surgical procedure on May 10, 2010. The extensive nature of the original surgical procedure and the development of the very large hernia would prevent the patient from performing any type of lifting or straining. The development of the malignancy is not felt to be service connected. The time of development of the malignancy cannot be determined with any degree of medical certainty, but it is doubtful that the malignancy was in existence at the time of the patient's retirement on July 1, 1998, even though records from Dr. Raymond Germany indicate a diagnosis of bladder cancer in September 2009."

Based upon the report of Dr. Kenneth Gaddis and the board policy regarding disability conversions, the staff recommendation was for denial of disability conversion.

MOTION: Mayor Foster moved to accept the staff recommendation for [REDACTED] Mr. Tarleton seconded. The motion passed.

MONTHLY FLASH REPORT - JANUARY 2011

Mr. Joe Meals presented the monthly flash report for January 2011. (see attached Exhibit #3) He began by noting that the overall fund was up/down as follows: 1.2% for the month of January as compared to the blended index of 1.5%; 15.3% for the fiscal year to date as compared to the blended index of 15.9%; 14.7% for the trailing 12 months as compared to the blended index of 15.6%.

COMMITTEE REPORT

[NOTE: The Investment Committee met on February 9, 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, Mayor Mayson Foster, Dr. Steven Procopio, Mr. Paul Smith and Mr. Jerry Tarleton. Also present were Mrs. Lauren Bailey, Mr. Joe Meals, Ms. Laura Gail Sullivan and Mr. Walter Schindler.]

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

- Clinton Magnolia Group

Mr. Joe Meals advised the board that representatives of the Clinton Magnolia Group, an existing FRS manager, asked FRS to convert the CES Fund to the Magnolia strategy. He said the Clinton representatives feel that the volatility of the CES fund is too great. Mr. Meals told the Clinton representatives that the collateral requirement of the fund should be restructured to a five to one ratio and that the trigger mechanism should be increased to 5%. Mr. Meals said the Clinton representatives found the terms to be acceptable, but asked that the coupon rate from decreased from 15% to 11%. Mr. Meals said that he had recommended adoption of the changes to the investment committee and, in turn, the committee recommended the same to the full board.

MOTION: Mr. Smith moved to accept the investment committee's recommendation. Mr. Tarleton seconded. The motion passed.

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

- Blackrock

Mr. Meals advised the board that, based on prior approval, Blackrock, an existing FRS manager, was converted to a global equity market strategy. As part of that conversion, a fee structure was proposed by Blackrock that would allow Blackrock to earn 20% of the returns that exceed the ACWI All World Index. However FRS counter-proposed only allowing the 20% participation if Blackrock exceeds the referenced index by at least 2%. Mr. Meals advised that Blackrock has agreed to this proposal. Mr. Meals noted that Blackrock's contract proposes English Law (UK) as the controlling

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law and that the governing regulatory authority is the SEC counterpart in Europe. Mr. Meals advised that Blackrock agreed to be a fiduciary under ERISA. He said FRS is not subject to ERISA, but is subject to the fiduciary standards of Louisiana law. Mr. Meals recommended that FRS only agree to terms of the contract if Blackrock agrees in writing to be a fiduciary under Louisiana law and certain other specified terms. The investment committee adopted Mr. Meal's recommendations and, in turn, the committee recommends the same to the full board.

MOTION: Dr. Procopio moved to accept the investment committee's recommendation. Mr. Tarleton seconded. The motion passed.

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

- Republic Business Credit

Mr. Meals advised that Wells Fargo, the senior lender for Republic Business Credit, an existing FRS manager, has provided FRS with a document titled "Subordination Agreement". (see attached Exhibit #4)

The board engaged in a thorough discussion of the subordination agreement. Mr. Meals recommended that FRS acknowledge and confirm its position as the junior (subordinated) lender, but not give up any rights that it would otherwise have. The investment committee adopted Mr. Meal's recommendations and, in turn, the committee recommends the same to the full board.

MOTION: Mayor Foster moved to accept the investment committee's recommendation. Mayor Durbin seconded. The motion passed six to one. Mr. Broussard voted against.

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

- Fletcher Investment Advisors

[NOTE: By posting notice on the agenda, the board of trustees reserved its right to enter executive session pursuant to R.S. 42:17(A)(1) for discussion of the character or professional competence of Fletcher Investment Advisors.]

MOTION: Mr. Tarleton moved to enter executive session. Mr. Broussard seconded. The board entered executive session.

MOTION: Mr. Broussard moved to resume public session. Mr. Smith seconded. The board resumed public session.

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

- Scoggin Worldwide Distressed Fund, LLC

Mr. Meals advised that representatives of Scoggin Worldwide Distressed Fund, LLC, an existing FRS manager, created a new class of shares to provide more frequent dates during the year when interests can be redeemed without any redemption fee being charged. (see attached Exhibit #5) Mr. Meals advised that the new shares will offer more liquidity than the shares currently held by FRS. Mr. Meals said FRS is currently a Class L shareholder. Mr. Meals said that Class M shareholders can redeem up to 10% of money invested each calendar quarter with 60 days notice, and up to 100% of the NAV on the annual anniversary of FRS' investment in the fund, with 90 days notice, and all shares can be redeemed at any time with a 60 day notice and a 3% redemption fee. Mr. Meals recommended that FRS switch from Class L to Class M shares. The investment committee adopted Mr. Meal's recommendations and, in turn, the committee recommends the same to the full board.

MOTION: Mr. Broussard moved to accept the investment committee's recommendation. Mr. Smith seconded. The motion passed.

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

- Land Baron - St. George Air Parc

Mr. Stockstill recalled that the board previously authorized a third-party law firm to review and comment regarding the closing documents related to a proposed land-swap between the city of St. George and FRS. He said the reviewing attorney indicated that there apparently was no survey conducted on the land that FRS would receive in the swap. Mr. Meals said a survey had previously been conducted. The survey covered all of the property when it was joined as a single parcel, but did not carve out the property that FRS would receive. Mr. Meals advised that representatives of Land Baron will have a survey conducted for each individual parcel that FRS will receive in the swap.

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

That concluded the investment committee report.

**FRS FINANCIAL STATEMENTS AS OF DECEMBER 31, 2010
CUSTODIAL SERVICES RFP**

Ms. Kelli Rogers presented the following financial statements: (1) FRS Statement of Net Asset as of December 31, 2010, and (2) FRS Changes in Net Assets for the Six Months Ending December 31, 2010. (see attached exhibit #6) The board then discussed the subject of FRS assets, liabilities, and expenses. Trust fees, banking expenses and quality of service was discussed.

MOTION: Mayor Foster moved to adopt the financial statements as presented by staff and for the staff to draft a Request For Proposal relative to custodial banking services for review by the board at the March 2011 meeting. Mayor Durbin seconded. The motion passed.

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

FUNDING REVIEW PANEL PROPOSALS

The board engaged in a thorough discussion regarding changing the method of valuing FRS invested securities from the mark-to-market accounting method to another as yet unspecified method, including an extensive question and answer session.

MOTION: Mr. Broussard moved to reject any proposal to change the method of valuing FRS invested securities and, as part of the motion, moved for the FRS auditor to appear before the Funding Review Panel and state FRS' position regarding the use of the mark-to-market valuation method. Mayor Durbin seconded. The motion passed.

The board engaged in a thorough discussion regarding increasing the FRS actuarially assumed interest rate from 7½% to 8%, including an extensive question and answer session.

MOTION: Mayor Durbin moved to reject any proposal to change the actuarially assumed interest rate from 7½% to 8% and, as part of the motion, moved to support continuing the current procedure whereby the rate is set by the retirement boards, not legislatively. Mr. Broussard seconded. The motion passed.

The board engaged in a thorough discussion regarding the implementation of "triggers" causing an automatic decrease in the employee contribution rate if the employee contribution rate is increased legislatively, including an extensive question and answer session.

MOTION: Mr. Broussard moved for any such trigger to apply irrespective of whether the employee rate is moving up or down. As part of the motion, he moved for the following employee rates to apply- (1) If the employer contribution rate is set between 9% (its statutory minimum) and 14.99%, then the employee contribution rate is 8%, (2) If the employer contribution rate is set between 15% and 19.99%, then the employee contribution rate is 9%, and (3) If the employer contribution rate is set at or above 20%, then the employee contribution rate is 10%. Mayor Durbin seconded. The motion passed.

MOTION: Mayor Durbin moved to reject the proposal adopted by the Funding Review Panel because it applies on a one-time basis, whereas the FRS adopted rates apply on a continuing or on-going basis, and for other reasons. Mr. Tarleton seconded. The motion passed.

CLASS ACTION LAWSUITS FILED BY JPM CHASE BANK

[NOTE: By posting notice on the agenda, the board of trustees reserved its right to enter executive session pursuant to R.S. 42:17(A)(2) for discussion of multiple securities related class action lawsuits filed on behalf of FRS.]

Mr. Stockstill introduced Mr. Bob Klausner, the only consulting attorney that FRS has permanently retained by contract on an as-needed basis. Mr. Klausner addressed the board regarding multiple class action lawsuits that have been filed by the JPM Chase legal department on behalf of FRS. He said the class action lawsuits involve securities held by FRS.

MOTION: Mr. Broussard moved to enter executive session. Mr. Tarleton seconded. The board entered executive session.

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

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, March 9, 2011 at 3:00 p.m.**

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

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SUBMITTED BY:



Penny Gandy, FRS Board Secretary

APPROVED BY:



Mr. Charles Fredieu, FRS Chairman