

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

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Martin Gaal  
Board President

Tommy 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 April 9, 2014  
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, Lavene, McConnell, Foster, and Jacobs.

Absent: Marchese

Six (6) members present and one (1) member absent. With a quorum being present, the Board President declared the meeting duly convened to conduct business at 9:16 a.m.

**Also present**

Paul Mitchell  
Jesse Evans, NOMERS  
Jon Brett, Bogdahn Group  
Keith Noya, Firefighter  
Kenny Prevost, Firefighter  
Richard Connor, Firefighter  
A.J. Arnone, Firefighter  
John Manning, Firefighter  
John Petruski, Firefighter  
Richard Hampton, Retired Firefighter  
Terry Hampton, Retired Firefighter  
Louie Robein, Attorney

**COMMUNICATIONS:**

None

**REVIEW & ACCEPT MINUTES:**

**MOTION:** Moved by Lavene and seconded by Jacobs to approve of the March 2014 Investment Board minutes.

**Motion passed.**

**NO OBJECTIONS**

**OLD BUSINESS:**

**Mrs. Tommy Ashby:** Application for pre-retirement survivor's benefits effective July 7, 2103. During the April 2, 2014 Board meeting members approved a benefit under 11:3378 Section 2(A) of \$1,200 per month and requested that legal counsel provide support for payment of a benefit under Section A (1)(c) which would equal 50% of salary. Mr. Robein was on hand and provided the Board with a Supreme Court decision dated March 17, 1958. It provided that different death benefits were payable to those who were **killed** and those who died a natural death. The "natural death" vs. "killed" qualifiers was determinative in the 1957 case of Klumpp v NOFF Pension Board, a Supreme Court decision. The Court noted then that the Legislature had amended the Death Benefit provisions of the Pension Law to include certain other "deaths" as benefit qualifiers. Members who were killed were provided benefits at 50% of salary based on the decision at that time. Mr. Ashby was killed. Mr. Robein also provided the Board with the history of the changes the survivor benefits section since the Klumpp decision. Subtitles outlining on duty and not on duty were proposed but not enacted. References to killed remained in both sections of the Statutes and provide the basis for conflicting interpretation. Mr. Robein noted that on three separate occasions the Board has paid benefits under 11:3378 section A (1) (c). Mr. Robein indicated that it would be appropriate to maintain consistency in the application of the rule. He could legally support a decision for benefits provided at 50% of salary.

**MOTION:** Moved by Meagher and seconded by Gaal to provide a benefit payment to Mrs. Ashby under section 11:3378 A(1)(c) as supported by the advice of legal counsel.

**Motion passed.**

**Foster opposed**

**Natchez:** No update available

**NEW BUSINESS:**

Joey Tufaro, representing Fire Flix was on hand to provide an update of film sales and distribution. Mr. Tufaro has three current projects totaling \$705,000 as follows:

Dirty Movie II: \$200,000 funded June 10, 2011. Tufaro expects a fall 2014 release of the movie. Foreign sales company (Camelot) has been fired and new sales companies, Naedomi Media and Strategic Film Partners, are in place for both foreign and domestic distribution. The Pension Fund has received a payment of approximately \$14,000. Tufaro expects the investment to be fully repaid in the next 12-18 months. Timing of the next payment is expected during the fourth quarter.

The Culling: \$250,000 funded on September 27, 2011. The film is complete and being sold by Highland Sales Group. Domestically, Main Street Films recently purchased the film for \$300,000. Five foreign territories have been sold for \$107,000. Tufaro expects cash to the Fund during the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2014. He did note that a 10% deposit on the \$300,000 was due in 10-12 days and a payment of \$75,000 would be due the fund in 60 days. Tufaro provided the fund with a payment waterfall for this movie.

Tell Tale Heart: \$255,000 funded on May 7, 2012. The LLC emerged from Chapter 11 protection following issues regarding the sale of tax credits in December 2012. The film is being sold by Archlight Films and had its festival premier at American Film Market, in Santa Monica in November 2013, the Berlin Festival in February 2014 and the Cannes Film festival in May 2013. Proceeds from the film are expected to begin during the 4<sup>th</sup> quarter of 2014 and full payment during 2015.

