POTENTIAL MERGER OF THE FIREFIGHTERS' RETIREMENT SYSTEM OF LOUISIANA AND THE FIREFIGHTERS' PENSION AND RELIEF FUND FOR THE CITY OF NEW ORLEANS – RESPONSE TO HOUSE RESOLUTION NO. 163 OF THE 2025 REGULAR LEGISLATIVE SESSION

ACTUARIAL SERVICES

Informational Report
Issued December 31, 2025

LOUISIANA LEGISLATIVE AUDITOR

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December 31, 2025

The Honorable Tony Bacala
Chairman, House Retirement Committee
Louisiana House of Representatives
Post Office Box 94062
Baton Rouge, Louisiana 70804

Re: House Resolution No. 163, 2025 Regular Session

Dear Chairman Bacala:

This informational report provides the results of the study of the potential merger of the New Orleans Firefighters' Pension and Relief Fund "New Plan" with the Firefighters' Retirement System of Louisiana. We conducted this study in response to House Resolution No. 163 of the 2025 Regular Legislative Session, which requested the actuary for the Legislative Auditor conduct an analysis of the financial and administrative effects of consolidating the New Orleans Firefighters' Pension and Relief Fund with the Firefighters' Retirement System of Louisiana.

This report is intended to provide timely information related to an area of interest to the legislature based on a legislative request. I hope this report will benefit you in your legislative decision-making process. We would like to thank the directors, staff, and actuaries of both systems for the cooperation and assistance provided for this report.

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW:kjh

cc: Barbara Goodson, Executive Director
Firefighters' Retirement System of Louisiana

Paul Mitchell, Executive Director
Firefighters' Pension and Relief Fund for the City of New Orleans

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Executive Summary

What this report studies

House Resolution No. 163 of the 2025 Regular Session directed the Legislative Auditor to study the cost and feasibility of merging the New Orleans Firefighters' Pension and Relief Fund New Plan (NOFFPF New) with the Firefighters' Retirement System of Louisiana (FRS). This report evaluates three possible merger structures:

- **Scenario 1:** Only future New Orleans Fire hires join FRS.
- **Scenario 2:** Future hires and all current actively contributing NOFFPF New members join FRS.
- **Scenario 3:** All current active, inactive, retirees, and beneficiaries as well as future hires join FRS in a full plan merger.

What this report does not do

This is **not** a full merger valuation. This report provides a structured framework (legal, actuarial, fiscal, and administrative) to help legislators understand the implications of each option.

No independent liability projections or cost modeling were performed. Illustrative estimates are based on information prepared by the respective system's actuary for other purposes or are purely illustrative using simplified assumptions. **These values provide the relative scale of the liabilities that could be transferred or retained under different merger structures but do not represent the actual expected amount. Actual liability values would be based on a full valuation performed by FRS' actuary using FRS assumptions.**

Why it matters

NOFFPF New has **$541 million in total liability** and **$92 million in assets**, leaving an **unfunded liability of $449 million** and a **17% funded ratio**. Any merger that includes existing members must address this unfunded liability and comply with statutory funding requirements under La. R.S. 11:2260(A)(11).

In addition, **uncertainty exists regarding the City's funding obligation** because Amendment 2 to the Cooperative Endeavor Agreement (CEA), which sets contributions at $48 million per year growing at 2%, has **not been executed by the City**, even though the City appears to be contributing at that level.

What the scenarios show

These three structures differ in the number of members who would transfer, the amount of liability that would move to FRS, and the long-term contributions required from the City.

Scenario 1 – Future Hires Only

- NOFFPF retains all existing liabilities.
- The City contributes to both NOFFPF and FRS.
- Creates potential benefit structure inequity for firefighters unless Tiers 2 and 3 enhancements are enacted.
- Easiest administratively, but does not address existing unfunded liability.

Scenario 2 – Future and Current Actively Contributing Members

- Transfers the **active liability (≈$233M)** to FRS.
- NOFFPF retains approximately **$308M of inactive liability** and all supplemental benefits not permitted under FRS statutes.
- Requires the City to fund at least **60% of the active accrued liability** at transfer, in addition to continuing to fund all inactive obligations.

Scenario 3 – Full Plan Merger

- Transfers all liabilities (≈$541M) and all assets (≈$92M) to FRS.
- Requires an estimated **$356M supplemental contribution** to meet statutory funding thresholds (100% of inactive liability/60% of active accrued liability).
- Requires the most legislative action and the largest immediate financial commitment.

Key considerations for policymakers

- **Funding policy:** Uncertainty between the original CEA ADC requirement and the unsigned Amendment 2 schedule affects long-term projections.
- **Supplemental benefits:** FRS can pay only its own statutory forms. Any additional value earned under NOFFPF (e.g., minimum benefits, subsidized survivor options) must still be paid by NOFFPF or the City under Scenarios 2 and 3.
- **Impact on other employers and systems:** If insurance premium taxes are used to fund a portion of transferred active liability, existing FRS employers and other retirement systems may receive reduced allocations.
- **Administrative coordination:** Under transfer scenarios, members may receive benefits from two systems because FRS can only pay benefit forms authorized under its statutes, requiring careful benefit calculations and coordination at retirement or upon the death of the member.

Response from NOFFPF

NOFFPF provided a response to a draft copy of this report, included as Appendix H. No changes were made to this report as a result of their response, other than the addition of Appendix H and the following summary of their comments

In general, NOFFPF agreed with the observations included in this report, specifically noting that "all merger options discussed in the report have significant disadvantages" and "the NOFFPF Board would be opposed to any of the merger options."

Background and Purpose of the Report

House Resolution No. 163 of the 2025 Regular Session of the Louisiana Legislature directed the Louisiana Legislative Auditor (LLA) to "perform the actuarial investigation required by R.S. 11:2260(A)(11)(d) and to report findings relative to the cost and feasibility of merging the" New Orleans Firefighters' Pension and Relief Fund (NOFFPF) with the Firefighters' Retirement System of Louisiana (FRS). The resolution requested analysis of a merger for members "hired after a certain date" but does not specify if that date is in the future only, or would include a date in the past. This report therefore evaluates several scenarios that reflect different possible legislative interpretations.

The objective of this report is to provide policymakers with an overview of the legal, actuarial, fiscal, and administrative issues that would arise from consolidating these systems under multiple scenarios. More specifically, we evaluated the effects of consolidating the NOFFPF "New Plan" (NOFFPF New) with FRS under multiple merger scenarios, including (1) a merger of new hires only, (2) a merger of new hires and current actively contributing member, and (3) a full plan merger. This report does not include an evaluation of merging the NOFFPF "Old Plan" with FRS.

While this report includes illustrative cost impacts, it does not represent a full cost study or merger valuation. Instead, the intent is to assist the Legislature, system boards, municipal officials, and other stakeholders in evaluating the trade-offs, risks, and potential advantages of structural consolidation.

Scope and Limitations

This report is a policy-oriented actuarial study and is not intended to serve as a full actuarial valuation or funding analysis. Unless otherwise stated, all estimates and conclusions presented are based on information available as of the most recently completed funding valuations for each system:

- January 1, 2025 for NOFFPF New, and
- June 30, 2025 for FRS.

The scope of this report includes:

- A comparison of key plan provisions, governance, and funding structures;
- A qualitative assessment of three potential merger scenarios;
- Use of illustrative, not comprehensive, projections to describe the relative scale of costs and funding impacts under each scenario;
- Identification of potential costs and risks to plan sponsors and members;
- Analysis, where possible, of potential effects on contribution requirements and funding policies;
- Consideration of statutory requirements under La. R.S. 11:2260(A)(11) for systems merging into FRS;
- Discussion of implications for key stakeholder groups, including existing FRS employers and other retirement systems that receive state insurance premium tax appropriations.
- Except where explicitly stated, any merger scenario involving current members or retirees of NOFFPF New assumes the full liability and corresponding assets would transfer to FRS.
- NOFFPF retains responsibility only for non-transferred members and benefit forms and amounts not authorized under FRS's statutes for transferred members.

The following limitations apply to this analysis:

- No independent liability projections or cost modeling were performed.
- The values presented within this report consist of estimates prepared by the respective system's actuary for other purposes or are purely illustrative using simplified assumptions and are designed to provide a relative understanding of potential impact. Actual liability or cost modeling would require a full valuation performed by system actuaries based on the details of the actual merger.
- While included as part of the discussion, we are not qualified to make legal determinations regarding constitutional protections for accrued benefits and various benefit options or regarding the legality of administrative changes resulting from any merger.
- The long-term impact of behavioral changes (e.g., changes in retirement or DROP elections) following a merger has not been modeled.
- This report does not evaluate social or political considerations, nor does it recommend a specific course of action.

Stakeholders should use this report as a starting point for further actuarial and legal due diligence should merger discussions advance beyond initial policy consideration.

Description of Retirement Systems

Both systems have separate governing boards, funding policies, and benefit designs. They do not share membership or tax revenue.

New Orleans Firefighters' Pension and Relief Fund

The New Orleans Firefighters' Pension and Relief Fund consists of two legally distinct but jointly administered single-employer plans: the Old Plan, which was closed to new entrants as of December 31, 1967, and the New Plan, which was established by ordinance effective January 1, 1968 and remains the open plan for all New Orleans Fire Department hires since that date.

Throughout this report, NOFFPF refers to the combined plans as well as the governing board, as a whole. When referencing a specific plan, we will add the additional identifier of Old or New (e.g. NOFFPF New).

NOFFPF operates in accordance with La. R.S. §§3361–3391 and other generally applicable Louisiana Revised Statutes, city ordinance, and a Cooperative Endeavor Agreement, initially executed in 2016 between the City of New Orleans, New Orleans Firefighters Pension & Relief Fund, and New Orleans Firefighters Local 632.

While the benefit structure of the New Plan remained relatively stable for decades, reforms in 2015 and 2016 introduced a tiered structure within the New Plan that reduced the accrual rate and changed eligibility rules for firefighters hired on or after January 1, 2015.

Firefighters' Retirement System (FRS) of Louisiana

FRS was established effective January 1, 1980 and is a statewide cost-sharing, multiple-employer plan serving firefighters employed in parishes and municipalities across the state, excluding Orleans and East Baton Rouge Parishes.

FRS operates in accordance with La. R.S. §§2251-2272 and other generally applicable Louisiana Revised Statutes.

FRS maintains a single benefit tier and eligibility requirements for all participants.

Summary of Key Plan Provision Differences

FRS and NOFFPF New provisions differ significantly across virtually all aspects of a number of fundamental areas, including eligibility rules, benefit structures, and optional forms of payment. The following is a summary that highlights these key differences and provides a brief explanation of those differences. This summary excludes features common to both systems and is not intended to explain all plan provisions. Please refer to the Principal Plan Eligibility and Benefit Provisions section of this report for a detailed outline of each system's significant plan provisions.

Benefit Tiers	
FRS	N/A
NOFFPF New	Tier 1: Hired prior to 1/1/2015 Tier 2: Hired 1/1/2015 – 8/14/2016 Tier 3: Hired after 8/14/2016

Service Retirement Eligibility	
FRS	(1) (a) 25 years of service; or (b) Age 50 with 20 years of service; or (c) Age 55 with 12 years of service; and (2) 1 year of participation in FRS
NOFFPF New	Tier 1: Age 50 with 12 years of service Tier 2: Age 52 with 12 years of service Tier 3: 10 years prior to Social Security Normal Retirement Age with 12 years of service

Service Retirement Benefit Amount	
FRS	3 1/3% x years of service x avg compensation
NOFFPF New	Different accrual rates depending on tier that are generally lower than FRS, except for Tier 1 members with at least 30 years of service.

Average Compensation	
FRS	The average of the highest 36 successive or joined months of compensation, subject to limits on year-over-year increases.
NOFFPF New	The average of the highest 5 consecutive years of compensation during a member's career.

Deferred Retirement Option Plan (DROP)		
	FRS	NOFFPF New
Eligibility	Eligible for Service Retirement, but not less than 20 years of service	Eligible for Service Retirement
Maximum Period	36-60 months, based on years of service at DROP entry	60 months

Optional Forms of Payment

Both systems offer life annuities, joint & survivor options, and partial lump sum features, but differ in key details. Most importantly for this analysis, NOFFPF New includes a subsidized pop-up feature on all joint & survivor annuities and sets a $1,200/month minimum for all payment forms.

Disability Benefits

Both systems offer benefits for both duty-related and non-duty-related disabilities, but differ in key details:

- FRS ties non-duty disability to age and accrued benefit; NOFFPF New links it to years of service and uses simpler percentage thresholds.
- NOFFPF New explicitly distinguishes between partial and total disability and bases duty-related benefits on salary at time of disability, not average compensation.
- In general, NOFFPF New's disability benefits appear to be more valuable in most instances except for non-duty benefits for older members or those with higher accruals.

