

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 February 12, 2016
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, Muse, McConnell and Foster.

Seven members present.. 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, Retired Firefighter
Louis Robein, Board attorney
Joe Delery, retired firefighter
David Nick, retired firefighter
Nicholas Felton, retired firefighter

COMMUNICATIONS:

None

REVIEW AND ACCEPT MINUTES

Board members were requested to approve the minutes of the October 2015 Investment Board meeting.

MOTION: Moved by Meagher and seconded by Marchese to approve the minutes of the October 2015 investment Board meeting.

Motion passed.

NO OBJECTIONS

OLD BUSINESS:

Land Baron: Meagher noted that the Fund's partners in the Boise, Idaho property have submitted a draft purchase agreement to acquire the property. The proposal will be forwarded to Mr. Tarcza for review and comment. Breth is hopeful that the sale can be closed within two months. Jon noted that Land Baron personnel are seeking a sales commission on the sale which he is opposed to. Meagher noted that the Fund should ascertain that the member's share of property taxes and other items paid by the Fund is reimbursed where appropriate.

Falconhead Water agreement: Falconhead Golf Course and the local PUA have reached a tentative agreement subject to PUA Board approval to limit effluent water rates to \$.99 per gallon and have the course pay its own lease cost among other items. The full Board did not agree to the proposed settlement. Attorneys will continue to negotiate an agreement with the Board.

NEW BUSINESS:

Custody RFP Jon noted that JP Morgan has elected to not service the Fund. As a result he has started the rfp process. The rfp for custodial services is complete and ready for listing. He requested information on any local vendors that may be interested in providing services. Jon expects that 15 to 16 rfps will be mailed out to potential banks. All local banks having an interest will receive an RFP as well as banks utilized by his other clients. He expects to receive about 10 responses. Meagher and Gaal noted that they have family members who work for banks that may be competing for our business. Legal counsel noted that those relationships should not pose a problem with this RFP.

MOTION: Moved by Meagher and seconded by Gaal to add the Bogdahn contract to the agenda.

Motion passed.

NO OBJECTIONS

Bogdahn agreement: Mr. Meagher noted that he has been working with the Bogdahn Group to renegotiate their contract. Bogdahn has agreed to a reduction in fees. Meetings will be bi monthly. The effective date of the reduction is July 1, 2015. Legal counsel has reviewed and approved the agreement. The agreement maintains the 90 day termination clause without a termination fee and acknowledges the consultants fiduciary status.

MOTION: Moved by Lavene and seconded by Marchese to approve the Bogdahn contract.
Motion passed without exception. NO OBJECTION

REGULAR BUSINESS:

Fund performance - period ended December 31, 2016

Jon provided the Board with several handouts and performance charts. In discussing the 4th quarter of 2015, volatility was evident. The S&P was up in October and November and down in December. Total return for the S&P for 2015 was concentrated in the top ten stocks, which returned 17% for the year, while the other 490 stocks fell .5%. 2015 saw the markets continue a trend to less risk. The markets moved from small caps to large caps, value underperforming growth, from emerging markets to developed markets. Energy, which makes up a large portion of the index, has fallen due to reduced oil prices. Emerging markets performed poorly as a result of this flight from risk and the rising \$1. Fixed income was also negative for the fourth quarter which resulted from the Fed .25% increase in rates. Ten year rates have moved from 2.25% yield to a 1.65% yield. Jon still believes that fixed income is a valuable part of any portfolio to shield against the volatility of the equity markets.

2016 investors fear a no growth foreign environment, reduced oil prices, and a continued flight to less risk. Equity and bond markets abroad are expected to continue to falter. US economy will continue to be slow growth. The stock market is up over 200% since the last correction. The current slowing or fall in stock prices is overdue.

The Fund's portfolio has little exposure to the equity markets, avoiding the negative impact of the stock market. We continue to pay American Pension Consultants for premiums, interest payments were received from the Natchez hotel investment. End Game and Fire Flix continue to be difficult performers. LA Fund I has not had much action and remained flat for the year. Several of the investments have potential for return but not in the immediate future. Sail will continue to fall. The private equity fund investments have performed well. Intercontinental will probably pay off by mid-year. Financing for Stephens's garage has 85% of the funding secured to move ahead with the development. While this could lead to a write up on our position, cash flow prospects are limited. Maritime has not provided any cash flow despite full occupancy. The Kreate Fund is working on renewal of its lease with a major tenant. After the lease renewal is final, the building will be put up for sale.

Fire Flix Jon has not been able to get a return call from Mr. Tufaro. Mr. Tufaro has been requested to attend a Board meeting as soon as possible.

Westwego: Jon noted that the development plans of Mr. Crenshaw are having difficulty in securing financing. He suggested that the Board consider placing the property up for sale. Mitchell noted that Terry Hampton, a licensed real estate broker has offered to list the property and waive his commissions.

MOTION: Moved by Meagher and seconded by Marchese to allow Mr. Hampton to list the Westwego property for sale.

Motion passed.

NO OBJECTIONS

ADJURNMENT:

MOTION: Moved by Meagher and seconded by Marchese to adjourn the meeting.

Motion passed.

NO OBJECTIONS

APPROVED BY:



DATE:

4/18/16