

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

**BOARD OF DIRECTORS COMMUNICATION  
SEPTEMBER 5, 2017 AGENDA**

<b>Subject:</b>	<b>Action Required:</b>	<b>Approved By:</b>
<p>An ordinance to authorize LOPFI to implement a \$150 per month benefit increase to all Little Rock Police Pension and Relief Fund Retiree and Survivor Accounts, effective January 1, 2018.</p>	<p>√ <b>Ordinance</b> Resolution Approval Information Report</p>	<p>Bruce T. Moore City Manager</p>

<p style="text-align: center;"><b>SYNOPSIS</b></p>	<p>An ordinance to authorize the Local Police and Fire Retirement System (LOPFI) to implement a \$150.00 per month benefit increase to all Little Rock Police Pension and Relief Fund Retiree and Survivor Accounts, effective January 1, 2018.</p>
<p style="text-align: center;"><b>FISCAL IMPACT</b></p>	<p>Contributions to LOPFI to fully fund plan benefits, including the proposed benefit increase, must be fully satisfied within the remaining twenty-two (22)-year amortization period. Staff anticipates that the recurring dedicated pension revenue streams are sufficient to satisfy the required annual contributions to LOPFI.</p>
<p style="text-align: center;"><b>RECOMMENDATION</b></p>	<p>Approval of the ordinance.</p>
<p style="text-align: center;"><b>BACKGROUND</b></p>	<p>Ordinance No. 20,805, approved by the Board of Directors on October 15, 2013, transferred the administration of retirement coverage for eligible members of the Little Rock Police Pension and Relief Fund to the Arkansas Local Police and Fire Retirement System (LOPFI) and authorized the City Manager to enter into an irrevocable agreement, using a twenty-five (25)-year closed amortization schedule.</p>

**BACKGROUND**

Included in the ordinance is a commitment to review and reconsider a Cost of Living Adjustment (COLA) on a reoccurring three (3)-year basis until the conclusion of the closed twenty-five (25)-year amortization period (now twenty-two (22)-years). The recommendation presented is the result of the first three (3)-year review.

The Review Committee appointed to study the feasibility of a COLA for members of the closed Police Pension and Relief Fund met to evaluate the latest actuarial studies prepared by Gabriel, Roeder, Smith & Company, dedicated recurring pension revenue streams, and additional data analysis prepared by Osborne, Carreiro and Associates.

The Committee included: City Manager Bruce T. Moore (chair), City Director Joan Adcock, Finance Director Sara Lenahan, and five (5) retired members of the Pension Fund. The Committee evaluated multiple COLA options and monthly benefit increases, and concluded that the COLA options held too great a risk that additional City contributions over and above the projected available revenues would be required to satisfy the unfunded liability. The Committee unanimously agreed to recommend a \$150 per month benefit increase for all retiree and survivor accounts beginning January 1, 2018. The Little Rock Board of Directors must approve any benefit increase.