Death Benefits

Both systems offer various death benefits, but differ in key details:

- FRS bases survivor benefits on average compensation and years of service; NOFFPF New uses salary at death or fixed dollar amounts.
- NOFFPF New has a higher floor ($1,200/month) but no benefit escalation based on tenure or accrued service.
- FRS provides more flexible benefit structures and actuarial adjustments, while NOFFPF New includes broader eligibility for extended family (e.g., dependent widowed parents) and fixed benefit levels.

Actuarial Equivalence	
FRS	Mortality tables and discount rate consistent with those used in the annual valuation for funding purposes.
NOFFPF New	1971 Group Annuity Mortality Table with a six-year offset for females and a 7.0% discount rate.

Statutory and Legal Considerations

Any merger involving NOFFPF and FRS must be evaluated within the statutory and constitutional framework governing both systems, and the funding obligations established under the long-term Cooperative Endeavor Agreement (CEA) between the City of New Orleans and NOFFPF. The CEA and its amendments define certain administrative requirements (such as the funding policy) and therefore influence the financial context in which any merger would occur.

We are not qualified to make a legal determination; however, the following is our understanding of the relevant key statutory and legal considerations.

Constitutional and Contractual Protections for Accrued Benefits

Once a benefit is earned through service already rendered, the employee acquires a vested right that cannot be reduced retroactively.

This protection applies to the service credit and benefit value associated with past employment, including the accrual rate, averaging period, and any applicable minimum benefit in effect when that service was performed. However, the protection does not necessarily extend to features such as future eligibility for disability or survivor benefits, cost-of-living adjustments, optional payment forms, or administrative procedures, provided that any modifications apply prospectively and do not diminish the value of benefits to which a member is already entitled to receive.

Requirements Under La. R.S. 11:2260(A)(11)

La. R.S. 11:2260(A)(11) authorizes the FRS Board of Trustees to "enter into agreements with any municipality, parish, or fire protection district" to merge an existing firefighters' pension plan into FRS subject to terms approved by the FRS and NOFFPF boards, the legislative auditor, and the Joint Legislative Retirement Committee.

While the statute does not prescribe exactly how the merger must occur, it requires:

- Approval by three-fourths of the individuals whose benefits are transferred to FRS, unless New Orleans guarantees to pay for any benefits for which they are currently eligible if it is not provided by FRS benefit provisions;
- Payment by existing NOFFPF New assets and/or the City of New Orleans (the sponsoring entity) of at least 60% of the accrued liability for active members and 100% of the accrued liability for inactive members being transferred;
- The remaining 40% of the accrued liability for active members may be funded via insurance premium taxes, amortized over a period of no more than 30 years.

Statute does not clarify whether the payment of the 60% of the accrued liability for active members noted in the 2nd bullet above must be made at the time of transfer or if there is the ability for this amount to be amortized over a mutually agreed upon time period.

Cooperative Endeavor Agreement Between the City of New Orleans, NOFFPF, and New Orleans Firefighters Local 632

The long-term funding relationship between the City of New Orleans and the New Orleans Firefighters' Pension and Relief Fund (NOFFPF) is governed by a Cooperative Endeavor Agreement (CEA) executed in 2016 and subsequently amended. The CEA defines the City's contribution obligations, establishes procedures for communicating actuarially determined requirements, and outlines commitments by all parties related to long-term funding policy.

- **Original 2016 CEA (Executed)**
  The original CEA required the City to make contributions equal to an actuarially determined contribution (ADC) calculated annually under the methods and assumptions specified in the agreement. However, before 2024, the ADC required under the original CEA was never calculated correctly or communicated to the City, and as a result, the contribution levels required under that funding policy were never implemented.

  Beginning with January 1, 2024 funding valuation, NOFFPF's actuary calculated the ADC contribution required under the original CEA would be approximately $68 million.

- **Amendment 1 (Executed 2024)**
  Amendment 1 made limited technical changes to the agreement and expressed a shared commitment by the parties to pursue legislation to roll back certain benefit reductions implemented for members hired after 2014. It did not materially modify the contribution requirements.

- **Amendment 2 (Executed by NOFFPF and Local 632, Not Executed by City)**
  Amendment 2 replaced the ADC with a fixed contribution policy of $48 million per year beginning in 2025, increasing by 2% annually.

  Although Amendment 2 has not been executed by the City, it appears contributions are being made on this basis. Both NOFFPF and the City confirmed contributions during 2025 were $4 million per month, or $48 million for fiscal year 2025. Further, NOFFPF's actuary communicated a contribution requirement of $48,960,000 (i.e., $48M × 1.02) beginning in 2026 for the New Plan. The City has confirmed this amount is in the proposed 2026 budget. Despite this, the unsigned amendment introduces uncertainty regarding which contribution policy legally governs.

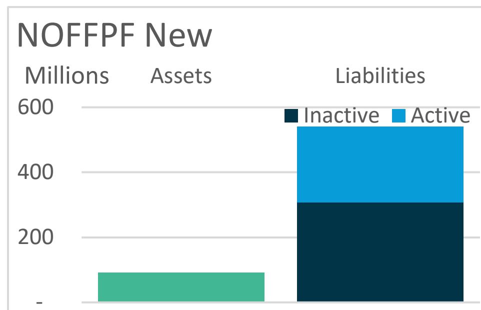
Scenario Analysis

This section illustrates the policy and cost implications of merging NOFFPF New with FRS. All numerical values are either estimates prepared by the respective system's actuary for other purposes or illustrative values based on simplified assumptions. **These estimates are designed to demonstrate the direction and relative magnitude of potential outcomes under different assumptions. They are not actuarial projections and should not be interpreted as precise or definitive estimates of future funding requirements or liability estimates.** The actual requirements could be considerably different because any liabilities transferred must be valued by FRS' actuary using FRS assumptions.

All NOFFPF New's contribution requirements outlined below are based on the unsigned amendment to the CEA, unless otherwise noted

Current Funding Context

As of January 1, 2025, NOFFPF New reported approximately $541 million in total actuarial liability ($308 million inactive and $233.0 million active) supported by $92 million in assets (on a market basis), producing an unfunded liability of $449 million and a funded ratio near 17%. This unfunded liability strongly influences the cost and feasibility of any merger scenario involving existing participants.



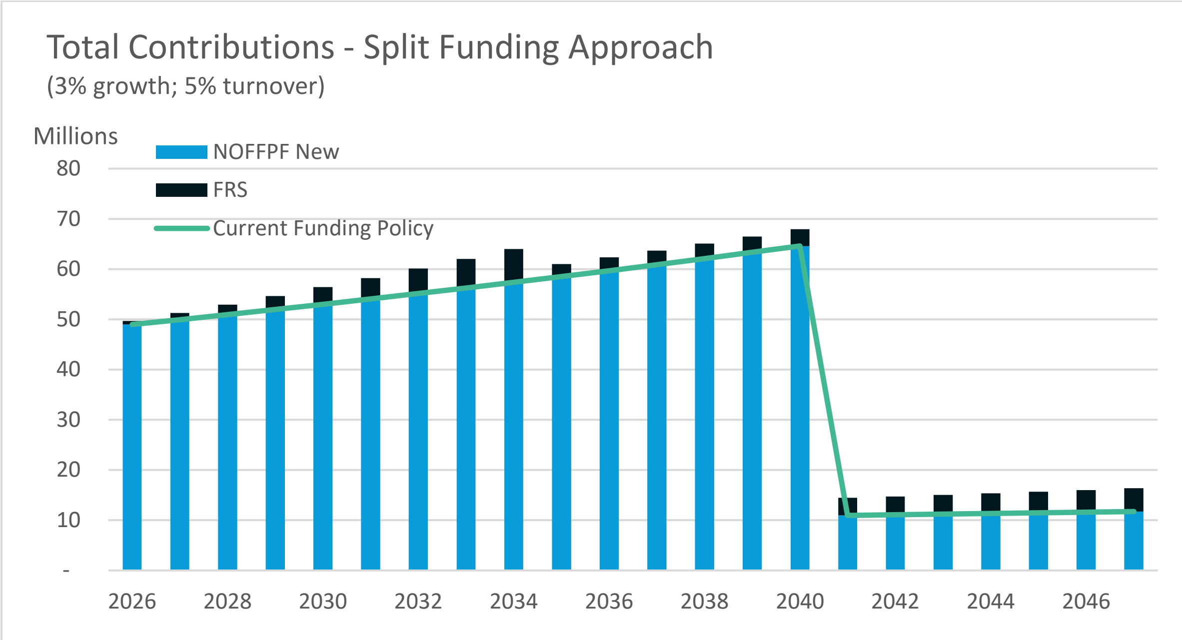
Scenario 1 – Future Hires Only

Under this scenario, only future hires would join FRS. All current NOFFPF New members would remain in NOFFPF New, leaving the full $449 million of unfunded liability. The City would make contributions to FRS for new hires while continuing to fund NOFFPF New.

Two funding approaches are possible based on the current funding policy:

<u>*Separate Funding Approach*</u>
The full $48 million + 2% annual increase continues to NOFFPF New, and the City makes additional contributions to FRS.

This approach preserves the projected NOFFPF full funding date of 2040 (based on NOFFPF's actuary's projection) and is the most financially stable and responsible for the respective retirement systems. Based on modest growth and turnover assumptions (illustrated in the graph below), the increase is expected to be manageable, especially following the anticipated reduction in 2035 of the FRS' Frozen Unfunded Accrued Liability amortization payment.



All values shown are illustrative and are not actuarial projections.

Any negative experience for NOFFPF New would be expected to delay the plan's path toward full funding while negative experience for FRS or a materially higher shift of New Orleans Firefighters to FRS could materially increase the required FRS contribution.

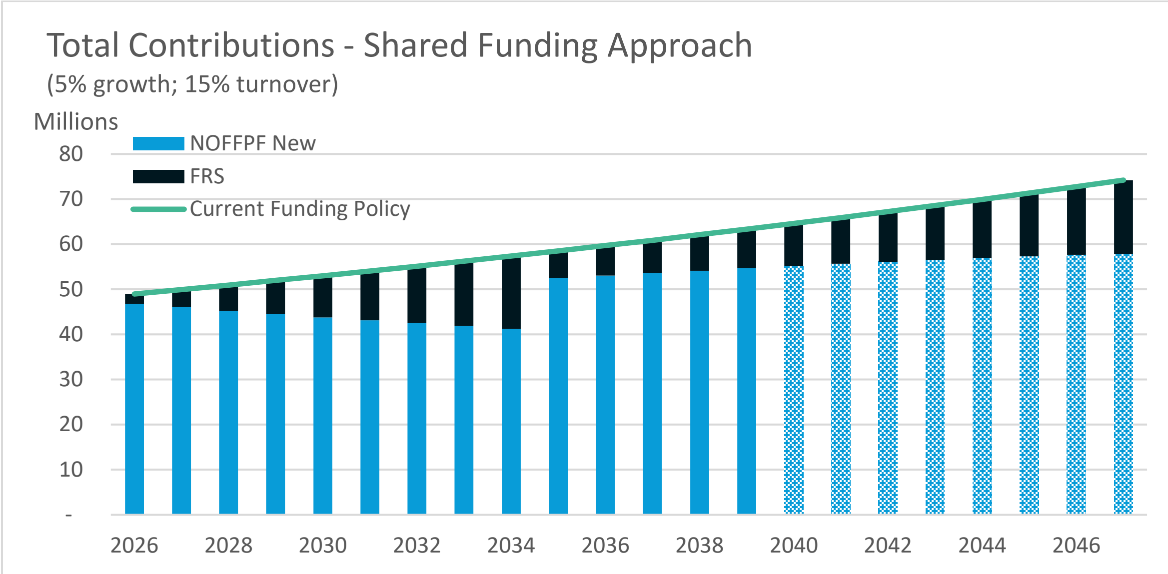
Shared Funding Approach

The City's maximum contribution to both plans is based on the current funding policy ($48 million + 2% annual increase), split between (a) FRS statutory requirement and (b) any remaining amount paid to NOFFPF New.

This approach limits near-term City spending but also sends fewer dollars to NOFFPF, increasing the risk of worsening NOFFPF New's funding position rather than strengthening it. Under the moderate growth and turnover assumptions illustrated in the graph above, the Shared Funding Approach could potentially result in $10s of millions in contributions diverted to FRS over the near-term. This would likely extend the full funding date several years, but if all assumptions are met, would not appear to present significant risk over this period.

However, under adverse experience (higher active population growth, higher active population turnover, and/or negative investment experience), NOFFPF New's funding position could deteriorate quickly because every dollar diverted to FRS reduces dollars available to amortize NOFFPF New's UAAL. The worst-case scenario would be such a shift in contributions to FRS that NOFFPF New's trust is depleted.

The following graph illustrates potential contribution requirements under slightly more adverse assumptions for NOFFPF New, with continuously increasing City total contributions but decreasing contributions to NOFFPF New, leading to an indeterminate full funding date.



All values shown are illustrative and are not actuarial projections.

New Orleans Firefighters Internal Equity Risk

Finally, without additional changes, Tier 2 and Tier 3 NOFFPF New members would accrue lower benefits (2.75% and 2.50%, respectively) than both Tier 1 and those hired after them, creating inequity for current employees. Restoring Tier 2 and Tier 3 benefits to pre-2015 levels would likely be necessary to avoid significant employee retention and morale issues.

