

NEW ORLEANS FIREFIGHTERS' PENSION AND RELIEF FUND

Martin Gaal
Board President

Thomas F. Meagher, III
Secretary-Treasurer

SUBJECT:

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

TIME, DATE AND PLACE:

**August 14, 2019
2401 Westbend Parkway
Suite 3001
New Orleans, Louisiana 70130**

The following members of the Board of Trustees were present: Thomas Meagher, Tim McConnell, Martin Gaal, Nick Lavene, and Stephen Roy. Norm White and Alcide Tervalon were absent.

Also present:

Pam Meyer
Louis Robein, Board Attorney
Paul Mitchell
Brandon Krsak, Active firefighter

A quorum being present, the Board President called the meeting to order at 11:13 a.m.

COMMUNICATIONS

Meagher noted that the Fund's outside auditors are present and would like to present the final audit report to the Board.

MOTION: Meagher moved to take items out of order, seconded by Gaal.

Motion passed.

NO OBJECTIONS

Ms. Brandy Smith, Partner and Cynthia Bankston, audit manager, of Postlewaite and Netterville provided the Board with results of the audit of the 2019 financials.

Ms. Smith led the presentation by reviewing the independent auditors' report. She noted that the financial statements received a clean opinion, indicating that the statements present fairly the

financial position of the fund as of December 31, 2018. Page 2 of the auditors' report disclosed certain emphasis of matters. She noted that the Old system will continue as a going concern, due primarily to the fact that the system is pay as you go, and that assets on hand in the system of \$5,027,636 do not meet the obligations of the fund which are expected to exceed \$128,000,000.

She noted similar exposure exists for the New Fund, as net assets available for benefits of \$31,419,962 exceed expected benefit obligations of \$408,576,739. Comments followed regarding the non-liquid position of certain assets of the Fund.

Ms. Smith provided other financial highlights, including net decreases in financial position of both the Old and New Fund, net deficits in the restricted account balances, noting that the financial position is improving over prior years and that the system's employer is legally responsible to meet all obligations of both Funds.

Ms. Smith noted there were no findings of material weaknesses in internal control; however one of the Fund's banks did not collateralize its balances. She noted that P&N also performed certain agreed upon procedures as mandated by the Louisiana Legislative Auditor with respect to internal control and compliance. No material exceptions were noted. The Funds small size mitigates the need for certain control policies, i.e. cash receipts, deposits, non-payroll disbursements, etc. No further action was deemed necessary.

Mr. Meagher noted that 2018 produced a net loss in the value of investments of \$12,691,000 for the following reasons:

1. During 2018 the Fund recognized a write down of \$3,258,000 on its office building in Austin, Texas, due to changes in the lease structure of its major tenant and potential offer to purchase the property.
2. The sale of the Falconhead golf course resulted in a loss of \$435,600. Meagher reminded the Board that the golf course was saddled with outstanding loans to FNBC, which contributed to this loss.
3. Loans totaling \$27,000,000 were settled for \$5,300,000 in cash and land valued on our books at \$2,900,000. The fund was allowed to keep the Lakewood property, which is valued at \$2,000,000. The net loss for this transaction amounted to \$6,200,000.
4. Receipts from Fletcher related litigation produced receipts this year of approximately \$1,200,000. Legal expenses approached \$2,100,000. Litigation is nearly complete in this matter.
5. Interest and dividend income of \$608,000 was offset by market losses of \$2,427,000 in 2018 due to the worst market performance in the fourth quarter in 25 years. (All of the market losses were recouped in the first quarter 2019.)
6. Other misc. income from investments, primarily Greensprings (\$170,000) rounded out the investment activity.
7. Investment management fees and misc. investment expenses totaled \$147,000 (down from \$300,000 in 2014) and \$73,700 respectively.

The good news is that the Fund does not anticipate further material investment write-downs in 2019. Our investment exposure will be tied primarily to the market, as the Fund has rid itself of most of its' direct investments, or properly recorded their investment value on its financials. Legal expenses related to Fletcher will be reduced dramatically compared to prior year as the Fund is in the appeal process.

REVIEW AND ACCEPT MINUTES

MOTION: Moved by Meagher and seconded by Lavene to approve the June 2019 Regular Board minutes. There was no July meeting due to weather issues.

Motion passed.

NO OBJECTIONS

REFUND OF CONTRIBUTIONS

Cody Birks, Christopher Hinson, Patrick Bolden and Joshua Bollmeyer have resigned. All are requesting a refund of employee contributions. Meagher noted that Mr. Bollmeyer had 10 years of service.

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

Motion passed.

