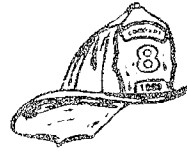




## **FIREFIGHTERS RETIREMENT SYSTEM**

P.O. Box 94095, Capitol Station  
Baton Rouge, Louisiana 70804-9095  
Telephone (225) 925-4060 • Fax (225) 925-4062



### **MEETING OF THE BOARD OF TRUSTEES**

**November 12, 2009**

A meeting of the board of trustees was held on November 12, 2009, 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.

Ms. Kelli Chandler called the roll.

Mr. Steven Stockstill introduced the new FRS employee, Mrs. Penelope "Penny" Gandy, to the members of the board. She was warmly welcomed by all.

#### **MEMBERS PRESENT**

Mr. Charles Fredieu, Chairman  
Mr. Stacy Birdwell, Vice Chairman  
Mr. John Broussard  
Mayor Jimmy Durbin  
Ms. Barbara Goodson  
Chief Sammy Halphen  
Mayor Randy Roach  
Mr. Paul Smith

#### **OTHERS PRESENT**

Mr. Steven Stockstill  
Ms. Kelli Chandler  
Mr. Jason Starns  
Ms. Penny Gandy  
Mr. Gary Curran  
Mr. Ronny Partain  
Mr. Mike Gallagher  
Mr. Matt Tessier  
Ms. Lauren Bailey

**MINUTES**

MOTION: Mayor Durbin moved to adopt the minutes of the board meeting held on October 8, 2009. Ms. Goodson seconded. The motion passed. [Note: Due to the lack of a quorum at this time, the vote on this matter occurred later in the meeting upon establishment of a quorum.]

**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: Mayor Roach moved to approve the new member applicants. Mayor Durbin seconded. The motion passed. [Note: Due to the lack of a quorum at this time, the vote on this matter occurred later in the meeting upon establishment of a quorum.]

- 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: Mayor Durbin moved to approve the new retiree applicants. Mayor Roach seconded. The motion passed. [Note: Due to the lack of a quorum at this time, the vote on this matter occurred later in the meeting upon establishment of a quorum.]

- 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 Seth Daniel Ball, surviving child of Mr. Russell Leyser. He stated that the application was in order.

Ms. Goodson noted that Mr. Leyser died in 2008 and asked if the benefits would be retroactive. Mr. Starns replied in the affirmative.

MOTION: Ms. Goodson moved to approve survivor child benefits for Seth Daniel Ball. Mayor Durbin seconded. The motion passed. [Note: Due to the lack of a quorum at this time, the vote on this matter occurred later in the meeting upon establishment of a quorum.]

Mr. Starns presented the application of Mrs. Shirley Meyers Bonaventure, surviving spouse of Mr. Ronald Anthony Bonaventure. He stated that the application was in order.

MOTION: Mayor Durbin moved to approve survivor benefits for Mrs. Shirley Meyers Bonaventure. Ms. Goodson seconded. The motion passed. [Note: Due to the lack of a quorum at this time, the vote on this matter occurred later in the meeting upon establishment of a quorum.]

Mr. Starns presented the application of Mrs. Juliet Hebert Migues, surviving spouse of Mr. Lester Joseph Migues. He stated that the application was in order.

MOTION: Mr. Broussard moved to approve survivor benefits for Mrs. Juliet Hebert Migues. Mayor Durbin seconded. The motion passed. [Note: Due to the lack of a quorum at this time, the vote on this matter occurred later in the meeting upon establishment of a quorum.]

**MONTHLY FLASH REPORT - OCTOBER 2009**

Mr. Ronny Partain presented the monthly flash report for October 2009. (see attached Exhibit #3.) He began by noting that the overall fund was up/down as follows: -0.3% for the month of October as compared to the blended index of -0.9%; +10.0% for the fiscal year to date as compared to the blended index of +9.8%; + 16.3% calendar year-to-date, as compared to the blended index of +13.1%; +11.6% for the trailing 12 months as compared to the blended index of +12.1%.

Mr. Broussard inquired about the performance of the FRS Hedge Fund Index. Mr. Partain replied that the Hedge Fund Index return is not included on the Flash Report, but he would forward the information to the board members.

A brief discussion ensued relative to Sand Springs Capital. Chairman Fredieu was of the opinion that the board's decision to not liquidate the funds with Sands Springs Capital was a good one. He then asked Mr. Partain to comment on the fund.

Mr. Partain stated that some of the numbers are estimates because it was still early in the month; however, the CA Recovery Fund LLC, which is a portion of the Sand Springs Capital non-liquidating share class, is up 6.2% fiscal year-to-date. In addition, FRS will not be reinvesting any of the proceeds from any liquidations in the CA Recovery Fund, which is in the form of distributions to the system, but will be invested elsewhere.

#### **COMMITTEE REPORT - INVESTMENT COMMITTEE**

[NOTE: The Investment Committee met on November 11, 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 were Mr. Stacy Birdwell, Chairman, Mr. John Broussard, Mrs. Barbara Goodson, Mr. Paul Smith, and Mr. Charles Fredieu, ex officio.

#### **SOL MATE TOO, LLC**

Reference was made to a document with regard to the Sol Mate Too property, including the terms of the proposed loan. (see attached Exhibit #4)

Relative to the modification and extension of loan terms of the Sol Mate Too property, Ms. Goodson stated that it was her understanding that the Sol Mate Too investment currently has a non-amortizing loan with BNC National Bank. However, the bank is proposing a new loan for a 20-year amortization with principal and interest, including a four-year balloon. She stated that Sol Mate Too has the money to pay the first year and the fourth year; however, they need FRS to pay the amortization period of Years 2 and 3.

Mr. Broussard added that the interest rate would be prime +1%. He stated that, in his opinion, FRS is being offered an attractive loan proposal, and it was the recommendation of the Investment Committee to approve the proposal.

MOTION: Chairman Fredieu moved to approve the loan extension for the Sol Mate Too, LLC property, as per the recommendation of the Investment Committee. Chief Halphen seconded. The motion passed.

[NOTE: With a quorum now established, the following motions previously made were approved: Motion and second to approve the minutes of the board meeting held on October 8, 2009; motion and second to approve the new member applicants; motion and second to approve the new retiree applicants; motion and second to approve surviving child benefits for Seth Daniel Ball; motion and second to approve surviving spouse benefits for Mrs. Shirley Meyers Bonaventure; motion and second to approve surviving spouse benefits for Mrs. Juliet Hebert Migues.]

**FRS-LB#1, LLC - DONATION OF 15 ACRES OF NLTP PROPERTY**

Mr. Stockstill referred to a letter dated July 14, 2009, written by Mr. Charles Potter to Land Baron Investments, Inc., relative to the donation of 15 acres of the Nothing Left To Prove (NLTP) property to Nadaburg School District to be used for expansion. The letter was then forwarded by Land Baron to FRS in October. In his letter, Mr. Potter sets forth the highlights of the proposed agreement with the school district. Mr. Stockstill explained that the school district has required the owners of property to the north and east of the NLTP property to donate a certain amount of property to the school district and to pay a \$1,000 per door impact fee to the school district based upon the donors' plats of subdivisions showing "X" number of residential units to be placed in those subdivisions. If subdivisions are developed on the NLTP property, the same impact fees would probably apply. Mr. Stockstill stated that Land Baron has proposed that FRS donate 15 acres to the school district in order to increase the value of the NLTP property. The 15-acre tract would be held in escrow and the school district would have two years after the actual approval and funding for expansion to begin construction. If the school district fails to begin construction after that two-year period, the property would revert back to FRS-LB#1. According to the letter from Mr. Potter, in exchange for the donation of the 15-acre tract to the school district, the impact fees would be waived because the NLTP property is designed for mixed-use.

Mr. Stockstill then referred to a copy of the Agreement, which he distributed to the members of the board. (see attached Exhibit #5) He touched on several issues that he felt needed to be addressed during the teleconference with Land Baron scheduled for later in the meeting. In summary, those issues are as follows: ensure that the school site referenced in the agreement would indeed be a K-8 school; waiver of future development and ancillary fees and how those fees are credited against the donation value; how the donation value will be assessed, i.e., the value of the property today or the value of the property at the time of the actual donation; whether or not FRS will be responsible for the \$1,000 impact fees if the school fails to construct on the donated property within the two-year period and such property reverts back to FRS.

Upon questioning by Chairman Fredieu, Mr. Stockstill explained that if the property is sold to a developer before the school district begins construction, the fees have been avoided altogether, and the developer would then have to incur the fees. However, the potential impact fees would be built into the value of the property if sold to a developer.