NOFFPF's actuary estimates that restoring Tiers 2 and 3 to pre-2015 levels would immediately increase liabilities by approximately $1.8 million and annual normal cost by $0.5 million. Over the longer term, liabilities for future entrants would increase by 35%, or about $12–13 million in present value of future normal costs.

Conclusion

Scenario 1 is administratively simple and avoids statutory funding requirements triggered by transferring existing members. However, it leaves the entire unfunded liability in place and creates internal equity problems that may require costly benefit adjustments. The Shared Funding Approach introduces financial risk by reducing contributions to an already poorly funded plan.

Scenario 2 – Future and Current Actively Contributing Members

Under this scenario, all current actively contributing members of NOFFPF New would transfer to FRS with both past and future service administered under FRS statutes. FRS would pay only those benefits for which it is statutorily obligated, and NOFFPF would fund any additional payment provided under NOFFPF provisions such as minimum benefit amounts or subsidized optional forms and features, if the latter are considered protected.

What Transfers

The liability transferred to FRS would include the approximately $233 million active actuarial liability, subject to adjustment based on the use of FRS valuation assumptions.

Under La R.S. 11:2260(A)(11), NOFFPF assets and/or the City of New Orleans must fund at least 60% of the active accrued liability ($140 million). NOFFPF New only has $92 million in assets, if 100% of the assets were transferred to FRS, there still exists a $48 million funding shortfall that would need to be addressed and NOFFPF New would effectively operate on a pay-as-you-go basis from that point forward.

Liability Funded at Transfer (60% active)	$ 140,000,000
Liability Funded via Insurance Premium Taxes (40% active)	93,000,000
Total Liability Transferred	$ 233,000,000

What Remains with NOFFPF New

NOFFPF New would retain the approximately $308 million inactive liability and its responsibility for payment of supplemental value under NOFFPF-specific features.

For example, NOFFPF New offers a minimum benefit of $1,200 regardless of annuity payment form; FRS does not. Thus, if a member were to earn a monthly benefit of $1,000 per month, FRS would pay the member $1,000 per month while NOFFPF would be responsible for paying the member the additional $200 per month required to reach the minimum benefit guaranteed by NOFFPF.

Under this approach, the member retains all benefits earned under NOFFPF, but FRS is not required to administer or fund benefit features outside of its statutory structure.

Conclusion

Scenario 2 virtually eliminates NOFFPF New’s active liability but leaves a large inactive liability and all supplemental obligations in place. It requires additional City funding at transfer, combined contributions to two systems, and ongoing administrative coordination to ensure correct offsets for split benefits. It is more complex and costly than Scenario 1 and still leaves long-term legacy obligations.

Scenario 3 – Full Plan Merger

This scenario transfers all current active, inactive, retirees, and beneficiaries of NOFFPF New, and any future hires who would otherwise have participated in NOFFPF New under current provisions, into FRS.

What Transfers

NOFFPF New's assets (approximately $92 million) and all actuarial liabilities (approximately $541 million) would transfer to FRS (subject to valuation by FRS' actuary). In addition to the $92 million asset transfer, a supplemental contribution of roughly $356 million would be required; $217 million to fund the remaining inactive liability plus $140 million to cover 60% of the active liability.

Liability Funded at Transfer		
100% inactive	$	308,000,000
60% active		140,000,000
Liability Funded via Insurance Premium Taxes		
40% active		93,000,000
Total Liability Transferred	$	541,000,000
Assets Transferred	$	92,000,000
Additional Funding Required		356,000,000
Total Funded at Transfer	$	448,000,000

What Remains with NOFFPF

As in Scenario 2, FRS would administer and pay benefits only under its statutory provisions. Any supplemental benefits that exceed FRS benefit forms, including subsidized optional forms or other plan-specific enhancements, would need to be settled or separately funded as part of the merger.

Conclusion

While this approach eliminates much of the long-term administrative duplication, it involves the highest level of legislative action, transition complexity, and near-term funding commitment; and would still require administrative coordination to ensure payment of supplemental benefits.

Summary of Merger Scenarios

To help compare the structural and financial differences between the scenarios evaluated in this report, the following table summarizes which member groups would join FRS, which liabilities and assets would transfer, which obligations would remain with NOFFPF, and how City contributions and administrative responsibilities would differ under each approach. The table is intended to provide legislators with a clear, high-level view of how the scenarios differ in scope, financial impact, and administrative complexity.

	Scenario 1 – Future Hires Only	Scenario 2 – Future and Current Actives	Scenario 3 – Full Plan Merger
Who joins FRS?	Only future hires	All future hires and all current actively contributing NOFFPF New members	All current active, inactive, retirees, beneficiaries, and future hires
Liability transferred	None	Active accrued liability only ≈ $233 million (subject to FRS valuation)	All active and inactive liabilities ≈ $540.9 million
Assets transferred/ contribution required	None	60% of active liability (≈ $140 million – subject to valuation)	100% of inactive liability plus 60% of active liability ($91.5 million in assets plus roughly $356.5 million to fully fund the remaining liability - subject to valuation)
Effect on future City contributions (qualitative)	City funds NOFFPF New and also begins paying FRS statutory contributions (currently 33.25% of payroll) for new hires	Continue funding residual NOFFPF inactives and supplemental benefits, plus ongoing FRS contributions for all actives and future hires.	FRS contributions and supplemental benefit amounts and features
Key Considerations	Creates inequity in benefit structure unless Tier 2 & 3 enhancements are enacted	Requires split administration at retirement for supplemental NOFFPF-only benefit features	Greatest legislative, fiscal, and administrative commitment.

Considerations by Stakeholder Group

City of New Orleans

- Responsible for all unfunded liabilities and for contributions to both systems under any transition.
- Legal and fiscal uncertainty regarding which contribution schedule governs.
- May face additional near-term cost to fund FRS contributions in addition to NOFFPF New contributions.
- May face additional near-term cost if Tier 2 and 3 benefits are enhanced to align with FRS.

New Orleans Firefighters' Pension and Relief Fund (NOFFPF)

- Under partial-transfer scenarios, continues as a closed legacy fund until all frozen or supplemental obligations are paid.
- Funding policy uncertainty persists because the City has not executed the second CEA amendment establishing the $48M + 2% annual increase schedule.
- May retain responsibility for administering supplemental payments for NOFFPF-specific provisions that remain outside FRS responsibility.

Firefighters' Retirement System (FRS)

- Gains new participants and assets but must ensure any assumed liabilities are appropriately funded at transfer.
- Must maintain benefit administration exclusively within existing statutory forms; supplemental payments for NOFFPF-specific provisions would remain outside FRS responsibility.
- Would require actuarial certification and legislative approval for any transfer.

Existing FRS Employers and Other Retirement Systems

- Any diversion of insurance premium tax revenues to fund active liabilities transferred to FRS would negatively impact existing FRS employers and other Statewide retirement systems that receive a portion of the taxes.

Plan Members and Beneficiaries

- Inactive members see no change under Scenario 1 or 2.
- Active members transferred under Scenarios 2 or 3 accrue future service under FRS and may receive split benefits at retirement.
- Optional-form differences (e.g., pop-up features) remain payable by NOFFPF or the City of New Orleans for inactive members and possibly for current active members on at least part of their benefit.

Risk Factors and Cost Sensitivities

Each merger scenario introduces financial, actuarial, and administrative risks that could affect long-term funding outcomes and full funding timing. The following points summarize the principal areas of sensitivity that policymakers and system stakeholders should consider when evaluating potential consolidation options.

- **Investment Return Risk:** Lower-than-expected investment performance would extend the projected 2040 full-funding date under the fixed-contribution schedule and increase total City appropriations required to meet legacy obligations.
- **Funding-Policy Risk:** Uncertainty remains regarding which funding policy governs: the executed 2016 CEA or the unsigned amendment establishing the $48M + 2% schedule, creating potential variability in projected amortization periods and City contribution levels.
- **Demographic Risk:** Differences in retirement, disability, or mortality experience between New Orleans firefighters and the statewide FRS population could alter the valuation of transferred liabilities and future contribution requirements.
- **Tier-Structure Risk:** Maintaining reduced benefits for Tier 2 and Tier 3 members while enrolling future hires in FRS may create internal inequities. Equalizing benefits would increase costs.
- **Administrative Coordination Risk:** Under partial-transfer scenarios, members could have benefits split between FRS and NOFFPF, requiring coordination at retirement to ensure accurate benefit offsets and survivor payment processing.
- **Legal and Governance Risk:** Legislative authorization and statutory amendments would be required for any transfer. Delays or challenges in approval could postpone implementation and increase interim costs.

Because this analysis is descriptive rather than predictive, the dollar figures illustrate relative scale only. Detailed projections of benefit payments, contribution allocations, and funded-ratio progress will need to be completed by the respective system’s actuary.

Conclusions and Considerations

The analysis conducted in accordance with House Resolution No. 163 of the 2025 Regular Legislative Session is intended to provide policymakers with a framework for understanding the potential fiscal and governance effects of merging NOFFPF New with FRS.

This analysis did not include a full cost valuation but used current actuarial results and qualitative assumptions to describe the relative implications of several merger structures.

Conclusions

(1) **Current Financial Position**

- As of January 1, 2025, NOFFPF New reported approximately $540.9 million in total actuarial liability supported by $91.5 million in assets, producing an unfunded liability of $449.4 million and a funded ratio of 17%.
- The magnitude of this unfunded liability affects feasibility, timing, and cost considerations for any merger involving existing participants.

(2) **Funding Policy and Contribution Framework**

- NOFFPF actuary's analysis of the $48 million + 2% annual increase contribution policy projects full funding around 2040, approximately six years sooner than under the current CEA.
- However, the amendment implementing this schedule has not been executed by the City of New Orleans, introducing uncertainty for the appropriate funding structure for any analysis.

(3) **Scenario Findings**

- **Scenario 1 (New Hires Only):** Simplest to implement and legally least complex but leaves the existing $449 million UAAL in place. It potentially creates benefit structure inequities that may require additional benefit enhancements (≈ $1.8 million liability increase and $0.5 million in annual normal cost) to maintain internal equity.
- **Scenario 2 (Future and Current Actives):** Transfers active liability (≈ $233 million to FRS), reducing NOFFPF's UAAL but requiring a substantial asset transfer and leaving NOFFPF responsibility for the inactive liability (≈ $308 million) and supplemental benefits tied to legacy payment features.
- **Scenario 3 (Full Plan Merger):** Would consolidate administration but require ≈ $357 million in immediate funding. This reflects the difference between available assets and the statutory requirement that 100% of inactive liabilities and 60% of active liabilities be funded at the time of transfer. The remaining 40% of active liabilities may be funded by insurance premium taxes.

(4) **Legal and Administrative Considerations**

- Any merger would require approval by the respective boards, potentially approval by current plan members, agreement by the City of New Orleans, and legislative authorization amending statute.
- FRS can pay only benefits defined by its statutes. NOFFPF or the City must fund any supplemental payments arising from optional forms or minimum benefits.
- Prospective changes to benefit design are permissible, but accrued service credit and benefit values remain constitutionally and contractually protected.

(5) **Stakeholder Implications**

- **FRS** would assume additional administrative responsibility and must receive full funding for transferred liabilities.
- **NOFFPF** would continue as a legacy fund until all obligations are paid and would remain liable for supplemental benefits under its statutes.
- **The City of New Orleans** would retain fiscal responsibility for any unfunded liabilities and would need to manage concurrent contributions to both systems for many years.
- **Existing FRS Employers and Other Retirement Systems** could see an increase in contribution rates if insurance premium taxes are diverted to fund a portion of transferred liability.

Considerations and Potential Concerns

In addition to the findings described above, several considerations may be relevant to legislative evaluation of potential merger options. These considerations are not recommendations but are presented to provide context for policymaker review.

(1) **Timing Relative to Funded Status**
The current 17% funded ratio and approximately $449 million in unfunded liability may affect the timing and complexity of any transfer involving existing participants.

(2) **Funding-Policy Uncertainty**
Because the City has not executed amendment 2 to the CEA, there is ambiguity regarding which schedule legally governs future City payments. This ambiguity affects funding timelines and the feasibility of certain merger structures.

(3) **Impact on Existing Tiers**
If only new hires enter FRS, firefighters hired after 2014 would remain under reduced accrual rates. Policymakers may wish to consider the cost and equity implications of maintaining or revising these tiers.

(4) **Split Administrative Responsibility**
Under Scenarios 2 and 3, members may receive benefits payable from two systems because FRS can pay only those benefit forms permitted under its statutes, with NOFFPF or the City covering any supplemental portion. This requires ongoing coordination and may affect administrative complexity.

(5) **Systemwide Effects on FRS**
FRS participating employers and statewide stakeholders may focus on ensuring that any liability transfers are fully funded at entry and do not affect employer contribution rates or statutory tax allocations.

(6) **Optional Forms and Supplemental Benefits**
Because FRS cannot provide optional payment forms such as pop-up survivor benefits, any such obligations remain with NOFFPF. This ongoing responsibility should be quantified as part of implementation planning, including the development of long-term funding guidelines.

(7) **Long-Term Legacy Obligations**
For any scenario short of a full merger, NOFFPF would remain in operation for decades to pay existing retirees and frozen or supplemental benefits for transferred actives.

(8) **Statutory Changes Required**
Any merger would require coordinated legislative action to amend both systems' statutes and possibly related municipal ordinances.

This report is intended to assist policymakers in evaluating these issues but does not assess implementation feasibility or recommend a specific course of action.

Appendix A - Principal Plan Eligibility and Benefit Provisions

Identifying Data	
FRS	
Classification	Multiple Employer Cost Sharing Plan
Plan Year	July 1 – June 30
NOFFPF New	
Classification	Single Employer Plan
Plan Year	January 1 – December 31
Tiers	Tier 1: Hired prior to 1/1/2015 Tier 2: Hired 1/1/2015 – 8/14/2016 Tier 3: Hired after 8/14/2016

Participation	
Eligibility	
FRS	Any full-time firefighter or any person in a position as defined in the municipal fire and police civil service system who is employed by a fire department of any municipality, parish, or fire protection district of the state of Louisiana, excepting Orleans and East Baton Rouge parishes, and who is earning at least three hundred seventy-five dollars per month excluding state supplemental pay.
NOFFPF New	Any individual employed by the fire department of the City of New Orleans who is actively engaged in the extinguishing of fires; or Any uniformed member of the fire suppression division of the fire department of the City of New Orleans, who occupied the position of firefighter in the classified civil service of the City of New Orleans for at least ten years, and who, because of physical disability, selects to transfer from the fire suppression division to the fire administration division of the fire department of the City of New Orleans, may continue to participate, unless the board determines that such continued employment is detrimental to the health and safety of other employees
Entry Date	First day of employment in an eligible position

Contributions	
Employee	8.0% for any member whose earnable compensation is less than or equal to the most recently issued poverty guidelines. For all others, the employee contribution is based on the "total contribution for the fiscal year expressed as a percentage of payroll after applying all required tax contributions", as outlined below Total Contribution — Employee Contribution <= 25.00% — 8.00% 25.01% to 25.75% — 8.25% 25.76% to 26.50% — 8.50% 26.51% to 27.25% — 8.75% 27.26% to 28.00% — 9.00% 28.01% to 28.75% — 9.25% 28.76% to 29.50% — 9.50% 29.51% to 30.25% — 9.75% >= 30.26% — 10.00%
Employer	
FRS	Actuarially Determined Contribution
NOFFPF New	(1) Per the CEA: Actuarially Determined Contribution (2) Per Amendment No. 2 to the CEA, effective with the 2024 plan year, $48 million per year increasing by 2% per year until the plan is fully funded. **As of the publication date of this report, Amendment No. 2 has not been signed by any representative of the City of New Orleans.**
Other	
FRS	Insurance premium taxes allocated based on the statutory provisions described in La. R.S. 22:1476(A)(3).
NOFFPF New	All, or part, of certain revenues, appropriations, fines, and proceeds from certain sales, as outlined in state statute.

Service Retirement Eligibility	
FRS	(1)(a) 25 years of service; or (b) Age 50 with 20 years of service; or (c) Age 55 with 12 years of service; and (2) 1 year of participation in FRS
NOFFPF New	Tier 1: Age 50 with 12 years of service Tier 2: Age 52 with 12 years of service Tier 3: 10 years prior to Social Security Normal Retirement Age with 12 years of service

Service Retirement Benefit Amount	
FRS	3 1/3% x years of service x avg compensation
NOFFPF New	Tier 1: (1) or (2) x avg compensation (1) Less than 30 years of service: 2.50% x years of service up to the age of 50 + 3 1/3% x years of service after age 50; or (2) 30 or more years of service: 3 1/3% x years of service Tier 2: 2.75% for all years of service Tier 3: 2.50% for all years of service Not less than $1,200 per month, applicable to both retiree benefit amount and optional payment forms payable to surviving spouse
Maximum	100% of avg compensation

Optional Forms of Payment	
Unless otherwise noted, optional forms of payment are actuarially equivalent to the normal form	
FRS	
Normal Form	Life Annuity
Option 1	Life Annuity with the member's portion of the annuity guaranteed to be no less than the member's accumulated employee contributions with interest; the balance of which to be paid as a lump sum.
Option 2	Joint & 100% Survivor Annuity
Option 3	Joint & 50% Survivor Annuity
Option 4	Some other benefit or benefits payable to the member or a named beneficiary or beneficiaries, as approved by the board of trustees.
Partial Lump Sum (IBO)	Service retirees who have not participated in DROP may elect to receive an amount equal to up-to 36 x the member's accrued monthly benefit, payable as a lump sum, with the remainder paid as an annuity under any of the optional forms outlined above
Guaranteed COLA	Any payment form outlined above may be further reduced in order to receive a guaranteed 2.5% annual compound increase commencing on the later of age 55 or the anniversary of retirement

Optional Forms of Payment (Cont.)	
Unless otherwise noted, optional forms of payment are actuarially equivalent to the normal form	
NOFFPF New	
Normal Form	Life Annuity
Option 1	Life Annuity with the member's portion of the annuity guaranteed to be no less than the member's accumulated employee contributions with interest; the balance of which to be paid as a lump sum.
Option 2	Joint & 100% Survivor Annuity w/Pop-up[1]
Option 3	Joint & 50% Survivor Annuity w/Pop-up[1]
Option 4	Joint & X% Survivor Annuity w/Pop-up[1]
Partial Lump Sum (PLOP)	An amount equal to up-to 60 x the member's accrued monthly benefit, payable as a lump sum, with the remainder paid as an annuity under any of the optional forms outlined above

Deferred Retirement Option Plan (DROP)	
FRS	
Eligibility	Eligible for Service Retirement, but not less than 20 years of service
Maximum Period	(1) Less than 28 years of service: 36 months, or (2) At least 28 years of service: 5 years (effective April 1, 2026)
Employer Contributions	Yes, effective April 1, 2026
Employee Contributions	None
Interest Accrual	None unless, effective August 1, 2025, member elects to have their DROP balance deposited to a self-directed investment account.
COLAs during DROP	None
Distribution	Lump Sum or Actuarially Equivalent Annuity

[1] The pop-up portion of this benefit is offered on a subsidized basis. i.e., the benefit amount paid under this form is calculated as a Joint & Survivor Annuity without regard to the pop-up feature.

Deferred Retirement Option Plan (DROP) (Cont.)	
NOFFPF New	
Eligibility	Eligible for Service Retirement
Maximum Period	5 years
Employer Contributions	N/A; the employer contribution is not currently based on active member pay
Employee Contributions	None
Interest Accrual	None
COLAs during DROP	None
Distribution	Lump Sum or a series of periodic or non-periodic payments.
Reverse DROP	Members may elect to participate in DROP on a retroactive basis at the time of their actual retirement rather than while actively employed.

Termination Benefits	
Vesting	12 years of service
Deferred Vested Benefit	Payable at Normal Retirement age in the amount as outlined above. Vested members may elect to receive a refund of their employee contributions, without interest, in-lieu of a deferred vested benefit.
Non-vested Benefit	Non-vested members are eligible to receive a refund of their employee contributions, without interest.

Disability Benefits	
Line of Duty	
FRS	
Eligibility	Total disability solely as the result of injuries sustained in the performance of his official duties
Benefit Amount	(1) Under 50 years of age: 60% of avg compensation; or (2) 50 years of age or older, the greater of (a) 60% of avg compensation, or (b) accrued retirement benefit

Disability Benefits (Cont.)	
Line of Duty (Cont.)	
NOFFPF New	
Eligibility	(1) Physically or mentally permanently disabled and incapacitated from gainful employment, by reason of service in the fire department; or (2) Permanently physically or mentally disabled by reason of service in the fire department, but physically and mentally capable and able to do and perform work other than as a firefighter
Benefit Amount	If disabled under (1) above, the greater of (a) 2/3rds of salary at date of retirement, or (b) if at least 20 years of service, accrued retirement benefit If disabled under (2) above, the greater of (a) 50% of salary at date of retirement, or (b) if at least 20 years of service, accrued retirement benefit
Non-Line of Duty	
FRS	
Eligibility	Total disability for any cause and 5 years of service
Benefit Amount	(1) Under 50 years of age, the greater of (a) 75% of accrued retirement benefit, or (b) 25% of average salary; or (2) 50 years of age or older, the greater of (a) accrued retirement benefit, or (b) 25% of average salary
NOFFPF New	
Eligibility	Total physical or mental disability and becomes incapacitated to perform his duties
Benefit Amount	Years of Service — % of Avg Final Compensation <10 — 30% >10 but ≤ 15 — 40% >15 — 50%

Pre-Retirement Death Benefits Surviving Spouse Benefits	
Line of Duty	
FRS	If killed in the line of duty prior to normal retirement eligibility, 2/3rds of member's average final compensation
NOFFPF New	(1) If death occurs while in the act of performing duties as a firefighter, the greater of (a) 66 2/3% of monthly salary at date of death, or (b) $1,200 per month; or spouse may elect to receive a refund of accumulated contributions (2) If death occurs while on duty, but not in the act of performing duties as a firefighter, the greater of (a) 50% of monthly salary at date of death, or (b) $1,200 per month; or the option to receive a refund of accumulated contributions
Non-Line of Duty	
FRS	Not Retirement Eligible: 3% x years of service x avg compensation, not less than 40% nor greater than 60% of avg compensation. Ceases upon remarriage. Retirement Eligible: surviving eligible spouse shall automatically be paid benefits as though the member had retired on the date of death and elected Option 2 of R.S. 11:2259, naming the member's surviving eligible spouse as the option beneficiary.
NOFFPF New	$1,200 per month
Other	
FRS	A spouse may assign a portion of their benefit to the deceased participant's dependent minor child(ren) or child(ren) with a permanent mental or physical disability and elect to receive an actuarially reduced benefit for themselves
NOFFPF New	None

Pre-Retirement Death Benefits (Cont.)	
Dependent Children Benefits	
FRS	
Amount	Greater of (1) $200 per month, or (2) 10% of avg compensation, but total of all payments to dependent children not to exceed 100% of avg compensation, or (3) if there is not a surviving spouse, 40% of avg compensation but total of all payments to dependent children not to exceed 60% of avg compensation
Duration	(1) Until the earlier of (a) age 18, or (b) marriage, or (c) if enrolled on a full-time basis in an institute of higher education, then the earlier of (i) Age 22 (ii) 4 years past high school graduation (2) For life, if such child, (a) has a total physical disability or intellectual disability, (b) had such disability at the time of the participant's death, and (c) is dependent upon the surviving spouse or other legal guardian.
NOFFPF New	
Amount	$300 per month
Duration	(1) Until the earlier of (a) age 18, or (b) marriage, (2) If totally and permanently physically or mentally disabled, the earlier of (a) life, or (b) completing specialized training permitting them to engage in gainful employment.
Other Benefit Amounts	
FRS	None
NOFFPF New	(1) $3,000 lump sum payable to a named beneficiary, and (2) If there is a dependent widowed parent and no surviving spouse or dependent minor children, the dependent widowed parent will receive the same benefit otherwise payable to a surviving spouse. If the death occurs while on duty, the benefit is payable for life regardless of remarriage. If the death occurs while not on duty, the benefit is payable for life for a widowed mother and until remarriage for a widowed father.