NO OBJECTIONS

CHANGE OF BENEFICIARY

None

MOTION: Moved by Meagher and seconded by Lavene to go into executive session to discuss disability issues.

Motion passed.

NO OBJECTIONS

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

Motion passed.

NO OBJECTIONS

R.S. 11:3376 DISABILITY APPLICATIONS

Edward J. Dingeman, III: New Fund Fire Captain, age 57 with 35 years of service is applying for a 50% Service Connected Disability effective August 14, 2019.

MOTION: Moved by Lavene and seconded by Gaal to approve a 50% service Connected Disability pension which provides that benefits are calculated at 2 ½% of the member's average 60 month compensation for the first twelve years of service and all years of service

until the member has reached 50 years of age; and 3 1/3% of his average 60 month pensionable compensation for all years of service and any portion of a year beyond 12 years of service and 50 years of age; If the member has beyond 30 years of service the retirement benefit for each year or portion of a year shall be 3 1/3% of the average 60 month pensionable compensation up to 100% of pensionable salary.

Motion passed.

NO OBJECTIONS

PLOP APPROVALS

Edward Dingeman, III has requested to PLOP on his retirement balance.

MOTION: Moved by Meagher and seconded by Lavene to approve the PLOP election.

Motion passed

NO OBJECTIONS

DROP WITHDRAWAL

None

REGULAR RETIREMENT APPLICANTS:

None

DROP APPLICATIONS effective April 1, 2019

Roland Domio: New Fund Fire Fighter, age 60 with 30 years of service is applying for DROP.

MOTION: Moved by Meagher and seconded by Lavene to approve the DROP application which provides that benefits are calculated at 2 ½% of the member's average 60 month compensation for the first twelve years of service and all years of service until the member has reached 50 years of age; and 3 1/3% of his average 60 month pensionable compensation for all years of service and any portion of a year beyond 12 years of service and 50 years of age; If the member has beyond 30 years of service the retirement benefit for each year or portion of a year shall be 3 1/3% of the average 60 month pensionable compensation up to 100% of pensionable salary.

Motion passed.

NO OBJECTIONS

Albert Facaine, Jr. New Fire District Chief, age 52 with 30 years of service is applying for DROP effective September 1, 2019.

MOTION: Moved by Meagher and seconded by Lavene to approve the DROP application which provides that benefits are calculated at 2 ½% of the member's average 60 month compensation for the first twelve years of service and all years of service until the member

has reached 50 years of age; and 3 1/3% of his average 60 month pensionable compensation for all years of service and any portion of a year beyond 12 years of service and 50 years of age; If the member has beyond 30 years of service the retirement benefit for each year or portion of a year shall be 3 1/3% of the average 60 month pensionable compensation up to 100% of pensionable salary.

Motion passed.

NO OBJECTIONS

Armand R. Pitre, Jr. New Fund Fire District Chief, age 50 with 30 years of service is applying for DROP effective October 1, 2019.

MOTION: Moved by McConnell and seconded by Meagher to approve the DROP application which provides that benefits are calculated at 2 ½% of the member's average 60 month compensation for the first twelve years of service and all years of service until the member has reached 50 years of age; and 3 1/3% of his average 60 month pensionable compensation for all years of service and any portion of a year beyond 12 years of service and 50 years of age; If the member has beyond 30 years of service the retirement benefit for each year or portion of a year shall be 3 1/3% of the average 60 month pensionable compensation up to 100% of pensionable salary.

Motion passed.

NO OBJECTIONS

REPORTS OF DEATHS

Pensioners:

William C. Bruner: Mr. Bruner died on June 7, 2019 at the age of 79 leaving a widow and no minor children. He entered the department on March 25, 1965 and retired on June 19, 1976 after 11 years of service. He spent 43 years on pension.

Clay L. Clement Jr. Mr. Clement died on July 3, 2019 at the age of 94 leaving a widow and no minor children. He entered the department on February 12, 1950 and retired on July 2, 1972 after 22 years on the department. He spent 47 years on pension.

Rodney C. Fauchoux: Mr. Fauchoux died on July 8, 2019 at the age of 86, leaving no widow and no minor children. He entered the department on October 20, 1955 and retired on October 20, 1975 after 20 years of service. He spent 43 years on pension.

Raymond A. Beaucoudray: Mr. Beaucoudray died on July 21, 2019 at the age of 91, leaving no widow and no minor children. He entered the department on April 1, 1953 and retired on May 23, 1975 after serving 27 years. He spent 32 years on pension.

William E. Foght, Sr. Mr. Foght died on August 6, 2019 at the age of 86, leaving no wife and no minor children. He entered the department on August 23, 1959 and retired on February 27, 1987, after 27 years of service. He spent 32 years on pension.

