

NEW ORLEANS FIRE FIGHTER'S PENSION AND RELIEF FUND Investment Board Meeting

Martin Gaal
Board President

Thomas F. Meagher, III
Secretary-Treasurer

SUBJECT:

Board of Trustees Investment Board Meeting
Fire Fighter's Pension & Relief Fund

TIME, DATE AND PLACE:

9:00 am March 11, 2015
3520 DeGaulle Drive
Suite 3001
New Orleans, Louisiana 70114

Board President Martin Gaal called the meeting to order. The following members of the Board of Trustees were present: Gaal, Meagher, Marchese, McConnell, and Foster.

Six (6) members present and one vacancy. With a quorum being present, the Board President declared the meeting duly convened to conduct business at 9:06 a.m. The Secretary Treasurer opened the meeting with the Pledge of Allegiance and a moment of silence for fallen firefighters.

Also present
Paul Mitchell
Jon Breth, Bogdahn Group
Kenny Prevost, Firefighter
J. Petruska, Retired Firefighter
Jesse Evans, City of New Orleans
Louis Robein, Board attorney
Bob Tarcza, Board attorney

COMMUNICATIONS:

Mr. Meagher noted that the TEXPERS conference is coming up late this month. This conference was attended by Meagher, Gaal and Mitchell last year. He inquired if Board members were interested in attending. Mitchell and Gaal expressed interest.

MOTION: Moved by Marchese and seconded by Meagher to approve the attendance of Gaal and Mitchell to TEXPERS.

Motion passed.

NO OBJECTIONS

REVIEW & ACCEPT MINUTES:

Minutes were made available for review and approval.

MOTION: Moved by Marchese and seconded by Gaal to approve the January investment minutes and minutes of the Feb 6, 2015 special investment meeting.

Motion passed.

NO OBJECTIONS

OLD BUSINESS:

Falconhead PUA matters: Bob Tarcza was on hand to discuss the Falconhead/ PUA litigation and requested that the Board enter into executive session to discuss the matter. The executive session was not posted on the agenda. Following discussion with Louis Robein, legal counsel, the Board may enter into executive session subject to unanimous approval of Board members.

MOTION: Moved by Gaal to enter into executive session to discuss litigation involving the Falconhead/PUA matters. Mr. Marchese seconded the motion. The motion passed unanimously.

MOTION: Moved by Gaal to resume public session. Mr. Marchese seconded.

Motion passed.

NO OBJECTIONS

MOTION: Moved by Mr. Meagher to designate Bob Tarcza as a representative of the Board and Fire Phoenix in the matters affecting both arising from actions taken by the West Travis County Public Utility Authority. Mr. Gaal seconded the motion

Motion passed.

NO OBJECTIONS

Fletcher update: Mr. Mitchell informed the Board that Phil Pries is requesting approval by Board motion to authorize a settlement with Soundview/BVI, a creditor in the Fletcher investment matter. Discussion followed on Soundview. Mr. Meagher noted that he, Gaal and Lavene attended the FRS Board meeting in New Orleans during LATEC, when the Fletcher/Soundview matter was presented to FRS by Phil Pries, attorney. Mr. Mitchell noted that the FRS and MERS Boards have approved a motion to authorize this settlement with Sound/BVI. Mr. Pries is also available by phone. Board members suggested that we move to executive session. The matter was not posted on the agenda for executive session.

MOTION: Moved by Gaal to enter into executive session to discuss litigation involving the Fletcher matters. Mr. Marchese seconded the motion. The motion passed unanimously.

MOTION: Moved by Gaal to resume public session. Mr. Marchese seconded.
Motion passed. **NO OBJECTIONS**

MOTION: Moved by Gaal, based on the recommendation of counsel, Phil Pries, to authorize the New Orleans Firefighters' Pension and Relief Fund to enter into a settlement agreement with Soundview/BVI I consideration of Soundview/BVI's release of all claims against the Fletcher entities and, further, to authorize the NOFFP secretary treasurer to negotiate the final terms thereof and to execute the settlement on behalf of NOFFP. Mr. Marchese seconded the motion. **NO OBJECTIONS**

NEW BUSINESS:

None

REGULAR BUSINESS:

Fund performance - period ended January 31, 2014

Jon Breth led the discussion on the performance of the Fund and provided commentary on the performance of the market. We were provided with Bogdahn's February 28, 2015 market update. Jon noted that equities rebounded during the month, particularly growth and small cap stocks. High yield stocks also performed well.

Our portfolio was up 1.5%. Orleans Capital outperformed their index. The current environment is positive for oil stocks.

Norman Foster indicated that his review of the October 2014 investment report posted on the web site is different from the October 2014 report presented to the Board. Jon noted that the October report presented to the Board included the Old Fund assets as liquid assets of the New Fund.

During the Board meeting it was determined that the Old Fund assets should be segregated from the New Fund assets. The subsequent report was revised to properly reflect the change.

Intercontinental fund III: Jon noted that the Fund recently entered into a sale of this fund to a REIT. The \$360,000,000 sale price will provide excellent returns on this investment this year. He expects proceeds from the sale to be delivered before year end.

