

**OFFICE OF THE CITY MANAGER
LITTLE ROCK, ARKANSAS**

**BOARD OF DIRECTORS COMMUNICATION
OCTOBER 16, 2018 AGENDA**

<p>Subject:</p> <p>An ordinance to transfer administration of retirement coverage for eligible members of the Little Rock Firemen’s Relief and Pension Fund to the Arkansas Local Police and Fire Retirement System (LOPFI)</p> <p>Submitted By:</p> <p>Finance Department</p>	<p>Action Required:</p> <p style="text-align: center;">√ Ordinance Resolution</p>	<p>Approved By:</p> <p style="text-align: right;">Bruce T. Moore City Manager</p>
--	---	--

<p style="text-align: center;">SYNOPSIS</p>	<p>The Board of Trustees of the Little Rock Firemen’s Relief and Pension Fund has elected to have its pension fund administered by Arkansas Local Police and Fire Retirement System (LOPFI) as stated by resolution dated September 20, 2018. In order for consolidation to occur, the City Board of Directors must authorize the City Manager to enter into an irrevocable agreement with LOPFI to administer the Little Rock Firemen’s Relief and Pension Fund and pay off the unfunded liability within a closed twenty-five (25)-year amortization period. The consolidation is to include a \$250.00 per month benefit increase to all retiree and survivor accounts beginning January 1, 2019. In addition, the Board of Directors commits to review and consider a benefit increase on a reoccurring three (3)-year basis following consolidation until the conclusion of the closed twenty-five (25) year amortization period.</p>
<p style="text-align: center;">FISCAL IMPACT</p>	<p>The annual one-mil property tax levy, State Pension Turn-Back Funds, \$500,000 City Sales Tax commitment and other reoccurring annual revenues dedicated to the Little Rock Firemen’s Relief and Pension Fund are projected to be sufficient to pay current benefits, including the additional \$250.00 per month</p>

**FISCAL IMPACT
CONTINUED**

increase for retirees and survivors, and to retire the unfunded liability within the closed twenty-five (25)-year amortization period required by LOPFI.

RECOMMENDATION

Approval of the ordinance.

BACKGROUND

This consolidation increases the stability and earning potential of the Fund. The assets of the Fund will be combined with LOPFI assets, which were in excess of \$2 billion as of December 31, 2017. The Market Value Rate of Return for LOPFI has exceeded that of the Little Rock Firemen's Relief and Pension Fund in eight (8) of the last ten (10) years. In the last five (5) years, the Market Value Rate of Return for LOPFI has exceeded that of the Little Rock Firemen's Relief and Pension Fund by an average of 3.61% annually.

On July 19, 2018, members of the Little Rock Firemen's Relief and Pension Fund were invited to attend an informational meeting at the Fire Training Academy regarding the potential consolidation of administration with LOPFI. Over seventy-five (75) members attended the meeting and were overwhelming in support of moving forward with the merger.