At this time, the board entered into a publicly-held telephone conference with Mr. Mike Chernine of Land Baron Investments and Mr. Charles Potter, project manager for Land Baron. During the teleconference, the issues earlier raised by the board were discussed. Mr. Stockstill asked Mr. Potter to first provide the members with the location of the property to be donated as it relates to the entire tract of the NLTP property and to then provide a brief narrative of what the transaction encompasses.

Mr. Potter stated that the location identified for the school site will be generally in the back and in the northeast corner of the property, away from the railroad tracks and somewhat away from Grand Avenue. Discussions have been ongoing with the school district due to a requirement by the City of Surprise, Arizona, in which the NLTP property has been annexed into, that before a final plat can be recorded and development moves forward, an agreement with the school district must be entered into with regard to "mitigation responsibilities." He explained that the developers of the 5,500 acre project immediately to the north of the NLTP property, known as Grand Vista, executed an agreement with the school district approximately one year ago to donate three different sites, two for future elementary schools and one for a high school. The agreement required the developers to pay a mitigation fee of \$1,000 per door based upon expected residential development. Mr. Potter stated that, upon learning of this, Land Baron met with the school district several times on this issue and feels that a fair agreement has been reached with regard to the donation of a 15-acre tract and the waiver of additional mitigation fees, resulting in an approximate \$3.5 million savings toward the property.

Upon questioning by several members of the board regarding the donation and wording of the agreement, Mr. Potter explained that an independent appraisal of the donated property would be made at the time of transfer, and he would ensure that the agreement would set forth those terms, as well as the method for selection of an appraiser(s). Mr. Potter went on to say that he had not yet had a chance to speak with his attorney relative to future development fees by the school district and/or the city of Surprise and would provide the board with that information as soon as possible.

Mayor Durbin stressed to Mr. Potter that it be made clear that participation in the donation of the property by FRS-LB#1 is not as a developer, but merely to make the property more appealing when sold in the future to a developer.

Mr. Potter stated that, after consulting with his attorney, he would follow up with Mr. Stockstill by phone or e-mail and would be available if the members of the board had any additional questions.

**MOTION:** Mayor Durbin moved to authorize Mr. Stockstill to execute, on behalf of the system, the agreement relative to the transfer of 15 acres of the NLTP property to the Nadaburg Unified School District pursuant to modification of the language of the agreement as discussed by the board this day. Mayor Roach seconded. The motion passed.

MOTION: Chief Halphen moved to authorize Mr. Stockstill to send a letter to Land Baron indicating that FRS in no way intends to become involved in the development of the NLTP property. Mayor Durbin seconded. The motion passed.

[NOTE: The motions and votes relative to the donation of 15 acres of the NLTP property occurred after the Hopper v. Robert Black, Jr., et al, matter was concluded.]

**LITIGATION UPDATE- HOPPER V. ROBERT BLACK, JR., ET AL**

Mr. Stockstill then informed Mr. Chernine that the board would enter into executive session to discuss the Hopper lawsuit.

MOTION: Chief Halphen moved to enter into executive session in order for the board to discuss the Hopper v. Robert Black, Jr., et al. Mr. Broussard seconded. The motion passed.

The board entered into executive session.

MOTION: Chief Halphen moved to return to regular session of the board. Mayor Durbin seconded. The motion passed.

MOTION: Mayor Roach moved to allow the FRS attorney to file a protective order in response to the Subpoena Duces Tecum in the matter of Hopper v. Robert Black, Jr., et al. Chief Halphen seconded. The motion passed.

**MANAGEMENT FEE POLICY**

The members of the board entered into a discussion with regard to fees paid to money managers. Mr. Broussard was of the opinion that money managers should not be paid 100 to 200 basis points for carrying no risk. Mayor Roach suggested that the Investment Committee or the board develop a policy relative to management fees and payment thereof. Mr. Broussard agreed, adding that such a policy should have some flexibility. It was also suggested that such a policy would be presented to money managers who wish to make a presentation to the system.

MOTION: Mayor Roach moved to have staff develop such a policy to present to the Investment Committee for its consideration. Mr. Broussard seconded.