Widows:

Nellie B Gibrant: Ms. Gibrant died on June 19, 2019 at the age of 94. Her benefits began on December 1, 2000. She spent over 18 years on pension.

Shirley M. Cronin: Ms. Cronin died on January 1, 2019 at the age of 88. Her benefits began on November 1, 2005. She spent 13 years on benefits.

Marion L. Guerin: Ms. Guerin died on June 29, 2019 at the age of 75. Her benefits began on August 1, 2011. She spent 7 years on benefits.

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

Motion passed.

NO OBJECTIONS

WIDOW'S APPLICATIONS

Mrs. Fay T. Pike: Mrs. Pike is applying for a Non Duty death benefit effective June 1, 2019.

MOTION: Moved by Meagher and seconded by Lavene to approve the Non Duty Widow's Benefit effective June 1, 2019 for Mrs. Pike.

Motion passed.

NO OBJECTIONS

Mrs. Marsha A. Patrick: Mrs. Patrick is applying for a Non Duty death benefit effective March 1, 2019.

MOTION: Moved by Meagher and seconded by Lavene to approve the Non Duty Widow's Benefit effective March 1, 2019 for Mrs. Patrick.

Motion passed.

NO OBJECTIONS

Mrs. Barbara Bruner: Mrs. Bruner is applying for a Non Duty death benefit effective July 1, 2019.

MOTION: Moved by Meagher and seconded by Lavene to approve the Non Duty Widow's Benefit effective July 1, 2019 for Mrs. Bruner.

Motion passed.

NO OBJECTIONS

Mrs. Orduna Clement: Mrs. Clement is applying for a Non Duty death benefit effective August 1, 2019.

MOTION: Moved by Meagher and seconded by Lavene to approve the Non Duty Widow's Benefit effective August 1, 2019 for Mrs. Clement.

Motion passed.

NO OBJECTIONS

APPLICATIONS PENDING

None

FINANCIAL INFORMATION

Board members were provided with key financial revenue and disbursement figures for the New and Old system for July and June 2019.

OLD BUSINESS:

SEB payment history request: No update provided

Information for life insurance: No update provided

NEW BUSINESS:

Board Elections: Mitchell noted that nominations for the Board of Trustees produced four candidates, two members for the retired ranks and two members for the active ranks. Thomas F. Meagher, III and Martin Gaal were nominated from the retired ranks. Stephen Roy and Branden Krsak were nominated from the active ranks. This means that there is no need for an election ballot as the four nominations fill the four elected posts. Nominated members would assume office on August 29, 2019 as per State Statutes.

MOTION: Moved by Meagher and seconded by Lavene to accept the results of the election process.

Motion passed.

NO OBJECTIONS

Mr. Robein noted that since there will be no election, nominated Board members can be sworn in today, effective with their term beginning August 29, 2019. Members will be given the oath of office after the conclusion of this Board meeting.

Board Errors and Omissions Policy: HUB International has located a carrier to provide errors and omissions coverage for Board members, albeit at an increased fee.

LAPERS Conference: Meagher noted that the annual LAPERS conference is scheduled for September 10-12, 2019. New Board members should place this event on their calendars. Board members have been approved for attendance at a prior meeting. New members will be registered for this event.

NCPERS Public Safety Conference: Meagher noted that NCPERS is hosting a Public Safety conference in New Orleans during October 2019. Members are encouraged to attend.

MOTION: Moved by Meagher and seconded by Lavene to approve attendance of board members and staff to attend the Public Safety conference during October 2019.

Motion passed.

No Objections

Compensation:

Mr. Gaal noted that last year the Board approved a 10% pay increase for all employees of the Fund. Mr. Meagher elected to defer receipt of the pay increase until after the election. Additionally, the City's Administration has authorized pay increases of 5% to 7.5% for certain exempt employees who have or obtain an undergraduate or master's degrees. Paul Mitchell has a Master's degree (MBA) from Tulane and is eligible for the 7.5% pay increase.

MOTION: Moved by Gaal and seconded by Lavene to approve a 10% pay increase for Mr. Meagher effective August 1, 2019 and a 7.5% pay increase for Mr. Mitchell effective July 1, 2019.

Motion passed. Meagher abstained.

NO OBJECTIONS

LEGAL:

MOTION: Moved by Meagher and seconded by Gaal to go into executive session to discuss legal matters.

Motion passed.

NO OBJECTIONS

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

Motion passed.

NO OBJECTIONS

ADJOURNMENT

There being no further business the meeting adjourned.

TIMELY FILING OF APPLICATIONS:

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

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

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

APPROVED BY:



Date:

