

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

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 November 12, 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, Marchese, McConnell, and Foster.

Six (6) members present and no member absent. With a quorum being present, the Board President declared the meeting duly convened to conduct business at 9:03 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
Joe Bogdahn, Bogdahn Group
Kenny Prevost, Firefighter
Richard Hampton, retired firefighter
J. Petruska, Retired Firefighter
Louis Robein, Board attorney
Jesse Evans, NOMERS
Bob Tarcza, Tarcza and Associates

COMMUNICATIONS:

Public Safety conference- Marchese, Gaal and Meagher provided oral comments about the Public Safety conference. Marchese noted the session on health care costs done by Nationwide was quite

informative. He hopes that the Fund could get Nationwide to produce a seminar for members to inform them about rising health care costs during retirement. Discussion followed on other notable sessions including the presentation on the City of Detroit bankruptcy.

REVIEW & ACCEPT MINUTES:

Minutes were made available for review and approval.

MOTION: Moved by Marchese and seconded by Lavene to approve the October investment minutes.

Motion passed.

NO OBJECTIONS

OLD BUSINESS:

Lakewood Golf Course:

MOTION: Moved by Gaal and seconded by Lavene to go into executive session to discuss matters pertaining to Lakewood Golf.

Motion passed.

NO OBJECTIONS

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

Motion passed.

NO OBJECTIONS

Bob Tarcza was on hand to discuss the management changes at Lakewood and Falconhead Golf courses and the related LLCs that manage the courses. Bob provided the Board with a handout outlining the costs and potential savings of the outgoing general manager and her management team. Cost savings to Lakewood and Falconhead are anticipated to be \$207,331.47 and \$151,197.23, respectively for the courses.

Tarcza noted that Jay Maumus will assume the duties of General Manager of Lakewood, assume an employee role at the golf course, as well as ownership of the General partnership and receive a \$22,000 increase in salary for the additional responsibility. Laura Gunia will assume ownership of the General partnership at Falconhead, receive a \$22,000 raise, and become general manager of Falconhead Golf. Her management contract has not been finalized. There are no major disagreements to note.

Discussion followed on the roles of various individuals no longer employed by the courses, the allocation of expenses between the courses of those individuals.

Double E Construction

Tarcza noted that in this suit filed against Lakewood Restoration, LLC. , he has filed pleadings with the Court seeking dismissal due to several exceptions. These motions and exceptions have to

be heard by the Court. The case is assigned to Judge Medley, who recently lost his re-election bid. The case has been suspended indefinitely as Judge Medley has not returned to the bench since the election.

Natchez

In connection with the refinancing of our note with the Natchez, our loan balance has been reduced to \$1,500,000. Our negotiations during the refinancing provided for a reduction in life insurance coverage on Warren Reuther to a like amount of the note outstanding. The policy names the Fund as a beneficiary and provides additional assurances that the note will be paid off should something happen to Reuther, the General Manager of the property. The Fund has a second mortgage on the property, a guarantee of the interest payments by a partner, and a guarantee on the note by Reuther.

MOTION: Moved by Foster seconded by Gaal to allow a reduction in coverage to \$1,500,000. The Board would also be willing to reduce coverage further pending additional reduction in the principal balance.

Motion passed.

NO OBJECTIONS

HCH Hotel pad

Mr. Leddy has acknowledged receipt of the Fund's request to liquidate the hotel pad property in Austin. Leddy has noted that he is willing to move forward with the Collier listing agreement subject to agreement on commission rates and one exemption for a potential buyer, John Wray. Wray is a Falconhead member, developer and was involved in discussions to purchase the property for some time. Fund staff is discussion with Colliers and supportive of allowing the exemption. Wray has provided a non-binding letter of intent to purchase the property. The fund would like to continue the listing to determine if other bidders exist.

NEW BUSINESS:

REGULAR BUSINESS:

Fund performance - period ended October 31, 2014

Joe Bogdahn led the discussion on the performance of the Fund and provided commentary on the performance of various sectors and money managers in particular. Joe noted that the energy sector is down and our diversification away from this sector helped performance this month. Orleans Capital was down 7% for the month, with the S&P up 2.44%.

Sail Capital Partners:

Joe introduced Chris Brown, partner who provided the Board with an update on the performance of the Fund. SAIL is an early stage venture capital investor in clean resources. SAIL has 13 companies in its portfolio. Brown noted that he believes SAIL has a portfolio of strong companies with a potential to achieve a number of positive developments. The following outlines his discussion on the portfolio companies held by SAIL. He noted that the Fund experienced several market challenges during 2013 and 2014.

- During 2014, the lead investor for a major SNTech financing withdrew its commitment on the day of closing. Another holding, Xtreme Power began to experience cash difficulties in the wake of a Hawaii fire and sales difficulties. Bridge funding efforts failed to materialize and Xtreme Power filed for Chapter 11 bankruptcy.
- The Meridian Group agreed to provide \$12 million in financing for SNTech during June 2014. The deal never closed.
- IPO processes were completed for Ener-Core and Enerpulse.
- The sale of M2R to RDX Technologies for cash and stock was completed during the second quarter.
- WaterHealth International has closed a major equity financing with a private equity firm and Coca Cola.

As a result, the performance results are particularly negative due to impact of the Chapter 11 filing, volatile small cap market which affected prices of Ener-Core, Enerpulse, and CNS Response, and financing terms for SNTech. Brown followed with discussions on portfolio valuations at June 30, 2014.

Brown expects EnerCore, SNTech, Enerpulse and WaterHealth to provide value in future periods.

Louisiana Fund I

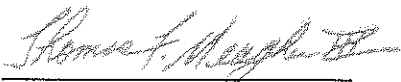
Joe Bogdahn introduced Joe Lovett, managing director, and Richard Babb, managing director/CFO of Louisiana Funds I and II. Louisiana Funds are early stage venture capital investors. NOFF is an investor in Fund I. Fund I was created in 2004. This \$26,150,000 fund has 9 institutional investors and several high net worth individuals. Its mandate was to develop the potential of Louisiana technology, bring out of state entrepreneurs and capital to Louisiana and provide superior returns to investors.

- The Fund has 13 Companies. Most were early state investments, and involved raising over \$100 million from venture capital and mezzanine investors.
- 11 University licenses for LSU, Tulane and Louisiana Tech were developed.

- 3 companies have drugs in Phase II clinical trials.
- One major winner is Esperance. LSU will receive 3% royalty on drugs with sales projected in the \$1-5 billion range.
- Later stage investments include BioCeptive Inc. and Endagon. BioCeptive Inc. makes a prototype IUD insertion device which is close to clinical studies. 85 million IUDs are inserted outside the US each year. Endagon produces a synthetic non addictive morphine, with a key patent issued, currently in clinical studies.
- BioStable and Sinopsys Surgical Inc. are two other late stage investments. Clinical trials are complete for each product, an aortic valve repair device and chronic sinusitis treatment device, respectively.
- Return analysis on all the portfolio companies was discussed.

Joe Bogdahn ended the portfolio analysis.

There being no further business, the meeting adjourned at 11:45. The next Investment Board Meeting of the Board of Trustees will be on December 10, 2014.

APPROVED: 

DATE: 12/12/14