

NEW ORLEANS FIREFIGHTERS' PENSION AND RELIEF FUND

Martin Gaal
Board President

Thomas F. Meagher, III
Secretary-Treasurer

SUBJECT:

**Board of Trustees Regular Meeting
Firefighters' Pension & Relief Fund**

TIME, DATE AND PLACE:

**August 8, 2018
3520 General DeGaulle
Suite 3001
New Orleans, Louisiana 70130**

The following members of the Board of Trustees were present: Martin Gaal, Thomas Meagher, Angelo Marchese, Nick Lavene and Derrick Muse. Tim McConnell and Norm White were absent.

Also present

Pam Meyer

Louis Robein, Board Attorney

Emma Short, Board Attorney

Bob Tarca, Board Attorney

Glen Haggerty, COO Gulf Island Waterpark representative

Paul Rees, CEO Gulf Island Waterpark representative

A quorum being present, Board President Martin Gaal called the meeting to order at 10:05 a.m. Mr. Meagher led with the Pledge and moment of silence for fallen firefighters.

Waterpark Mr. Meagher noted that Mr. Paul Rees and Glen Haggerty were available to provide information on the Waterpark investment and answer any questions regarding same. He would like to take items out of order and begin the meeting with their presentation.

MOTION: Moved by Meagher and seconded by Marchese to move items out of order to allow for the Waterpark presentation.

Motion passed.

NO OBJECTIONS

Mr. Rees provided handouts and noted he was happy to be able to provide an update on the investment.

Highlights of the presentation follow.

Mr. Rees noted that the facility began construction in 2003, opened 2005 one month before Katrina and is managed by experienced waterpark team. The land is leased for 50 years from the City of Gulfport. The facility is located next to a 20 field softball and baseball facility and sits on 18 acres. There are 9 major attractions including a lazy river, zip line and five slides and wave pool. There are lockers and cabanas. Revenue trends have grown since opening to a peak of \$4.5 million and 160,000 in attendance in 2015. Rees noted financial success is tied to adding attractions. Major slide attractions elevated revenues and attendance in the last few years. Mother Nature (excessive rain), maintenance costs and the end of the sales tax rebate program negatively impacted performance in both 2016 and 2017. Record rainfall hurt performance (revenue) and delayed new attraction construction over the last two years. 2018 is shaping up pretty favorably compared to 2017 and 2016. Current year cash flow is positive, allowing for payment of debt service, completion of construction projects, and payment of deferred management fees and reduction of current payables. Rees discussed major expense categories, including insurance rates, employee costs, debt service, management fees, maintenance and repairs. Management fees are 5% of revenues and cover the cost of Rees's staff, who handles accounting and auditing functions. Management fees are subject to payment from cash flows and have been deferred for the last two years due to lack of cash flow. Performance projections and offseason revenues for the next two years were reviewed. Maintenance expenses are expected to drop over the next two years due to work performed in prior years.

Rees noted the firefighters are owners of 10% cumulative preferred shares Class A stock, which are non-participating and comprise about 20% of the outstanding shares of the company. There is also a Class B preferred shares stock holder(s). Preferred share dividends have been deferred due to lack of sufficient cash flow. 20% of total equity of the Company is in common stock. Rees noted that he is also a Class A stock preferred shareholder, has funded short term payroll in the off season, and a personal guarantor on the note.

Board members inquired about the timing of distributions to the Fund. Rees explained that expanding the park through new attractions is the best opportunity to be able to generate funds for a distribution to shareholders. Rees expects that \$700,000 in annual cash flows projected in the next few years due to current attractions, coupled with lower anticipated maintenance, and no additional capital expenditures for new attractions make distributions in the coming years possible. The Entity's debt with FNBC was purchased by a Boston, Mass firm. Debt service is being made on the original note, but negotiations are in process with hopes to reduce the balance outstanding.

Variable pricing is also improving revenue. Variable pricing allows for changes in daily pass pricing based on supply and demand. Social media and the internet are the primary message venue. Daily ticket sales have moved from two day advance sales to seven day advance sales, which lower rain day revenue losses.

Members discussed implementing attendance fees, facilities fees and other options for a dedicated revenue source which would provide a return on the Fund's investment. Rees is optimistic a distribution is possible next year and will look into adding a convenience fee for that purpose.

Discussion continued on operational issues, offseason revenues, and market competition in the area.

COMMUNICATIONS

None

REVIEW AND ACCEPT MINUTES

MOTION: Moved by Meagher and seconded by Lavene to approve the July 2018 Regular Board minutes.

Motion passed.

NO OBJECTIONS

CHANGE OF BENEFICIARY

James W. Parker, III has updated his beneficiary form.

REFUND OF CONTRIBUTIONS

Markez Prewitt, Demond Ferguson and Erick Smith have resigned and are seeking a refund of their employee contributions.

MOTION: Moved by Meagher and seconded by Marchese to approve the refund of the employee contributions.

Motion passed.

NO OBJECTIONS

R.S. 11:3376 DISABILITY APPLICATIONS

MOTION: Moved by Meagher and seconded by Lavene to go into executive session to discuss medical records related to disability applications.

Motion passed.

NO OBJECTIONS

**MOTION: Moved by Meagher and seconded by Gaal to come out of executive session
Motion passed. NO OBJECTIONS**

Jesse D. Parker: a new Fund Firefighter, age 60 with 34 years of service is applying for a 50% disability pension effective August 8, 2018.

**MOTION: Moved by Meagher and seconded by Lavene to approve the 50% service connected disability and to approve the alternative benefit election as per R.S.11:3376F(2) which provides for benefits to be calculated at 2 ½% for the first twelve years of service and all years of service until the member has reached 50 years of age; and 3 1/3% for all years of service and any portion of a year beyond 12 years of service and 50 years of age; If the member has beyond 30 years of service the retirement benefit for each year or portion of a year shall be 3 1/3%.
Motion passed. NO OBJECTIONS**

DROP WITHDRAWAL

None

REGULAR RETIREMENT APPLICANTS:

None

DROP APPLICATIONS

None

REPORTS OF DEATHS

Pensioners:

Joseph A. Gilbert: Mr. Gilbert died on June 30, 2018 at the age of 77, leaving a widow and no minor children. He entered the department on June 17, 1964 and retired on June 20, 1994 after 30 years of service. He spent 24 years on pension.

William A. Dreis, Jr. Mr. Dreis died on July 7, 2018 at the age of 80, leaving a widow and no minor children. He entered the department on August 2, 1971 and retired after 12 years of service on January 5, 1983. He spent 35 years on pension.

Dale L Conravey: Mr. Conravey died on July 13, 2018 leaving no widow and no minor children. He entered the department on September 9, 1979 and retired on March 5, 1997 after 18 years of service. He spent 21 years on pension.

Widows:

None

MOTION: Moved by Meagher and seconded by Marchese to remove the above noted deceased members from the pension rolls.

Motion passed.

NO OBJECTIONS

WIDOW'S APPLICATIONS

Mrs. Phyllis Dries is applying for a Non Duty Widow's benefits effective August 1, 2018.

MOTION: Moved by Meagher and seconded by Marchese to approve a Non Duty widow's benefit effective August 1, 2018 for Mrs. Dries.

Motion passed.

NO OBJECTIONS

APPLICATIONS PENDING

None

FINANCIAL INFORMATION

Board members were provided with key financial revenue and disbursement figures for the New and Old system for July 2018.

OLD BUSINESS:

SEB payment history request: No update.

Information for life insurance: No update

NEW BUSINESS:

DROP Revoke extension- Mr. Meagher noted that the recent decision by the Fourth Circuit Court finalizes the retirement provision for members. Board members agreed that it would be prudent to extend an opportunity to revoke DROP decisions for those members affected by the decision. Meagher estimates that approximately 21 members could be affected by the decision.

MOTION: Moved by Meagher and seconded by Lavene to re-open the DROP revoke period to November 30, 2018.

Motion passed.

NO OBJECTIONS

LEGAL:

Mr. Robein led the discussion on the following:

- The Lakewood matter depositions are scheduled for August and will be discussed in executive session.
- There has been no action in the Mischler litigation matter.

MOTION: Moved by Meagher and seconded by Gaal to go into executive session to discuss legal matters regarding Falconhead, Fletcher and Lakewood.

Motion passed.

NO OBJECTIONS

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

Motion passed.

NO OBJECTIONS

MOTION: Moved by Meagher and seconded by Gaal to authorize Board attorney to negotiate a severance payment to Laura Guinea, General Partner not to exceed \$50,000.

Motion passed.

NO OBJECTIONS

ADJOURNMENT

There being no further business the meeting adjourned.

TIMELY FILING OF APPLICATIONS:

All Members applying for retirement, DROP or PLOP must do so 45 days in advance of the scheduled retirement date. All medical documentation for disability applications must be in the administrative office 45 days prior to the scheduled retirement date. Failure to comply with the Fund's rules will cause a delay in the Board taking action and will probably force an extension beyond the member's desired retirement date.

The administrative office will continue to process all paperwork in a friendly, orderly, and timely fashion. We thank all applying members for their continued cooperation. This will enable the Administrative Office and the Board of Trustees to perform their jobs more efficiently.

Members who have recently changed their address or marital status and have not updated their beneficiary form should do so. Please contact the Pension Office during the hours of 10:00 am to 2:00 pm for beneficiary verifications. Your cooperation is appreciated.

APPROVED BY: Thomas F. Mayhew III **Date:** 9/12/18