

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:

9:15 am May 13, 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, Lavene, McConnell and Foster.

All members present and one vacancy. With a quorum being present, the Board President declared the meeting duly convened to conduct business at 9:10 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, Retired Firefighter

Louis Robein, Board attorney

Chip Moore, Firefighter

Robert McClendon, NOLA.com

Derrick Francis, Mayor's office

COMMUNICATIONS:

None

REVIEW & ACCEPT MINUTES:

April minutes were made available for review and approval.

MOTION: Moved by Gaal and seconded by Meagher to approve the April investment minutes.

Motion passed.

NO OBJECTIONS

OLD BUSINESS:

Fire Flix: Joey Tufaro represented Fire Flix at the Board meeting. He provided the Board with an update on the sale and marketing of the three films. The following is an excerpt from his hand outs and discussion.

1. Dirty Movie II- \$200,000 funded 6/10/11. A domestic (United States) distribution deal has been in place for several months with Millennium Distribution. The expected payout is still on target for 12-18 months from the date the film is released. The theatrical release date has been pushed back until the late summer of 2015, due to the fact that Warner Brothers and National Lampoon are releasing the sequel to *Vacation* around the same time. It is the contention of the film's distributor with the release and popularity of the National Lampoon's *Vacation* franchise, all Lampoon titles will benefit from the franchises continued popularity.
2. The Culling- \$250,000 funded 9/27/11. The film is currently being sold in all foreign territories (<http://www.nerdly.co.uk/2014/12/17/signature-entertainment-pick-up-supernatural-horror-the-culling/>). The domestic sale is in place and will hit the VOD, pay TV, DVD and online markets in the U.S. by the summer. The pension fund should start receiving a portion of its investments by the 3rd and 4th quarters of 2015. Joey noted Culling is currently on Showtime.
3. Tell Tale Heart- \$255,000 funded 5/7/12. This film is currently being sold worldwide by Archlight Films. They have secured a domestic distribution deal with the film hitting the market during the summer. We should start receiving quarterly sales reports in the 3rd or 4th quarter of 2015. Joey projects sales of \$850,000 to \$1 million over the 18 month period resulting in full payout of this loan.

Tufaro answered questions regarding the Fund's position (waterfall) with respect to receipt of sales proceeds. He notes that movie sales will have to exceed \$200,000 to \$300,000 before the fund can receive any cash. Specific waterfalls will be forwarded on each film by Mr. Tufaro. Following questions from Mr. Foster regarding projected sales, Tufaro noted that while he projects the sales figures, he has no idea what actual sales will be by territory. Tufaro expects sales to exceed our investment plus interest. Mr. Tufaro also indicated that he would be willing to make a buyout offer to the fund once sales proceeds began, which would be late fall at best. Receipts from Culling and Tell Tale Heart should be forthcoming by the end of the third quarter. Receipts from DMII will begin after the third quarter.

Mr. Tufaro will be scheduled to return in November with an update on sales and buyout offer.

Jon Breth continued the discussion on various investments.

End game: Jon noted that the likelihood of a buyout partner is not good. Our outlook for a positive return on this investment is low. Jon suggests that this asset be written down to zero.

Cocowalk: Closing occurred during the first week of May. Jon noted that details of the sales were not provided to him at this point. The Fund has received a check in the amount of \$4.234 million. Jon noted that the cash receipt provides full return of the Fund's investment but failed to provide a return on the equity position.

St. Raymond: The property is under contract with an extension, sale is expected to close in May.

Westwego property: Mr. Crenshaw indicated that his partners will move ahead with the project. We expect movement within 30 days. Mr. Crenshaw has lined up several development partners to meet his capital needs. A private equity group is still awaiting distributions to provide Mr. Crenshaw with capital for this project. The three stage investment will provide the Fund with \$8,000,000 over the entire project. \$2,000,000 is due in the first stage.

Parks of Plaquemine: David Waltemath has indicated that he has not been able to secure a buyer for his note. Lot sales are not meeting expectations. Mr. Waltemath is current on his note.

Sail: Bankruptcy discussions on a few of this venture capital fund's holdings continue. FRS and Austin police are taking legal action against management of Sail. Bob Tarcza will continue to monitor this legal activity and determine if our participation in future litigation is required.

American Pension Consultants: Mitchell noted that there were three policies left on the investment. Proceeds exceeding \$200,000 for two policies are due shortly. We will continue to move to get Mr. Triche out of the management out of this investment.

Mr. Mitchell noted that Phil Pries, attorney, was available to address the Board in matters regarding Fletcher in an executive session.

MOTION: Moved by Gaal and seconded by Lavene to go into executive session to discuss matters relating to litigation regarding Fletcher.

Motion passed.

NO OBJECTIONS

MOTION: Moved by Lavene and seconded by Marchese to come out of executive session.

Motion passed.

NO OBJECTIONS

Derrick Francis arrived at 10:00 am

NEW BUSINESS:

None

REGULAR BUSINESS:

Fund performance - period ended April 30, 2015

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 April 30, 2015 market update. Jon noted that Orleans Capital rebounded during the month. Jon noted that Orleans' transition to oil services and E&P companies helped with the rebound. Jon provided the Board with a handout and broad market recap. He noted the 1st quarter performance was led by health care; this quarter energy led the rebound, while health care lagged. Non US developed and emerging markets outperformed as well during the quarter. The dollar weakened which adds value to international positions. The markets were anticipating a rise in Fed rates earlier this year. This usually hurts emerging markets. The Fed didn't raise rates and markets rallied for those holdings.

Investment policy: Jon presented the Board with a revised investment policy which included changes discussed at a previous meeting. He hoped that all Board members would review the document and be prepared to approve the document at the next Board meeting.

Falconhead: Sale is on schedule. Buyer has requested a delay to review the property for hail damage. Discussion followed on the collateral held against the loan on the property.

There being no further business, on a motion by Foster and seconded by Lavene, the meeting adjourned at 11:00 am.

APPROVED BY: Thomas F. Maguire II DATE: 6/30/15