Falconhead: Jon provided the Board with a return analysis on the Falconhead investment. Based on cash flows in and out of the investment he noted that \$14,919,460 was invested, \$16,187,867 was distributed, and current exit value is \$5,400,000 net, for a projected IRR of 10.7%. Foster noted that the IRR calculation did not include the debt on the loan from FNBC. Per audit reports, performance of the golf course reflected the interest expense from the loans. Tarca noted that the loan was not made to purchase the golf course but that the golf course was used as collateral for the loan.

Firehouse VIII (Cocowalk): Bob Whelan informed the Fund that he has a buyer for the property at a price which was anticipated to exceed \$100 million but following due diligence the agreed upon price fell from \$89 million to \$87.5 million. Breth noted that at the \$87.5 million sales price the Fund would receive its entire investment and some accrued interest. Several smaller investors in the project would not get any return. Jon noted that the Fund has invested \$6,232,983 in the project, received \$120,212 in dividends, and has a projected exit value of \$4,500,000 for a potential return of -4.2%. Foster indicated that our return objective is 7.5%. Jon noted that while the Board was not in position to halt the sale it may be important that the Board recognize the new sale price via motion.

MOTION: Moved by Meagher and seconded by Gaal to allow Whelan to continue negotiations on the sale of Coco walk investment at a price of \$87.5 million or above.

Motion passed.

NO OBJECTIONS

HCH Land Partners: Jon reminded the Board that this investment is managed through a general partner, Poseidon Partners. Drake Leddy and his son Charles led the partnership with hopes of developing a hotel on the site next to Falconhead Golf course. That land, currently for sale, has an offer of \$3.4 million. It is recommended that we counter at \$3.8 million. The City of Bee Cave has indicated that they will only allow a hotel or family housing. Multi-family housing, assisted living or apartments on the property would increase the value. It does not appear that it is possible in the near future. Our real estate agent has indicated that single family use of the property has produced offer in the \$2 million range. He believes that \$3.8 is possible to achieve from the current offer. Members felt that we should continue to negotiate. Jon noted that potential IRR of 2.9% at the projected sale price.

MOTION: Moved by Gaal and seconded by Marchese to allow Mr. Meagher to continue negotiations at a fair market value pending consultations with our broker and investment consultant.

Motion passed.

NO OBJECTIONS

Land Baron: Jon noted that the Land Baron investment included several smaller investments which have closed. The two remaining investments Corner Pocket and Sadie Creek will be discussed. Corner Pocket will be released for the amount of the note on the property as the mortgage is larger than the value of the property. We are partners in the Sadie Creek property and own 64.07% of the investment. The Fund received an offer from one of our partners for \$1 million. Jon discussed the return on the entire Land Baron fund noting that \$12,097,130 was invested since inception, with \$3,787,936 returned. Potential IIR is expected at -22.9% based on expected value of the remaining properties. Members discussed the idea of holding the property until the market improves or making a counter offer. Members indicated that they are willing to hold the property unless a value at market price is received.

MOTION: Moved by Gaal seconded by Marchese to allow Mr. Meagher to continue negotiations at a fair market value pending consultations with our broker and investment consultant.

Motion passed.

NO OBJECTIONS

Clinton Magnolia: Jon noted that the redemption process is continuing. He reminded the Board that the redemption process began last year, with the Fund receiving approximately \$8 million. The Fund currently holds several legacy positions which were restricted from sale. The four positions include a warrant pool, bank pool, cash and a consumer products firm. The stock in the consumer products firm has fallen from \$7.00 per share to \$.75 risking delisting from NASDAQ due to value falling below \$1. Clinton representatives have offered to redeem the three positions for \$1,590,000 and allow the fund to hold the consumer products position until conditions improve. Our redemption agreement allows the transaction without further action from the Board.

Fire Flix: Jon provided the following update from Joey Tufaro.

DMII: Joey expects a late summer release in conjunction with the Warner Brothers and National Lampoon release of the sequel to Vacation. The distributor expects to capitalize on the popularity of the Lampoon franchise as this movie is a Lampoon title. Payout is expected 12-18 months after release.

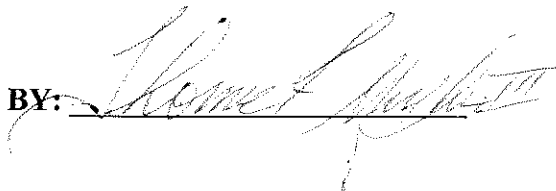
The culling: the movie is being sold internationally and domestic sales will hit the market by mid-summer. The Fund should expect proceeds by third and fourth quarters of 2015.

Tell tale heart: domestic sale agreement should begin this summer. Archlight Films is selling the film worldwide.

Jon has invited Mr. Tufaro to present to the Board at the July meeting.

Investment policy: Jon provided the Board with a draft copy of the investment policy. This draft is a rewrite of the current policy. Jon proposed that each Board member read the draft before the item is discussed. The policy was reviewed by Louis Robein attorney, who provided his changes. Norman Foster indicated that he would like the policy to include language requiring the use of passive management rather than active management. Jon indicated that he did not think that requiring passive management was appropriate and that the current policy as written would allow for the hiring of passive management but not require it. Discussion followed on the advantages and disadvantages of active and passive management. Board members were requested to review the document. Adoption of the policy would be considered for the next meeting.

There being no further business, the meeting adjourned at 12:15 pm.

APPROVED BY:  DATE: 6/9/11