



FIREFIGHTERS RETIREMENT SYSTEM

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MEETING OF THE BOARD OF TRUSTEES September 10, 2009

A meeting of the board of trustees was held on September 10, 2009, at the Public Safety Building in Baton Rouge. Mr. Charles Fredieu, Chairman, called the meeting to order at 8:40 a.m.

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

Mrs. Wanda Hofstad called the roll.

MEMBERS PRESENT

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

OTHERS PRESENT

Mr. Steven Stockstill	Mike Chernine
Ms. Kelli Chandler	Craig Miller
Mr. Jason Starns	Earl Bush
Mrs. Wanda Hofstad	Eldon Ledoux
Ms. Janet Picard	Buddy Caskey
Mr. Gary Curran	
Mr. Joe Meals	
Mr. Mike Gallagher	
Ms. Lauren Bailey	
Mr. Matt Tessier	

MINUTES

MOTION: Mr. Birdwell moved to adopt the minutes of the board meeting held on August 13, 2009. Chief Halphen seconded. The motion passed.

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. 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 completed and 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. [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 for surviving spouse/child benefits of Penny Ann Grace, Taylor Ann Grace, Ryan Michael Grace, and Peyton Marie Grace, surviving spouse and children of Mr. Joseph Thomas Grace. He stated that the application was in order, and it was the recommendation of staff that surviving spouse and child benefits be approved for the non-duty-related death of Mr. Grace.

MOTION: Chief Halphen moved to approve non-duty-related surviving spouse/child benefits for survivors of Joseph Thomas Grace. Mr. Birdwell seconded. The motion passed.

Mr. Starns presented the application for survivor benefits of Gianni Joseph Scramuzza, surviving child of Mario John Scramuzza, Jr. He stated that the application was in order and recommended approval of surviving child benefits.

MOTION: Chief Halphen moved to approve survivor benefits for Gianni Joseph Scramuzza. Mr. Birdwell 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 submits a detailed report, in laymen's terms, of his findings based upon 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 disability retirement application of [REDACTED]. Based upon the report by Dr. Rubin Patel, the State Medical Disability Board doctor, approval for a job-related disability and continuation of disability recertification was recommended.

MOTION: Mr. Birdwell moved to approve the job-related disability retirement application of [REDACTED] and to continue disability recertification. Chief Halphen seconded.

Mr. Starns stated that, according to the report provided by Dr. Patel, [REDACTED] should remain permanently disabled.

MOTION: The previous motion by Mr. Birdwell and second by Chief Halphen was taken up at this time. The motion passed.

MONTHLY FLASH REPORT - AUGUST 2009

Mr. Meals presented the monthly flash report for August 2009. (see attached Exhibit #3) He began by noting that the overall fund was up/down as follows: +2.1% for the month of August as compared to the blended index of +2.6%; +6.8% for fiscal year to date, compared to the blended index of +7.9%; and +12.7% for current year to date (12/31/08), compared to the blended index of +11.2%.

COMMITTEE REPORT - INVESTMENT COMMITTEE

[NOTE: The Investment Committee met on September 9, 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, Mayor Randy Roach, Mr. Paul Smith, Mr. Charles Fredieu, ex officio, and Mr. John Broussard, alternate.]

Mr. Meals mentioned that a presentation was provided to the Investment Committee by representatives of Point Bio Energy, LLC, the developer of a wood pellet project at the Port of Greater Baton Rouge, who is seeking to raise a bond issue. The Investment Committee took the matter under advertisement awaiting further information.

• **Market Update**

Mr. Meals provided the members of the board with an update of the market. A hand-out entitled "Economy Recovery Dashboard" was distributed to the members of the board. (see attached Exhibit #4) Mr. Meals stated that the leading indicators relative to the current state of the economy are positive, and positive signs are being seen in the lagging indicators. He then briefly discussed the following: key economic and market indicators, including credit risk (TED Spread), corporate debt, market volatility, mortgage delinquencies, employment growth, consumer spending, and economic expansion; Barclay's High Yield Index and Investment Grade as of August 31, 2009; Corporate Index Spread - 9/30/02 to 8/31/09; S&P Equity Market Index - 9/17/04 to 9/4/09; DXY Currency Chart - 9/17/04 to 9/4/09. Mr. Meals remarked that, although there has been an upward movement of 50% in the equity market, he was of the opinion that the system should not add to its equity allocations at this time.