Post-Retirement Death Benefits Surviving Spouse Benefits	
FRS	Survivor benefit payable under optional annuity form selected at retirement
NOFFPF New	Greater of (1) survivor benefit payable under optional annuity form selected at retirement, or (2) $1,200 per month
Dependent Children of Disability Retirees	
FRS	
Amount	Greater of (1) $200 per month, or (2) 10% of avg compensation, but total of all payments to dependent children not to exceed 100% of avg compensation, or (3) if there is not a surviving spouse, 40% of avg compensation but total of all payments to dependent children not to exceed 60% of avg compensation
Duration	(1) Until the earlier of (a) age 18, or (b) marriage, or (c) if enrolled on a full-time basis in an institute of higher education, then the earlier of (i) Age 22 (ii) 4 years past high school graduation (2) For life, if such child, (a) has a total physical disability or intellectual disability, (b) had such disability at the time of the participant's death, and (c) is dependent upon the surviving spouse or other legal guardian.
NOFFPF New	None

Cost-of-Living Adjustments
FRS
Ad-hoc COLAs are permitted subject board approval and certain statutory restrictions: (1) (a)(i) Up-to 3% of retiree's or surviving spouse's original benefit, (ii) 2% of the original benefit amount to retirees or beneficiaries over age 65, or (iii) both (i) and (ii); when the actuarial rate of return exceeds the assumed rate of return for the most recent fiscal year, or (b) Any amount, subject to available funds in the Funding Deposit Account; and (2) only if any of the following apply: (a) the system has a funded ratio of at least 90% and has not granted a benefit increase to retirees, survivors, or beneficiaries in the most recent fiscal year, (b) the system has a funded ratio of at least 80% and has not granted such an increase in any of the two most recent fiscal years, or (c) the system has a funded ratio of at least 70% and has not granted a benefit increase to retirees, survivors, or beneficiaries in any of the three most recent fiscal years
NOFFPF New
Ad-hoc COLAs are shall not be permitted until NOFFPF New has achieved an 80% funded status, considering the impact of any potential COLA. Thereafter, ad-hoc COLAs are permitted subject to a 2/3rds vote of the board and the following restrictions: (1) Up-to 3% of retiree's or surviving spouse's original benefit when the actuary determines the interest on the investments in excess of normal requirements is sufficient to provide such benefit, or (2) Up-to 2% of retiree's or surviving spouse's original benefit, for retirees who are age 65 or older, annually

Average Compensation
FRS
The average of the highest 36 successive or joined months of compensation during a member's career; except the 13th through the 24th month shall not exceed 115% of the previous 12 months and the final 12 months shall not exceed 115% of the previous 12 months
NOFFPF New
The average of the highest 5 consecutive years of compensation during a member's career

Actuarial Equivalence	
FRS	
	July 1, 2022-June 30, 2026
Single Life Option Factors	Unisex table based on the Pub-2010 Safety Below-Median Healthy Retiree Mortality Tables projected with mortality improvement to 2022 using the MP2019 mortality improvement scales, multiplied by 105% for males and 115% for females, blended 90% male/10% female, and a 6.90% discount rate.
Joint & Survivor Option Factors	Unisex table based on the Pub-2010 Male Safety Below-Median Healthy Retiree Mortality Table projected with mortality improvement to 2022 using the MP2019 male mortality improvement scale multiplied by 105% and a 6.90% discount rate.
IBO Lump Sum Conversion	Unisex table based on the Pub-2010 Safety Below-Median Healthy Retiree Mortality Tables projected with mortality improvement to 2022 using the MP2019 mortality improvement scales, multiplied by 105% for males and 115% for females, blended 90% male/10% female, and a 6.90% discount rate.
Drop Balance Life Annuity Conversions	Unisex table based on the Pub-2010 Safety Below-Median Healthy Retiree Mortality Tables projected with mortality improvement to 2033 using the MP2019 mortality improvement scales, multiplied by 105% for males and 115% for females, blended 90% male/10% female, and a 6.90% discount rate.
Disability Award Lifetime Equivalences	Unisex table based on the Pub-2010 Safety Below-Median Healthy Retiree Mortality Tables projected with mortality improvement to 2022 using the MP2019 mortality improvement scales, multiplied by 105% for males and 115% for females, blended 85% male/15% female, and a 6.90% discount rate.
Sick and Annual Leave Conversion	Sex-distinct tables based on the Pub-2010 Safety Below-Median Healthy Retiree Mortality Tables projected with mortality improvement to 2033 using the MP2019 mortality improvement scales, multiplied by 105% for males and 115% for females and a 6.90% discount rate.
Service Purchases and Transfers	Sex-distinct tables based on the mortality and discount rate assumptions from the actuarial valuation completed for the fiscal year prior to the year of calculation.
	After June 30, 2026
Single Life Option Factors	Unisex table based on the Pub-2010 Safety Below-Median Healthy Retiree Mortality Tables projected with mortality improvement to 2027 using the MP2021 mortality improvement scales, multiplied by 110% for males and 115% for females, blended 90% male/10% female, and a 6.90% discount rate.
Joint & Survivor Option Factors	Unisex table based on the Pub-2010 Male Safety Below-Median Healthy Retiree Mortality Table projected with mortality improvement to 2027 using the MP2021 male mortality improvement scale multiplied by 110% and a 6.90% discount rate.

Actuarial Equivalence (Cont.)	
FRS (Cont.)	
	After June 30, 2026 (Cont.)
IBO Lump Sum Conversion	Unisex table based on the Pub-2010 Safety Below-Median Healthy Retiree Mortality Tables projected with mortality improvement to 2027 using the MP2021 mortality improvement scales, multiplied by 110% for males and 115% for females, blended 90% male/10% female, and a 6.90% discount rate.
Drop Balance Life Annuity Conversions	Unisex table based on the Pub-2010 Safety Below-Median Healthy Retiree Mortality Tables projected with mortality improvement to 2038 using the MP2021 mortality improvement scales, multiplied by 110% for males and 115% for females, blended 90% male/10% female, and a 6.90% discount rate.
Disability Award Lifetime Equivalences	Unisex table based on the Pub-2010 Safety Below-Median Healthy Retiree Mortality Tables projected with mortality improvement to 2027 using the MP2021 mortality improvement scales, multiplied by 110% for males and 115% for females, blended 85% male/15% female, and a 6.90% discount rate.
Sick and Annual Leave Conversion	Sex-distinct tables based on the Pub-2010 Safety Below-Median Healthy Retiree Mortality Tables projected with mortality improvement to 2038 using the MP2021 mortality improvement scales, multiplied by 110% for males and 115% for females and a 6.90% discount rate.
Service Purchases and Transfers	Sex-distinct tables based on the mortality and discount rate assumptions from the actuarial valuation completed for the fiscal year prior to the year of calculation.
NOFFPF New	
	1971 Group Annuity Mortality Table for males and a 6-year offset for females (i.e. female rates are equivalent to a male 6 years younger) and a 7% discount rate.

Appendix B - Actuarial Disclosures

Intended Use

This Informational Report was prepared in response to House Resolution No. 163 of the 2025 Regular Legislative Session, which requested the actuary for the Legislative Auditor to conduct an analysis of the financial and administrative effects of consolidating the New Orleans Firefighters' Pension and Relief Fund with the Firefighters' Retirement System of Louisiana. This Informational Report is intended for use by the House Retirement Committee. This Informational Report may be provided to parties other than the House Retirement Committee only in its entirety and only with the permission of the House Retirement Committee. The Louisiana Legislative Auditor is not responsible for unauthorized use of this Informational Report.

This Informational Report should not be construed as providing tax advice, legal advice, or investment advice. It should not be relied on for any purpose other than the purposes described herein. This Informational Report assumes the continuing ability of the System to collect the contributions necessary. A determination regarding whether or not the System is actually willing and able to do so in the future is outside our scope of expertise and was not performed.

Actuarial Data, Methods and Assumptions

The findings in this Informational Report are based on data and other information as of the date of the January 1, 2025 Actuarial Valuation for NOFFPF New, and the June 30, 2025 FRS Actuarial Valuation. This Informational Report was based upon information furnished by the FRS, NOFFPF, the systems' actuaries, and by numerous plan documents and statutes. We are not responsible for the accuracy or completeness of the information provided by outside parties.

For certain calculations that may be presented herein, we have utilized commercially available valuation software. We made a reasonable attempt to understand the intended purpose of, general operation of, major sensitivities and dependencies within, and key strengths and limitations of these models. In our professional judgment, the models have the capability to provide results that are consistent with the purposes of the analysis and have no material limitations or known weaknesses. Tests were performed to ensure that the model reasonably represents that which is intended to be modeled.

We made the following assumptions for the projections shown in Scenario 1:

- Salary inflation: 2.50%
- FRS Annual Contribution Rate 2026: 33.25%
- FRS Annual Contribution Rate 2027 – 2034: 30.00%
- FRS Annual Contribution Rate 2035-2047: 10.00%

Scenario 1A

- Average new hire salary in 2024: $40,000
- Average annual active population growth: 3%
- Average annual turnover for all active decrements for NOFFPF New: 5%

These assumptions were made based on demographic changes outlined in the January 1, 2018 through January 1, 2025 funding and accounting valuations for NOFFPF New and June 30, 2020 through June 30, 2025 funding valuations for FRS.

Scenario 1B

- Average new hire salary in 2024: $50,000
- Average annual active population growth: 5%
- Average annual turnover for all active decrements for NOFFPF New: 15%

These assumptions were made to illustrate the potential sensitivity to higher growth rates in FRS contributions resulting in decreasing contributions to NOFFPF New.

This Informational Report relies on calculations performed by the Systems' actuaries. To the best of our knowledge, no material biases exist with respect to the data, methods, or assumptions used to develop the analysis other than those specifically identified. We did not audit the information provided, but have reviewed the information for reasonableness and consistency with other information provided by or for the affected retirement System.

Conflict of Interest

There are no known conflicts that would compromise the ability to present an unbiased statement of actuarial opinion.

Risks Associated with Measuring Costs

This actuarial note is an actuarial communication, and is required to include certain disclosures in compliance with Actuarial Standards of Practice (ASOP) No. 51.

A full actuarial determination of the retirement System's costs, actuarially determined contributions and accrued liability require the use of assumptions regarding future economic and demographic events. The assumptions used to determine the retirement System's contribution requirement and accrued liability are summarized in the 2024 Experience Study being reviewed.

The actual emerging future experience, such as a retirement fund's future investment returns, may differ from the assumptions. To the extent that emerging future experience differs from the assumptions, the resulting shortfalls (or gains) must be recognized in future years by future taxpayers. Future actuarial measurements may also differ significantly from the current measurements due to other factors: changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period; or additional cost or contribution requirements based on the System's funded status); and changes in plan provisions or applicable law.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

(1) Investment risk – actual investment returns may differ from the expected returns (assumptions);
(2) Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
(3) Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
(4) Longevity and life expectancy risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
(5) Other demographic risks – members may terminate, retire or become disabled at times or with benefits at rates that differ from what was assumed, resulting in actual future accrued liability and contributions differing from expected.

The scope of this Informational Report does not include an analysis of the potential range of such future measurements or a quantitative measurement of the future risks of not achieving the assumptions. In certain circumstances, detailed or quantitative assessments of one or more of these risks as well as various plan maturity measures and historical actuarial measurements may be requested from the actuary. Additional risk assessments are generally outside the scope of an actuarial review. Additional assessments may include stress tests, scenario tests, sensitivity tests, stochastic modeling, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

However, the general cost-effects of emerging experience deviating from assumptions can be known. For example, the investment return since the most recent actuarial valuation may be less (or more) than the assumed rate, or a cost-of-living adjustment may be more (or less) than the assumed rate, or life expectancy may be improving (or worsening) compared to what is assumed. In each of these situations, the cost of the plan can be expected to increase (or decrease).

The use of reasonable assumptions and the timely receipt of the actuarially determined contributions are critical to support the financial health of the plan. However, employer contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

Certification

All calculations have been made in conformity with generally accepted actuarial principles and practices, and with the Actuarial Standards of Practice issued by the Actuarial Standards Board and with applicable statutes.

Kenneth J. Herbold is an Associate of the Society of Actuaries (ASA), a Member of the American Academy of Actuaries (MAAA), and an Enrolled Actuary (EA) under the Employees Retirement Income Security Act of 1974. Stephen Brouillette is an Associate of the Society of Actuaries (ASA). Mr. Herbold and Mr. Brouillette meet the US Qualification Standards necessary to render the actuarial opinion contained herein.

Kenneth J. "Kenny" Herbold, ASA, EA, MAAA Director of Actuarial Services Louisiana Legislative Auditor	December 31, 2025 Date
Stephen Brouillette, ASA Associate Actuary Louisiana Legislative Auditor	December 31, 2025 Date

Appendix C

Cooperative Endeavor Agreement
Between the City of New Orleans, NOFFPF, and
New Orleans Firefighters Local 632

COOPERATIVE ENDEAVOR AGREEMENT

CITY OF NEW ORLEANS

AND

NEW ORLEANS FIREFIGHTERS PENSION & RELIEF FUND

AND

NEW ORLEANS FIREFIGHTERS LOCAL 632

THIS COOPERATIVE ENDEAVOR AGREEMENT (the "Agreement") is made and entered into on this 1st day of January, 2016 (the "Effective Date"), by and between the City of New Orleans, represented by Mitchell J. Landrieu, Mayor (the "City"), and New Orleans Firefighters Pension & Relief Fund, represented by its Secretary-Treasurer, Thomas Meagher ("the Fund"), and New Orleans Firefighters Local 632, represented by its President, Nicholas Felton ("Local 632").