Mr. Partain commented that CSG reviews investment strategies and fee proposals every day. He stated that the investment opportunities are looked at, together with what net results should be expected for the investors. He explained that fees will then be looked at to see if the investor's strategy is appropriate for the level of fees, the level of risk, the type of transaction, the type of

security, the level of expertise, and what the industry standards are. At that point, an evaluation is made as to whether or not to move forward with the investment.

Mr. Broussard stated that he would envision that such a policy would be very general and without a threshold.

MOTION: The earlier motion and second relative to a policy on management fees was voted on at this time. The motion passed.

#### **LITIGATION UPDATE - DUTY V. FRS, ET AL**

Mr. Stockstill stated that Duty v. FRS, et al, had been properly noted and posted on the agenda to allow the board the opportunity to go into executive session to discuss the matter.

MOTION: Chief Halphen moved to enter into executive session in order for the board to discuss Duty v. FRS, et al. Mayor Durbin seconded. The motion passed.

The board entered into executive session at this time.

MOTION: Mayor Roach moved to return to regular session of the board. Mayor Durbin seconded. The motion passed.

This matter was concluded with no action being necessary or taken.

#### **SITE VISIT FINDINGS**

Mr. Stockstill turned the board's attention to site reviews relative to the internal procedures used to review the records of municipalities and make a determination of any deficiencies that may be discovered during the course of that review. The site visits were made by Ms. Kelli Chandler and Mr. Brent Philip.

In addition to information previously made available to the members with regard to the Vidalia and Tallulah site visits, a handout was distributed to the members of the board depicting site findings for Lake Charles, Sulphur, Bossier City, and Caddo #3. (see attached Exhibit #6)

Ms. Chandler briefly explained the site visit findings to the board. She stated that, for Vidalia, the dates of service that the municipality had did not coincide with the dates of service maintained by FRS, which could be a potential problem when a member applies for retirement. In addition, Vidalia did not separate out scheduled overtime versus unscheduled overtime and are reporting all overtime to FRS, resulting in overpayment of retirement for their firefighters. She noted that Tallulah, due to a mistake in a new computer program, reported unscheduled overtime and did not report



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scheduled overtime, but added that it would be corrected. According to Ms. Chandler, Lake Charles and Sulphur were very organized, but Bossier City did not include scheduled overtime and step-up pay in salaries reported to FRS. Although Caddo #3 reported their overtime correctly, they failed to maintain applications in members' files.

In closing, Ms. Chandler stated that letters were sent to the mayors and payroll clerks of the municipalities notifying each of the site visit findings.

**LAPERS - EDUCATIONAL LIAISON COMMITTEE**

Chairman Fredieu stated he would entertain a motion at this time to appoint Mayor Durbin as the representative of the Firefighters' Retirement System to serve on the LAPERS Educational Liaison Committee.

MOTION: Ms. Goodson so moved. Chief Halphen seconded. The motion passed.

**ANNOUNCEMENTS**

Mr. Stockstill announced that LATEC, of which FRS is a member, will be holding its annual Holiday Gathering at Pat O'Brien's in New Orleans on December 15, 2009, from 6:30 to 9:30 p.m.

Mr. Stockstill also reminded the members that the FRS Christmas dinner would be held at Mansurs in Baton Rouge on December 16, 2009, upon conclusion of the committee meetings.

**ADJOURNMENT**

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

**FUTURE MEETINGS**

**FRS Systems Recommendation Committee  
Public Safety Building  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Wednesday, December 16, 2009, at 1:00 p.m.**

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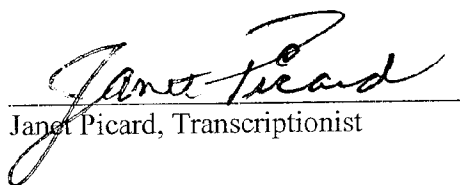
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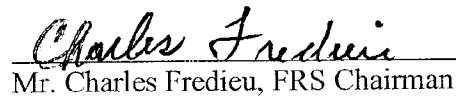
**FRS Investment Committee  
Public Safety Building  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Wednesday, December 16, 2009, at 3:00 p.m.**

**FRS Board of Trustees  
Public Safety Building  
3100 Brentwood Drive  
Baton Rouge, Louisiana  
Thursday, December 17, 2009, at 8:30 a.m.**

SUBMITTED BY:

APPROVED BY:

  
Janet Picard, Transcriptionist

  
Mr. Charles Fredieu, FRS Chairman