LAND BARON INVESTMENTS - UPDATE

Mr. Randy Black, Land Baron Investments, distributed to the members of the board a document entitled "Partnership Property Update." (see attached Exhibit #5)

- **Nothing Left To Prove, LLC (NLTP)**

Mr. Black provided an update on the NLTP property, which was acquired on June 29, 2007, and consists of approximately 577 acres fronting U.S. Highway 60 in Surprise, Arizona. The property was officially re-zoned for multi-use and approved by the City of Surprise on January 8, 2009. He stated that the Municipal Association of Governments (MAG) in Maricopa County is in the process of conducting a study relative to construction of an interchange off of U.S. 60, which would provide direct access to the development. Currently, on the east and west of the NLTP property, with approximately a mile of separation, there are two at-grade interchanges, which are over the current railway. When a buildup of traffic occurs, it creates the need for development of a full interchange to circulate the traffic in that area without interrupting the two existing interchanges. According to Mr. Black, although the development of a new interchange is not critical, it would absolutely be of value in the development of the NLTP property.

Mayor Roach requested that the board be provided with a time line for the new interchange from the Arizona Department of Transportation, including information on the availability of funding for the project.

Mr. Black responded that he would provide the information, but explained that the approval process for funding is more of a challenge. The source of the funding would be from federal dollars, as well as the regional transportation districts established in that area. Land Baron is in the planning stages now to establish that the location for the interchange fits the criteria for all technical traffic study points. According to Mr. Black, Banner Health, one of the largest health organizations in the area, held a meeting and basically declared the NLTP property as the future location for a phased development in which a 40-60 acre campus would be built.

Upon questioning by Mayor Durbin, Mr. Black stated that the sewer facility is still approved and designated on site, and Land Baron is continuing to work on its development agreement with the West End Water Company. Also, a 100-year water supply study is expected to be completed in the near future. According to Mr. Black, Land Baron will be providing an update to the FRS board on the progress of the infrastructure every quarter.

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

- **Sol Mate Too, LLC**

Mr. Black updated the members of the board on the property known as Sol Mate Too. The property, consisting of 74 acres in Buckeye, Arizona, was acquired on October 3, 2007, for approximately \$5.5 million. He informed the committee that Land Baron was successful in selling an easement within an easement for approximately \$500,000, which was used toward debt retirement. According to Mr. Black, the property was re-zoned for both commercial and general commerce, as was an

adjoining 80-acre parcel owned by Land Baron in another partnership. In addition, Camelback Crossing, a designated parkway, and Sun Valley Parkway, already in existence, are two major thoroughfares. The loan for the property is with BNC National Bank, with a principal balance of approximately \$1.1 million. Mr. Black noted that Land Baron has been successful in renegotiating the loan and extending the date of maturity from October of 2010 to October of 2011. Also, Verizon and AT&T are considering locating a cell tower, which would generate enough revenue to cover the property taxes annually, and water and sewer commitments have been secured.

Upon questioning, Mr. Meals stated that the investments were made anticipating anywhere from a three to six year holding period, with the anticipated return on these investments to FRS between 20% and 30%, depending upon the holding time. As previously discussed, Land Baron has personally guaranteed a 15% return on the investments when property is sold.

It was noted that the current appraisal is \$3.1 million, but a gain is anticipated once the market recovers.

Upon questioning by Mayor Durbin, Mr. Meals stated that FRS has invested approximately \$3.8 million in the Sol Mate Too property.

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

- **St. George Air Parc Holdings, LLC**

Mr. Black turned the members' attention to St. George Air Parc located in St. George, Utah. The property is a total of 194 non-contiguous acres, consisting of five parcels, and was acquired June 30, 2008, for approximately \$65,000 an acre. A current conservative value of the property is estimated to be \$80,000 an acre. The figure, he said, is conservative due to the fact there have been no sales of property because development is pending. A hand-out, depicting aerial photographs of the property, was distributed to the members of the board. (see attached Exhibit #6) Mr. Black stated that Land Baron has been working with the City of St. George for "through-the-fence access" on one of the parcels for corporate jet hangers. In addition, since St. George doesn't have any light rail or heavy rail, the area is going to be a pretty substantial air freight/air cargo hub for distribution of goods, and some of the parcels of St. George Air Parc lead to the airport. Development of infrastructure, such as sewer and water, for service to the new airport and surrounding properties is fully funded and will be paid for by the City of St. George. St. George Municipal Airport is expected to be completed and open in approximately 18 months, and tower facilities are all being constructed. Once the airport is completed and open, parcels can begin to be sold. In addition, Land Baron, through a trade-off with the state land trust, has traded an inferior frontage site for a superior frontage site on the interchange. Mr. Black stated that the parcels of property are all fairly strategic.

Mayor Durbin asked for the breakdown on the financing and the participation. Mr. Meals responded that FRS has a \$5 million commitment to the project, of which \$4.6 million was the initial contribution, with \$400,000 in reserve for future contribution. Mr. Black was of the opinion that an additional contribution of \$100,000 may be needed, but he did not foresee a need for the full \$400,000.