WHEREAS, pursuant to Article 7, Section 14(C) of the Louisiana Constitution of 1974, and related statutes, and Section 9-314 of the Home Rule Charter of the City of New Orleans, the City may enter into cooperative endeavors with the State of Louisiana, its political subdivisions and corporations, the United States and its agencies, and any public or private corporation, association, or individual with regard to cooperative financing and other economic development activities, the procurement and development of immovable property, joint planning and implementation of public works, the joint use of facilities, joint research and program implementation activities, joint funding initiatives, and other similar activities in support of public education, community development, housing rehabilitation, economic growth, and other public purposes;

WHEREAS, the Fund is a pension fund established under La. R.S. §§ 11:3361, *et seq*. to provide pension and relief benefits to fire suppression employees employed by the City of New Orleans in its Fire Department through its "New Fund" (employees hired after December 31, 1967, and employees hired before January 1, 1968, who elected coverage under the New Fund) and its "Old Fund" (employees hired before January 1, 1968);

WHEREAS, Local 632 is an unincorporated association under Louisiana law and a labor organization under state and federal law, and is recognized as the collective bargaining agent for the suppression, prevention, communication, and inspection employees employed by the City's Fire Department, and is authorized by law and contract to collectively bargain on behalf of this bargaining unit;

WHEREAS, the City, the Fund, and Local 632 (collectively, the "Parties") desire to accomplish a valuable public purpose of implementing and enforcing a mediated and judicially approved compromise of claims, defenses, and reconventional demands asserted by the parties in *New Orleans Firefighters Local 632, et al. v. City of New Orleans, et al.,* Civil Action No. 81-11108, Civil District Court, Parish of Orleans (also bearing Case Nos. 00-C-1921, 2041 before the Louisiana Supreme Court), and *New Orleans Firefighters Pension and Relief Fund, et al. v. City of New Orleans, et al.,* Civil Action No. 12-7061, Civil District Court, Parish of Orleans, as well as other causes of action, claims, and interventions described herein;

WHEREAS, the Parties are specifically authorized to enter into this Agreement by La. R.S. § 11:3363(G), which provides:

> G. The New Orleans Firefighters Association, Local 632 and the board of trustees of the Firefighters' Pension and Relief Fund for the city of New Orleans shall be authorized to enter into a cooperative endeavor agreement or other contractual agreement with the city of New Orleans pursuant to the Supreme Court of Louisiana decision in "New Orleans Firefighters Local 632 et al. versus the city of New Orleans et al.," bearing number 00-C-1921 c/w number 00-C-2041, for the purpose of establishing a special class of benefits or benefit accrual rates for any class of active or retired members in the Firefighters' Pension and Relief Fund for the city of New Orleans based on the member's employment with the city of New Orleans fire department. Any such agreement may be entered into as a basis for full or partial satisfaction of judgments rendered in favor of such members and shall be subject to the approval of the court in which the judgments were rendered.

WHEREAS, the Parties have agreed to jointly and collectively resolve and compromise all claims, defenses, exceptions, interventions and reconventional demands asserted by each Party or its representatives in Civil Action No. 81-11108 and Civil Action No. 12-7061, except for the claims, defenses, exceptions, and reconventional demands in Civil Action No. 12-7061 described herein and remaining to be litigated before the trial court in that action.

NOW THEREFORE, the City, the Fund, and Local 632, each having the authority to do so, agree as follows:

I. OBLIGATIONS OF THE PARTIES.

A. <u>Obligations of the Fund.</u> The Fund:

1. By administrative action and/or rulemaking shall eliminate and continue to prohibit, effective January 1, 2016, the ability for Fund participants to elect both Deferred Retirement Option Plan (R.S. § 11:3385.1) (DROP) and Initial Lump Sum Benefit Option (R.S. § 11:3385.2) (PLOP).

2. Shall adopt and continue to maintain, effective January 1, 2016, the following Actuarial Assumptions for funding of the New Fund:

   a. Use an initial closed amortization (no longer than 30 years).

   b. Amortize future gains/losses over a closed period of 5 years or less, assumption changes no greater than 10 years, and plan changes no greater than 15 years.

   c. Amortize on a level dollar basis.

   d. Apply an actuarial smoothing method that meets actuarial standards of practice.

   e. Utilize the foregoing actuarial methods for funding purposes until such time that the New Fund attains a "funded" level of 80%. "Funded" status shall be determined by the Actuary using the actuarial assumptions set forth herein. At that point, the Fund shall not make any changes to actuarial assumptions or methods nor propose or approve any other changes that allow the "funded" level to fall below 80%.

3. Shall not implement any enhancements to the Fund's benefit structure or reductions of Employee Contribution assessments unless and until the Fund is at least 80% "funded" and would remain that way if any such modification was enacted. The Fund shall not support or advocate individually or jointly for any legislative changes to the pension benefit structure or funding terms. In the event the Legislature enacts any legislation that would otherwise result in the funding level dropping below 80%, the Fund shall take rehabilitative action to maintain the 80% funded level.

4. Shall not approve any Cost of Living Adjustment (COLA) or "13th check" unless and until the respective Fund is at least 80% "funded" and shall remain that way if the COLA or 13th check is granted.

5. Upon achieving 80% "funded" status, may provide, subject to a 2/3 vote of the Fund Board of Trustees, a COLA (simple interest) or 13th check, neither to exceed 2% of the recipient's pension, provided that award of the COLA or 13th check shall not result in the Fund's "funded" status dropping below 80%.

6. Upon the Fund attaining 80% "funded" status, must procure approval by majority vote of both the Fund Board of Trustees and the New Orleans City Council, to implement any changes related to the Fund, including changing any provisions of the Fund benefits and/or funding terms. Upon the Fund attaining 80% "funded" status, the Fund shall not support or advocate individually or jointly for any legislative changes to the pension benefit structure or funding terms, unless the City Council first approves such changes. Any such changes shall not result in a funding level below 80%.

7. Beginning 5 years from the Effective Date, shall procure its Actuary at least every 5 years, and said Actuary must be confirmed by a 2/3 vote of the Fund Board of Trustees.

8. Shall undertake an Actuarial Experience Study in 2016 and then at least every 3 to 5 years thereafter.

9. Shall undertake an actuarial audit every 3 to 5 years by an actuarial firm that is not the Fund Actuary at the time of the audit. The selected actuarial firm must be confirmed by the Fund Board of Trustees by a 2/3 vote of the Fund Board of Trustees.

10. Shall adopt the administrative practice of presenting to the Fund Board of Trustees in attendance all benefit application forms, data, medical evidence and administrative calculations in connection with the Board's consideration of any pension benefit application. Board members shall have the opportunity to review such information before voting to grant or deny the application. Submission of medical evidence or other protected health information shall be done in executive session.

11. Shall publically report semi-annually (as of June 30 and December 31) to the City Council as to the Fund's financial health and progress toward being fully funded (which shall not require additional actuarial valuations, nor changes to the current ARC funding method).

12. Shall develop a Summary of Benefits Document that outlines the benefits and how the Fund interprets those benefits. That document and the resulting policy require a 2/3 vote of the Fund Board of Trustees to be agreed upon initially and to change.

13. Shall publicly disclose all non-privileged financial reports and post same to its website.

14. Shall not incur "new" debt or arbitrage in connection with its future investment strategy and management of Fund assets.

15. Shall administratively create and empower an independent investment advisory board ("Independent Advisory Board"), consisting of up to 5 persons with investment experience, to advise the Fund Board of Trustees on investment policy and decisions. Local 632 and the City shall each appoint 1 member, and community/taxpayer groups shall have the ability to appoint up to 3 members, to the Independent Advisory Board. The Fund Board of Trustees and its investment consultant shall consult with the Independent Advisory Board—whose members shall not be considered fiduciaries of the Fund—before any change in investments, investment policy, or investment procedure. Any such member of the Advisory Board shall be subject to applicable ethics laws.

16. Shall pay out or distribute DROP and PLOP balances equally, as liquid assets become available to the Fund.

17. For current and future DROP/PLOP accounts left in Fund after termination, the Fund shall apply the same interest rate structure as the Firefighters' Retirement System (FRS), less a 2% administrative fee, (could lose money), or place in money market accounts.

18. Shall continue accreditation of service through the Sick and Annual Leave conversions in accordance with longstanding New Orleans Civil Service Commission Rules and the Fund's Pension Regulations, as provided in the Louisiana Administrative Code or statutes enabling the Fund.

19. Existing and future SEB participants shall be subject to an SEB offset prospectively effective January 1, 2016. Parties will submit for court determination the question of whether existing SEB recipients may have benefits offset immediately.

20. Shall reaffirm the Fund ethics policy regarding investment, managers, and advisors.

21. Shall secure changes to state legislation to enact into law the collection and remittance by the City of Employee Contributions to the Fund on a pre-tax basis, as stated in Section I(B)(12) of this Agreement.

22. Is authorized to serve as disbursing agent for the distribution of all settlement funds referenced herein.

23. NOFF Employee Contribution rate, now at 10%, will, after January 1, 2016, be subject to adjustment (upward or downward) in accordance with and in concert with the Employee Contribution requirement codified in FRS law and FRS regulations.

B. Obligations of the City. The City shall:

1. Appropriate and pay $15,000,000 to the Robein, Urann, Spencer, Picard & Cangemi, APLC Trust Account ("Robein Trust Account") along with appropriate employment taxes, on or before February 1, 2016. The Robein Trust Account shall disburse said settlement funds to the Longevity Class, Civil Action No. 81-11108. Payment by the City of all of the amounts specified in this Agreement satisfies all the City's longevity and pension payment obligations under this Agreement and under any and all laws, rules, or regulations whatsoever.

2. Call for and publicly support a millage proposition in 2016 ("2016 Millage Proposition"), as authorized by Act No. 870, § 1 of the 2014 Legislature and La. Const. of 1974, Art. 6, Section 26(E)(1) and (2), to provide 2.5 mills for purposes authorized therein.

3. Appropriate the Old Fund benefits for 2016, less $5,000,000.

4. If the voters approve the 2016 Millage Proposition, pay $5,000,000, along with appropriate employment taxes, to the Robein Trust Account before March 1, 2017. The

Robein Trust Account shall disburse said settlement funds to the Longevity Class, Civil Action No. 81-11108. The Fund Is authorized to serve as disbursing agent for the distribution of all settlement funds referenced herein.

5. If the voters approve the 2016 Millage Proposition before July 2016, pay $55,000,000 along with appropriate employment taxes, to the Robein Trust Account by making eleven annual payments of $5,000,000 beginning January 1, 2018. The Robein Trust Account shall disburse said settlement funds to the Longevity Class, Civil Action No. 81-11108. The Fund is authorized to serve as disbursing agent for the distribution of all settlement funds referenced herein.

6. If the voters approve the 2016 Millage Proposition, reduce by $4,000,000 the City's 2017 appropriation of benefits to the Old Fund.

7. Continue to appropriate the required contributions to the New Fund as calculated by the Fund Actuary using the Actuarial Assumptions described in paragraph I (A)(2) above. However, regardless of the calculated required contribution, the City shall not be required to pay or appropriate more than $36,000,000 to the New Fund annually for 6 years, beginning in 2017. From January 1, 2023 onward, the City's actuarially required contribution to the New Fund shall be based upon the Actuarial Assumptions referenced herein, but shall no longer be annually "capped" at $36,000,000.

8. If the voters approve the 2016 Millage Proposition, dedicate to the extent allowed by law any and all revenue collected from that Proposition, beyond the Longevity Class payments, to the City's funding obligations to the Old and New Funds.

9. If the voters do not approve the 2016 Millage Proposition, seek an alternate funding or revenue source—including at least one additional tax proposal put before the voters before 2019—dedicated to payment of the Longevity balance of $60 million.

10. If the voters do not approve the 2016 Millage Proposition, but the City does achieve an alternate funding or revenue source, make the same payments set forth in Subparagraphs 4 and 5, except that "March 1 of the year following the year in which the alternate funding source or revenue is obtained" is substituted for the date in Subparagraph 4, and "January 1 of the year that is two years following the year in which the alternative funding or revenue source is obtained" is substituted for the date in Subparagraph 5.

11. If the voters do not approve the 2016 Millage Proposition, and the City does not secure an alternate funding or revenue source, make Longevity payments to the Robein Trust Account in the amount of $1,000,000 per year beginning January 1, 2019 through January 1, 2025; $2,000,000 per year beginning January 1, 2026 through January 1, 2031; and $17,000,000 per year thereafter until the entire $60,000,000 in outstanding additional Longevity payments have been paid in full, along with appropriate

employment taxes. The Robein Trust Account shall disburse said settlement funds to the Longevity Class, Civil Action No. 81-11108.

12. Collect and remit Employee Contributions to the Fund on a pre-tax basis, once authorized, after January 1, 2016, in accordance and compliant with IRC § 414(h)(2) and IRS Revenue Ruling 2016-43 and CCA 200714018, which action the City Council will take as needed.

13. Dismiss, with prejudice, its claims in the following lawsuits: *City of New Orleans v. The New Orleans Firefighters Pension and Relief Fund*, Civil District Court, Parish of Orleans, Civil Action No. 2015-4138; *Firefighters Retirement Sys. v. Royal Bank of Scotland*, M. D. La., Civil Action No. 2015-cv-00482; *Firefighters Retirement Sys. v. Eisneramper, L.L.P.*, M. D. La., Civil Action No. 2014-182; *Firefighters Retirement Sys. v. Consulting Svcs. Gp., L.L.C.*, M. D. La., Civil Action No. 2014-103; *Firefighters Retirement System et al. v. Citco Group Ltd.*, M. D. La., Civil Action No. 3:13-cv-373. Such dismissals will be with prejudice only upon passage of the millage as referenced in paragraph I(B)(2) above and enactment of all legislation required by this Agreement to be enacted.

C. **<u>Obligations of Local 632.</u>** Local 632:

1. If the voters do not approve the 2016 Millage Proposition, shall not pursue any legal actions to accelerate the City's Longevity payments unless the City fails to put at least one additional tax proposal before the voters prior to 2019.

2. Shall support and publicly advocate for the enactment of a law that codifies the current practice for applying the Sick and Annual Leave conversions in accordance with longstanding New Orleans Civil Service Commission Rules and Fund Pension Regulations, as provided in the Louisiana Administrative Code.

3. Shall support and publicly advocate for the enactment of a law in the 2016 Legislative Session or any subsequent legislative session instituting a new hire multiplier of 2.5% for all firefighters hired after January 1, 2016, and for a minimum retirement age at normal Social Security retirement age less 10.

4. Shall contribute at least $100,000, but no more than $250,000 to a public campaign advocating passage of the 2016 Millage Proposition in a manner compliant with applicable ethics laws and campaign finance laws.

D. **<u>Obligations of all Parties.</u>** All Parties shall:

1. Jointly move the Court in *New Orleans Firefighters Local 632 v. City of New Orleans*, Civil District Court, Parish of Orleans, Civil Action No. 81-11108:

   a. to vacate the judgment of contempt against the City and its Mayor;

b. to have all claims asserted or that could have been asserted to be dismissed with prejudice, including all claims for longevity, pension, and unfunded DROP/PLOP, subject to the fulfillment of the obligations of the Parties to seek a millage approval or alternate funding or revenue source; and

2. Submit, the "Alternative Interpretation" dispute to the trial judge in the pending Pension Mandamus/Reconventional Demand case, *New Orleans Firefighters Pension and Relief Fund v. City of New Orleans*, Civil District Court, Parish of Orleans, Civil Action No. 12-7061, but only as to the stated demand for injunctive relief and subject to the following:

   a. All defenses and exceptions asserted by the Trustees (current and former) are preserved, including, but not limited to, any defenses that the Trustees and Local 632, as Class representative in Civil Action No. 81-11108, may possess, which arise out of the March 17, 2010 Consent Judgment entered in Civil Action No. 81-11108, which is attached as Exhibit A to the Settlement Agreement.

   b. The Parties reserve the right to appeal any trial court judgment in Civil Action No. 12-7061.

   c. Notwithstanding any ruling adverse to any Party, no Party will seek to apply any benefit recalculations retroactively, but will only apply such benefit recalculations prospectively and will not seek "clawbacks," or retroactive recovery of any previously paid pension benefits to any Retiree or Fund participant as it applies to the "Alternative Interpretation" of benefits.

3. Submit to the Court in Civil Action No. 12-7061 for determination, the issue of whether "existing" SEB recipients (those recipients receiving SEB benefits prior to January 1, 2016) may have their benefits offset.

4. Jointly secure changes to state legislation to enact into law the current Fund Board policy that investment policy requires the approval of 2/3 of Board membership.

5. Jointly secure changes to state legislation to codify the restriction stated in Section I(A)(1) of this Agreement relative to elimination of the ability of Fund participants to elect both DROP and PLOP.

6. Jointly secure changes to state legislation to codify the provision stated in Section I(B)(12) of this Agreement relative to the collection and remittance of Employee Contributions to the Fund on a pre-tax basis.

7. Jointly secure changes to state legislation to codify a provision that the new hire multiplier is 2.5% for all firefighters hired after January 1, 2016, and the minimum retirement age is normal Social Security retirement age less 10.

8. Jointly secure changes to state legislation to codify the provision stated in Section I(A)(18) of this Agreement relative to sick and annual leave conversions.

II. FUNDING/COMPENSATION.

The Parties shall be individually responsible for payment of any expenses associated with each Party's performance of its duties and obligations. The pending December 2014 ARC mandamus judgment liability is satisfied if the City continues to fulfill its obligation to pay future New Fund ARC based upon the agreed upon Actuarial Assumptions described herein, not to exceed the $36 million cap as described in Section I(B)(7) of this Agreement.

III. DURATION.

This Agreement shall be effective January 1, 2016, and the obligations of the Parties set forth in this Agreement shall continue until all obligations set forth in the Agreement are satisfied.

IV. TERMINATION.

Cause for termination of this Agreement shall be premised only upon substantive non-compliance or failure to perform by any Party, which shall be determined by a court of law.

V. NON-DISCRIMINATION.

A. Non-Discrimination. In the performance of this Agreement, the Parties:

1. Will not discriminate or retaliate, in fact or in perception, on the basis of race, color, national origin, religion, creed, culture, ancestral history, age, gender, sexual orientation, gender identity, marital or domestic partner status, physical or mental disability, or AIDS- or HIV-status against: any employee of the City; any employee of any person working on behalf of the City; or any person seeking accommodation, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by the Party Reference; and

2. Will comply with and abide by all federal, state, and local laws relating to non-discrimination, including without limitation Title VII of the Civil Rights Act of 1964, as amended, Section V of the Rehabilitation Act of 1973, and the Americans with Disabilities Act of 1990.

VI. NOTICES.

Except for any routine communication, any notice, demand, communication, or request required or permitted under this Agreement will be given in writing and delivered in person or by certified mail, return receipt requested, as follows:

1. **To the City:**
Chief Tim McConnell
Superintendent
New Orleans Fire Department
(o) 504-658-4710
and

Rebecca H. Dietz
City Attorney
City of New Orleans
1300 Perdido Street, Suite 5E03
New Orleans, LA 70112

2. **To the Fund:**
Thomas Meagher, Secretary-Treasurer
New Orleans Firefighters Pension & Relief Fund
3520 General DeGaulle Parkway, Suite 3001
New Orleans, LA 70114

3. **To Local 632:**
Nicholas Felton, President
New Orleans Fire Fighters Association Local 632
3520 General DeGaulle Parkway, Suite 3001
New Orleans, LA 70114

Notices are effective when received, except any notice that is not received due to the intended recipient's refusal or avoidance of delivery is deemed received as of the date of the first attempted delivery. Each Party is responsible for notifying the other Parties, in a writing that references this Agreement, of any changes in the Party's address(es) set forth above.

VII. INCORPORATED DOCUMENTS.

A. The following document is incorporated by reference into this Agreement:

1. Agreed Settlement Terms, October 15, 2015, between and among Local 632, the Fund, and the City.

B. If the Agreed Settlement Terms conflict, in whole or in part, with this Agreement, the terms and conditions of this Agreement will control, except as provided by law.

VIII. MISCELLANEOUS PROVISIONS.

A. **Non-Exclusivity.** The Parties shall be free to engage the services of other persons for the performance of some or all of the obligations contemplated this Agreement. Each of the Parties remains responsible for the performance of the obligations imposed upon it by the terms of this Agreement.

B. **Jurisdiction.** The Parties consent and yield to the jurisdiction of the State Civil Courts of the Parish of Orleans and formally waive any pleas of jurisdiction on account of their residence elsewhere.

C. **Governing Law.** Any dispute arising from or relating to this Agreement or the performance of any obligations under this Agreement shall be resolved in accordance with the laws of the State of Louisiana and, where applicable, the Internal Revenue Code.

D. **Rules of Construction.** This Agreement has been reviewed by all Parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of all Parties. The headings and captions of this Agreement are provided for convenience only and are not intended to have effect in the construction or interpretation of this Agreement. The singular number includes the plural, where appropriate. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved in favor of or against any Party on the basis of which Party drafted the language. The terms and conditions herein shall not be construed in favor of or against any Party as if said Party were the drafter of this Agreement. Instead, this Agreement shall be construed as if all Parties prepared this Agreement and are of equal bargaining power.

E. **Severability.** The Parties intend all provisions of this Agreement to be enforced to the fullest extent permitted by law. Accordingly, if a court of competent jurisdiction or the Internal Revenue Service finds any provision as written to be unenforceable or disqualifying as to the continued tax exempt status of the Fund, the Parties intend for the court or the relevant government agency to reform the provision so that it is enforceable to the maximum extent permitted by law or, where applicable, for the Fund to reform its plan of benefits to maintain tax exempt status as a governmental plan as defined in the Internal Revenue Code. If a court finds any provision is not subject to reformation, that provision shall be fully severable and the remaining provisions of this Agreement shall remain in full force and effect and shall be construed and enforced as if such illegal, invalid, or unenforceable provision was never included.

F. **No Third-Party Beneficiaries.** This Agreement is entered into for the exclusive benefit of the Parties, and the Parties expressly disclaim any intent to benefit any person that is not a party to this Agreement.

G. **Non-Waiver.** The failure of any Party to insist upon strict compliance with any provision of this Agreement, to enforce any right, or to seek any remedy upon discovery of any default or breach of any other Party shall not affect or be deemed a waiver of any party's right to insist upon compliance with the terms and conditions of the Agreement, to exercise any rights, or to seek any available remedy with respect to any default, breach, or defective performance of the Agreement.

H. **Agreement Binding.** This Agreement is not assignable by any Party unless authorized by a validly executed amendment.

I. **Modifications.** This Agreement shall not be modified except by written amendment executed by authorized representatives of all Parties.

J. **Voluntary Execution.** The Parties have read and fully understand the terms, covenants, and conditions set forth in this Agreement, and each Party is executing the same willingly and voluntarily of its own volition.

K. **Complete Agreement.** This Agreement supersedes and replaces any and all prior agreements, negotiations, and discussions between the Parties with regard to the terms, obligations, and conditions of this Agreement. This Agreement contains the full and complete agreement between the Parties with respect to the matters set forth in it.

L. **Execution.** This Agreement may be executed in any number of counterparts with the same effect as if the Parties had signed the same document. All counterparts shall be construed together and shall constitute but one agreement. Execution of this Agreement by facsimile or e-mail transmission shall be deemed execution of the original Agreement, notwithstanding any provision of law to the contrary.

IN WITNESS WHEREOF, the City, the Fund, and Local 632, through their duly authorized representatives, execute this Agreement.

CITY OF NEW ORLEANS

By: ______________________________
MITCHELL J. LANDRIEU, MAYOR

Date: ______________________________

FORM AND LEGALITY APPROVED:
LAW DEPARTMENT

By: ______________________________
REBECCA H. DIETZ
CITY ATTORNEY

Date: 12/15/14

NEW ORLEANS FIREFIGHTERS PENSION AND RELIEF FUND

BY: ______________________________
THOMAS MEAGHER,
SECRETARY/TREASURER
BOARD OF TRUSTEES

Date: 12/15/14

NEW ORLEANS FIREFIGHTERS LOCAL 632

BY: ______________________________
NICHOLAS FELTON, PRESIDENT

Date: 12-15-2016

Amendment #1
to the Cooperative Endeavor Agreement
Between the City of New Orleans, NOFFPF, and
New Orleans Firefighters Local 632

AMENDMENT NO.1 TO THE COOPERATIVE ENDEAVOR AGREEMENT

BETWEEN

THE CITY OF NEW ORLEANS

AND

NEW ORLEANS FIREFIGHTERS ASSOCIATION LOCAL 632

AND

NEW ORLEANS FIREFIGHTERS PENSION AND RELIEF FUND

THIS FIRST AMENDMENT ("**Amendment**") is executed by the City of New Orleans, represented by Mayor LaToya Cantrell (the "**City**"); the New Orleans Firefighters Association Local 632, represented by its president, Aaron Mischler ("**NOFFA**"); and New Orleans Firefighters Pension and Relief Fund ("**Pension Fund**"), represented by its Secretary-Treasurer, Thomas F. Meagher, III. The City, NOFFA, and the Pension Fund may sometimes be collectively referred to as the "**Parties.**" This Amendment is executed by the Parties to memorialize their common understanding of the City's intent to take certain actions, and it is effective as of the date of execution by the City (the "**Effective Date**").

RECITALS

WHEREAS, the City is a political subdivision of the State of Louisiana; and

WHEREAS, NOFFA is a private labor union and professional firefighter organization that represents and collectively bargains on behalf of City employees in the New Orleans Fire Department ("**NOFD**"), occupying positions in fire suppression, fire prevention, fire communications, and fire inspection and is located at 5710 General Haig Street, New Orleans, Louisiana 70124; and

WHEREAS, the Pension Fund is a political subdivision of the State of Louisiana acting as a pension fund established and maintained under and pursuant to La. R.S. 11§3361 et seq. to provide pension and relief benefits to fire suppression employees employed by the City in its Fire Department and is located at 5710 General Haig Street, New Orleans, Louisiana 70124; and

WHEREAS, NOFFA and the City met on January 30, 2024, to discuss certain issues affecting NOFFA's membership, the Pension Fund's participants, both active and retired, and pending legislation relating to the Pension Fund to be considered by the Louisiana Legislature in the upcoming 2024 Regular Session; and

WHEREAS, the Parties further discussed and deliberated upon various issues and concerns relating to the ongoing administration of the Cooperative Endeavor Agreement entered into by the Parties on January 12, 2017, approved and adopted by the New Orleans City Council on January 12, 2017, by Ordinance No. 027263 Mayor Council Series, and effective January 1, 2016 ("**CEA** or **Agreement**"), copies of which are attached hereto as Exhibit "A;" and

NOW THEREFORE, the Parties each agree to amend the Agreement as follows, acknowledge their mutual understandings, and agree to the following actions, which each are fully authorized to undertake and perform:

OBLIGATIONS OF THE PARTIES

1. Cooperative Endeavor Agreement.

The Parties individually and jointly reaffirm and fully acknowledge their continuing individual and mutual obligations under the CEA, subject to the mutual, shared authority under Article VIII, Section I of the CEA to make "modifications" to the CEA when "executed by authorized representatives of all Parties."

2. Cost of Living Adjustment (COLA) or "13th Check."

The Parties, as authorized by Article VIII, Section 1 of the CEA, agree to modify the provisions of Article I, Section A, Subsections 4 and 5 of the CEA by restating those CEA provisions, but to delete any references to the term or phrase "13th check" and to now restate and provide as follows:

> 4. Shall not approve any Cost of Living Adjustment (COLA) unless and until the respective Fund is at least 80% "funded" and shall remain that way if the COLA is granted.
>
> 5. Upon achieving 80% "funded" status, may provide, subject to a 2/3 vote of the Fund Board of Trustees, a COLA (simple interest) to not exceed 2% of the recipient's pension, provided that award of the COLA shall not result in the Fund's "funded" status dropping below 80%.

3. Independent Advisory Board.

The Parties agree to suspend and hold in abeyance the obligation of the Pension Fund or any other Party under Article I, Section A, Subsection 15 of the CEA, to "administratively create and impower an independent advisory board" as described therein.

4. 2024 Legislation.

A. The Parties agree that Article I, Section D, Subsection 6 of the CEA, a mutual obligation of "all Parties" to jointly secure changes to State legislation to codify a provision that the "new multiplier is 2.5% for all firefighters hired after January 1, 2016," was fully complied with by all Parties. The Parties now agree, effective upon execution of this Amendment, that they will jointly seek to secure changes to State legislation, specifically to La. R.S. 11:3384 (A), (B) and (D), and 11:3386, as now proposed in House Bill No. 33 by Representative Mandie Landry (HLS 24 RS-150), a copy of which is attached hereto as Exhibit "B" and made a part hereof.

B. The Parties further agree to jointly secure changes to La. R.S. 11:3383 (A), as now proposed by House Bill No. 32 by Representative Mandie Landry (HLS 24RS-149), a copy of which is attached hereto as Exhibit "C" and made a part hereof.

5. Audit and Inspection.

The Parties will abide by all provisions of City Code § 2-1120, including but not limited to City Code § 2-1120(12), which requires each Party to provide the Office of Inspector General with documents and information as requested. Failure to comply with such requests shall constitute a material breach of this Agreement. Each Party agrees that it is subject to the jurisdiction of Orleans Parish Civil District Court for purposes of challenging a subpoena.

6. Prior Terms Binding.

The Parties agree that except as otherwise provided by this Amendment, the terms and conditions of the Agreement, as amended, remain in full force and effect.

[The remainder of this page is intentionally left blank]

[SIGNATURES CONTAINED ON THE NEXT PAGE]

IN WITNESS WHEREOF, the City, NOFFA, and Pension Fund, through their duly authorized representatives, execute this Amendment.

CITY OF NEW ORLEANS

BY: ____________________
LATOYA CANTRELL, MAYOR

Executed on this 28th **day of** MARCH**, 2024.**

FORM AND LEGALITY APPROVED:
LAW DEPARTMENT

BY: ____________________

PRINTED NAME: Tracy Tyler

NEW ORLEANS FIREFIGHTERS ASSOCIATION LOCAL 632

BY: ____________________
AARON MISCHLER, PRESIDENT

Executed on this 19 **day of** March**, 2024.**

NEW ORLEANS FIREFIGHTERS PENSION AND RELIEF FUND

BY: Thomas F. Meagher III
THOMAS F. MEAGHER, III, Secretary-Treasurer

Executed on this 19 **day of** March**, 2024.**

[EXHIBITS FOLLOW ON THE NEXT PAGE]

Amendment #2
to the Cooperative Endeavor Agreement
Between the City of New Orleans, NOFFPF, and
New Orleans Firefighters Local 632

AMENDMENT NO. 2 TO THE COOPERATIVE ENDEAVOR AGREEMENT
BY AND BETWEEN
THE CITY OF NEW ORLEANS
AND
NEW ORLEANS FIREFIGHTERS ASSOCIATION LOCAL 632
AND
NEW ORLEANS FIREFIGHTERS PENSION AND RELIEF FUND

THIS SECOND AMENDMENT (**"Amendment"**) is executed by the City of New Orleans, represented by Mayor LaToya Cantrell (the **"City"**); the New Orleans Firefighters Association Local 632, represented by its President, Aaron Mischler (**"NOFFA"**); and New Orleans Firefighters Pension and Relief Fund (**"Pension Fund"**), represented by its Secretary-Treasurer, Thomas F. Meagher, III. The City, NOFFA, and the Pension Fund may sometimes be collectively referred to as the **"Parties."** This Amendment is executed by the Parties to memorialize their common understanding of the City's intent to take certain actions, and it is effective as of the date of execution by the City (the **"Effective Date"**).

RECITALS

WHEREAS, the City is a political subdivision of the State of Louisiana; and

WHEREAS, NOFFA is a private labor union and professional firefighter organization that represents and collectively bargains on behalf of City employees in the New Orleans Fire Department (**"NOFD"**), occupying positions in fire suppression, fire prevention, fire communications, and fire inspection and is located at 5710 General Haig Street, New Orleans, Louisiana 70124; and

WHEREAS, the Pension Fund is a political subdivision of the State of Louisiana acting as a pension fund established and maintained under and pursuant to La. R.S. 11§3361 et seq. to provide pension and relief benefits to fire suppression employees employed by the City in its Fire Department and is located at 5710 General Haig Street, New Orleans, Louisiana 70124; and

WHEREAS, NOFFA and the City met on January 30, 2024, to discuss certain issues affecting NOFFA's membership, the Pension Fund's participants, both active and retired; and

WHEREAS, the Parties further discussed and deliberated upon various issues and concerns relating to the ongoing administration of the Cooperative Endeavor Agreement entered into by the Parties on January 12, 2017, approved and adopted by the New Orleans City Council on January 12, 2017, by Ordinance No. 027263 Mayor Council Series, and effective January 1, 2016 (**"CEA** or **Agreement"**), copies of which are attached hereto as Exhibit "A;" and

WHEREAS, the Parties fully executed Amendment No. 1 to the CEA on March 28, 2024 (**"Amendment No. 1"**), and made effective on that date, a copy of which is attached hereto as Exhibit B; and

WHEREAS, all terms and conditions established by Amendment No. 1 have been implemented or otherwise made effective, except for further discussions regarding the "funding policy" of the New Fund as adopted by the Board of Trustees of the Pension Fund on December 11, 2024; and

WHEREAS, the Parties met earlier on November 25, 2024 to discuss issues relating to the administration of the Actuarial Assumptions adopted by the Pension Fund in 2016 and codified by Article I, Section A, Subsection 2 of the CEA; and

WHEREAS, the Parties, after consultation with the New Fund's enrolled Actuary, concluded that a change in actuarial policy from the current use of a "closed amortization" method to "fixed contribution" would lead to the New Fund being fully funded 6 years earlier than projected under the "closed amortization" method costing the City only slightly more over the next 25 years; and

NOW THEREFORE, the Parties agree to restate their joint and mutual obligations to secure changes or modifications to State legislation in the upcoming 2025 Regular Session of the Louisiana Legislature and agree to take the following actions:

OBLIGATIONS OF THE PARTIES

1. Cooperative Endeavor Agreement and its Amendment No. 1.

The Parties individually and jointly reaffirm and fully acknowledge their continuing individual and mutual obligations under the CEA and Amendment No. 1 to the CEA, subject to the mutual, shared authority under Article VIII, Section I of the CEA to make "modifications" to the CEA when "executed by authorized representatives of all Parties."

2. Actuarially Determined Contribution.

A. The parties agree that the Board of Trustees, procedurally and substantively, acted in accordance with law, in adopting and implementing a Funding Policy for the New Fund, effective January 1, 2024, as an alternative to the funding policy assumptions and methods set forth in the CEA. It is further agreed that such resolution, which is attached hereto as Exhibit C, is hereby fully ratified.

B. The parties agree that Article I, Section A. Subsections 2 (a) – (e) of the CEA are amended and restated to provide:

2. Shall adopt, effective January 1, 2024, a funding policy for the New Fund implementing the following:

(a) Using an initial Fixed Contribution based on a fixed amount of $48,000,000 beginning in 2024.

(b) Increasing this contribution by 2.0% per annum until fully funded.

* * *

3. Enhancements to the Fund's Benefit Structure.

The Parties further agree that Article I, Section A, Subsection 3 of the CEA is hereby rescinded and deemed unenforceable effective on the date of execution of this Amendment No. 2 to the CEA.

4. Audit and Inspection.

The Parties will abide by all provisions of City Code § 2-1120, including but not limited to City Code § 2-1120(12), which requires each Party to provide the Office of Inspector General with documents and information as requested. Failure to comply with such requests shall constitute a material breach of this Agreement. Each Party agrees that it is subject to the jurisdiction of the Orleans Parish Civil District Court for purposes of challenging a subpoena.

5. Convicted Felon Statement.

The Contractor swears that it complies with City Code Section 2-8(c). No Contractor principal, member, or officer has, within the preceding five years, been convicted of, or pled guilty to, a felony under state or federal statutes for embezzlement, theft of public funds, bribery, or falsification or destruction of public records.

6. Non-Solicitation Statement.

The Contractor swears that it has not employed or retained any company or person, other than a bona fide employee working solely for it, to solicit or secure this Amendment. The Contractor has not paid or agreed to pay any person, other than a bona fide employee working for it, any fee, commission, percentage, gift, or any other consideration contingent upon or resulting from this Amendment.

7. Prior Terms Binding.

The Parties agree that except as otherwise provided by this Amendment, the terms and conditions of the Agreement, as amended, remain in full force and effect.

8. Counterparts.

This Amendment may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this Amendment, but all of which, when taken together, shall constitute one and the same agreement.

9. Electronic Signature and Delivery.

The Parties agree that a manually signed copy of this Amendment and any other document(s) attached to this Amendment delivered by facsimile, email, or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Amendment. No legally binding obligation shall be created with respect to a Party until such Party has delivered or caused to be delivered a manually signed copy of this Amendment.

[SIGNATURES ARE CONTAINED ON THE NEXT PAGE]
[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the City, NOFFA, and Pension Fund, through their duly authorized representatives, execute this Amendment No. 2.

CITY OF NEW ORLEANS

BY:____
LATOYA CANTRELL, MAYOR

Executed on this _____ day of __________________, 2025.

FORM AND LEGALITY APPROVED:
LAW DEPARTMENT

BY:____

PRINTED NAME:________________________________

NEW ORLEANS FIREFIGHTERS ASSOCIATION LOCAL 632

BY:____
AARON MISCHLER, PRESIDENT

Executed on this 9 **day of** July**, 2025.**

NEW ORLEANS FIREFIGHTERS PENSION AND RELIEF FUND

BY: Thomas F. Meagher III
THOMAS F. MEAGHER, III, SECRETARY-TREASURER

Executed on this 9 **day of** July**, 2025.**

Appendix F

Response to HR 163 Report from New Orleans Firefighters Pension and Relief Fund

HR 163 draft report

Paul Mitchell to Kenneth Herbold 12/23/2025 09:21 AM

From	"Paul Mitchell" <pcmitchell2@gmail.com>
To	"Kenneth Herbold" <KHerbold@lla.la.gov>

Kenneth,

We read the report and overall agree with the observations and below are a few comments we had:

- If the proposed HR 163 was intended to improve the funded status of NOFFPF New and bring it in alignment with the FRS, NOFFPF has already taken concrete action in that regard by adopting the new funding policy (Amendment 2 in the report) of $48M increasing by 2% each year, until projected full funding in 2040. This demonstrates NOFFPF's commitment to full funding.
- While the report describes the "uncertainty" regarding adoption of this policy since it has not yet been executed by the City of New Orleans, there is evidence of informal adoption in the form of the City contributing $48M in 2025, and $48,960,000 (2% increase from $48M) being reflected in the City's budget for 2026.
- The Scenarios 2 and 3 described in the report would result in significant additional contribution burden on the City, making these difficult to implement. Scenario 1 will not have any material short term impact on the funding level of NOFFPF New Plan, but will create significant benefit accrual rate variances in the workforce, which result in major staffing issues.
- Overall, all the merger options discussed in the report have significant disadvantages.

Thank you for your efforts in this matter. Please note that the NOFFPF Board would be opposed to any of the merger options.

Best regards,

Paul Mitchell
Director