

Firemen's Relief and Pension Fund Special Called Board Meeting
June 18, 2015
1:30 PM

The Board of Trustees of the Firemen's Relief and Pension Fund of the City of Little Rock, Arkansas, met in a Special Called Meeting at 1:30 PM in the Sister Cities Conference Room located at 500 West Markham Street, City Hall. Chair Bruce Moore called the meeting to order.

1. Roll Call:

Members Present: William Ellington; Havis Jacks; Tommy Hoffman; Johnny Chiaro; Susan Langley; and Bruce Moore

Members Absent: Bernie Sherwood

City Personnel Present: Sara Lenehan; Debbie Pharr; Kathy Lindsey; and Kim Chavis.

Other's Present: Larry Middleton, Alex Jordan and Bo Brister from the Stephens Group and Jody Carreiro

Chair Moore welcomed Mr. William Ellington has the newest member of the Firemen's Relief and Pension Fund Board.

2. Approval of Minutes from the May 28, 2015, Meeting: Mr. Jacks made the motion, seconded by Mr. Ellington, to approve the minutes of the May 28, 2015, meeting. By unanimous voice vote of the Board Members present, the minutes of the May 28, 2015, meeting were approved.

3. Other Business:

Discussion of Benefit Increase: Jody Carreiro stated that the Valuation Report had already been completed and provided; however, additional information needed to be added due to the new Governmental Accounting Standards Board (GASB) Rules. Mr. Carreiro stated that on Page 30 of the report, the unfunded had been projected out with the current sources of income over the life of the plan. Mr. Carreiro stated that the plan was somewhere in the twenty-three (23) to twenty-four (24)-years before it would be fully-funded. Mr. Carreiro stated that his opinion was based on no variation and without conducting a full report. Mr. Carreiro stated that the fund was currently okay; however it was on the edge. Mr. Carreiro stated that the funding had not been improved enough to have a level of comfort, and that the funded amount was just under 50% at 48.6%, which was still way too low. Mr. Chiaro stated that if they received the on-time bonus, it would cost approximately \$350,000, whereas if they received a \$50 a month raise, it would cost them forever against the pension. In response to the cash flow rule, Mr. Carreiro stated that the report was to show that the plan would remain sufficient under all circumstances to pay benefits. Mr. Carreiro stated that when the Pension Review Board (PRB) reviewed benefit increases, their

decision was based on the whether the band of responsible results remained above zero until everyone was paid out.

Ms. Lenehan stated that currently the assumed rate of return for the Fund was 5%, and the net pension liability, which was what it took to pay the benefit, less the assets was \$71,177,783. Ms. Lenehan stated that a 1% decrease in the assumed rate of return would increase the amount to approximately \$84 Million Dollars. Ms. Lenehan stated that a 1% increase in the assumed rate of return, the amount would decrease to approximately \$60 Million Dollars. Ms. Lenehan stated that if the Board ever wanted to merge with LOPFI, the maximum amortization schedule allowed was twenty-five (25) years. Ms. Lenehan reported that she attended the PRB Meeting the day before and that it was announced that the future supplement would be coming out by the end of the month in the amount of \$1,400.

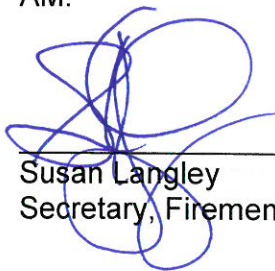
Mr. Jacks made the motion, seconded by Mr. Chiaro, to fund the actuarial study to determine the feasibility of a one-time benefit increase.

Chair Moore stated that he felt that passing any type of increase at a 48% funding level was not prudent; however, based on what they were starting to see with the market, along with the signals that the Fed had sent that week, he thought things were headed in the right direction. Chair Moore stated that he felt there would be a point in the near future that he would be comfortable with approving an increase; however, at that level of the Fund, he could not support an increase.

Ms. Chavis said that in order to approve the benefit increase, there would have to be a $\frac{3}{4}$ majority vote, which would be six (6) out of seven (7) members.

By a show of hands with Mr. Jacks, Mr. Chiaro & Mr. Ellington voting aye and Mr. Hoffman, Mr. Moore & Ms. Langley voting nay, the vote was 3 ayes, 3 nays and 1 absent (Mr. Sherwood), and the motion failed.

Mr. Jacks made the motion, seconded by Mr. Hoffman, to adjourn the meeting. By unanimous voice vote of the Board Members, the meeting was adjourned at 9:25 AM.



Susan Langley
Secretary, Firemen's Relief and Pension Fund