Board members noted to Mr. Tufaro that sales proceeds from the films have not met any of his previous commitments to the Fund. Members noted that during June 2013 Tufaro committed to have proceeds from film sales to the Fund by now. Mr. Tufaro was confident that the proceeds from film sales are forth coming. Members asked him to support his confidence by proposing to buy out our position. Mr. Tufaro indicated that he would return with an offer in two months.

**REGULAR BUSINESS:**

Fund performance - period ended March 31, 2014

**Total Equities**

Up	1.28 %	vs.	0.84%	for S&P for current month
Up	1.84%	vs.	1.81%	for S&P quarter to date
Up	11.63%	vs.	21.86%	for S&P one year

**Total Fixed Income**

Up	0.04%	vs.	- 0.17%	for Barclay's Aggregate current month
Up	0.62%	vs.	1.84%	for Barclay's Aggregate quarter to date
Up	4.61%	vs.	-0.10%	for Barclay's Aggregate trailing 1 year

Jon Brett led the discussion on the performance of the Fund and provided commentary on the performance of various sectors and money managers in particular. Information of particular interest is noted below.

**St. Raymond and Westwego properties:** Jon noted that appraisers have been hired to provide a value for both properties.

**American Pension Consultants:** Jon Breth noted that he met with Wayne Triche manager of the Fund's investment in APC. George Miller founded the Fund with the intent to prepay life insurance benefits for persons with limited life expectancies. The model began with 50 policies in the pool. Today only seven policies remain. One policy is paid in full. Cash reserves total \$1,000,000. During their meeting Jon was informed that the investment provides payment of premiums for six life insurance policies. One of the policies pays out \$250,000 and requires a premium of \$10,698.00. Discussion on the economics of continuing the payment of premiums on this policy followed and marketing the remaining policies. Bogdahn has agreed to review the market for potential buyers.

**MOTION:** Moved by Jacobs and seconded by Meagher to redeem \$900,000 of the cash reserves and discontinue payment on the John Hancock policy.  
Motion passed. **NO OBJECTIONS**

**Clinton Magnolia Fund:** Jon noted the particulars of this investment provides for a 1 ¼% return per month. Jon Breth noted that the Fund has four investors at this time and liquidation triggers. A liquidation trigger was met earlier this year. Other investors in this fund have exercised their liquidation rights. Discussions with management indicate that we can initiate liquidation at January 31, 2014 account balances. Management will redeem a portion of our investment in cash, with a side pocket investment in restricted stock for about 25% of the investment. The restricted stock has a trading restriction on it, which would delay the receipt of cash to later in the year. Discussion followed on the merits of liquidation, the Fund's pledged position, and the restricted stock.

**MOTION:** Moved by Gaal and seconded by Lavene to proceed with the liquidation on the advice of our consultant. The Secretary Treasurer is authorized to execute the necessary documents to complete the liquidation.  
Motion passed. **NO OBJECTIONS**

**Corner Pocket and Sadie Creek:** Land Baron management has proposed a counter offer to the potential buyer of this asset. The adjusted sales price would amount to \$5 M and assumption of the debt on the asset. The buyer has agreed to the price but seek to extend the due diligence period and payment terms. Negotiations will continue.

**Fire Lake and Fire Phoenix:** Collier's contract is being reviewed by the Tarza law firm. No delays are expected. Keith Cubba of Colliers continues to gather data and prepare sales data for marketing the courses.

**HB 27:** This bill sponsored by the Fund when passed will provide the Fund with a favorable Tax determination letter from the IRS. The bill will be heard on April 10, 2014.

**MOTION:** Moved by Jacobs and seconded by Gaal to go into executive session to discuss strategy and negotiations with respect to actual litigation on the Mandamus and other legislation.

Motion passed.

**NO OBJECTIONS**

Norman Foster recused himself from the meeting and discussions on legal strategy regarding the Mandamus and legislative matters.

**MOTION:** Moved by Lavene and seconded by Jacobs to come out of executive session entered into to discuss strategy and negotiations with respect to actual litigation on the Mandamus and other legislation.

Motion passed.

**NO OBJECTIONS**

**MOTION:** Moved by McConnell and seconded by Gaal to extend/delay filing of any litigation with respect to the Mandamus to the next Board meeting.

Motion passed.

**NO OBJECTIONS**

There being no further business, the meeting adjourned at 1:45 p.m. The next Investment Board Meeting of the Board of Trustees will be on May 13, 2014.

APPROVED:



DATE:

5/23/14