Mr. Meals stated that, due to a request by the board for regular updates, he would begin to forward to it a copy of a quarterly package containing updates on the properties that Land Baron provides to him. The quarterly package provides a brief synopsis on each of the properties for the quarter, as well as a summary of the investments that FRS has made in each property and the amount of interest that has accrued at the 15% rate.

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

- **Baron Builder Boulder Ranch**

Mr. Black presented for the board's consideration an investment opportunity on property called "Baron Builder Boulder Ranch," consisting of approximately 55 acres located near Las Vegas, Nevada. Information on the property was distributed to the members of the board. (see attached Exhibit #7). [Note: This matter was previously discussed during the Investment Committee meeting.] Mr. Black stated that he and Mr. Chernine had committed approximately \$500,000 to the project.

Chairman Fredieu stated that, in his opinion, not only can money be made from development of a manufactured housing park, there is also the possibility that some of the property can be sold as a housing development.

Upon questioning by members of the board, Mr. Meals suggested that Mr. Black discuss the cost, carry, and improvement plans. Mr. Black stated that the purchase price is \$5,725,000, and other costs, such as escrow fees, attorneys fees, and insurance, etc., would be \$1,341,000, for a total acquisition price of approximately \$8,350,000 on a three-year carry. The loan would be \$3,725,000 at 12% for three years, with \$3,250,000 required to close, and \$1.4 million in future capital to be allocated over three years.

Relative to options on the property, Mr. Black provided the following scenarios to the members of the board: Scenario One Proforma, the sale of the land with no development activity; Scenario Two Proforma, the sale of lots for a manufactured housing development; Scenario Three Proforma, the sale and rental of lots for a manufactured housing development. The three scenarios, he said, depict reasonable expectations of returns.

Mayor Roach was of the opinion that the FRS board members should be provided with an outline of the terms and conditions of the proposal.

Mr. Meals responded that, several years ago, Land Baron made a presentation to the FRS board members providing a description of its business, as well as its capabilities. FRS then signed a management agreement with Land Baron, which is a legal contract, depicting the terms under which it would invest the system's money. FRS committed up to \$25 million in potential investments with Land Baron on a transaction-by-transaction basis. To date, the system has committed to three transactions and passed on four or five. Mr. Meals further explained that a limited liability company called "FRS-LB" was created and is the entity which has the management agreement, with each of the transactions being made through a special purpose vehicle; i.e., FRS-LB #1, FRS-LB #2, and FRS-LB #3. If the board decided to invest in Baron Builder Boulder Ranch, it would be as "FRS-LB #4."

Mayor Roach recalled that, at the last meeting, there was a discussion regarding the fact that the system was close to meeting the \$25 million it agreed to invest with Land Baron.

Mr. Stockstill referred to a hand-out which had been distributed at the Investment Committee meeting. (see attached Exhibit #8). The last page of the exhibit, he said, is a spreadsheet compiled by Land Baron which shows that there is a balance of \$6.6 million available for investment. If the system entered into the Baron Builder Boulder Ranch transaction, it would be committing \$4.6 million, leaving a cushion of approximately \$2 million for unforeseeable events.

Mayor Roach questioned the reason for not bringing another investor into the transaction.

Mr. Meals answered that, when the transaction was originally structured, FRS did not want to become members of another partnership.

Mr. Black expressed his belief that the Baron Builder Boulder Ranch project has immediate viability, and stated that the project was held for FRS or Land Baron's own private sources in Las Vegas.

A discussion ensued relative to development and marketing of the lots, as well as pre-sales. The discussion also indicated that there are stipulations that the development would be a gated community with no pre-2000 mobile homes, as well as age restrictions of purchasers.

Chairman Fredieu asked if the system had a voice in whether or not to sell the land as is or keep and develop the land for future sales.

Mr. Stockstill replied that before any property can be alienated, Land Baron must get permission from the FRS board. Mr. Meals added that nothing can be done with or on the property without board approval.

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Mayor Durbin suggested that, at the LAPERS Conference, a special meeting of the board be held relative to whether FRS would invest in the Baron Builder Boulder Ranch project.

Mr. Black noted that, although he could not attend, he would be available via teleconference.

MOTION: Mayor Durbin moved to call a special meeting of the board to be held Monday, September 21, 2009, during the LAPERS Conference in New Orleans relative to participation in the Baron Builder Boulder Ranch project. Chief Halphen seconded. The motion passed.

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


ADJOURNMENT

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

FUTURE MEETINGS

**FRS Investment Committee
Riverside Hilton
2 Poydras Street
New Orleans, Louisiana
Monday, September 21, 2009, at 3:15 p.m.**

SUBMITTED BY:


Janet Picard, Transcriptionist

APPROVED BY:


Mr. Charles Fredieu, FRS Chairman