

MINUTES OF ARKANSAS STATE POLICE COMMISSION MEETING
CONFERENCE CALL MEETING
May 14, 2020

The Arkansas State Police Commission met via conference call on Thursday, May 14, 2020 at the Arkansas State Police Headquarters, Little Rock, Arkansas.

Commission Chairperson Christenson called the meeting to order at 10:00 a.m.

MEMBERS ON CONFERENCE CALL:

Commissioner Jane Christenson, Chairperson
Commissioner Neff Basore, Vice-Chairman
Commissioner Bill Benton, Secretary
Commissioner Steve Edwards
Commissioner Jeffery Teague
Commissioner John Allison
Commissioner Jim Hinkle

STATE POLICE PERSONNEL ATTENDING:

Colonel Bill Bryant	Major Charles Hubbard
Emma French	Major Jeff Drew
Jenna Castleberry	Donna Humphries

OTHERS PRESENT:

Michele Allgood, Mitchell Williams

NOTIFICATION OF MEDIA:

The media was notified of this meeting on May 13, 2020.

MINUTES:

Commission Chairperson Christenson stated the minutes from the April 09, 2020 regular meeting and the May 01, 2020 special conference call meeting have been distributed. I would like to have them approved separately.

Commissioner Basore made a motion to approve the minutes of the April 09, 2020 regular monthly commission meeting. Commissioner Benton seconded and the motion passed.

Commissioner Teague made a motion to approve the minutes of the May 01, 2020 special conference call meeting. Commissioner Basore seconded and the motion passed.

DIVISION REPORTS:

Fiscal Section – Emma French

Ms. French stated we do not have finance reports for you this month. Ms. French stated we are doing okay and are watching everything. I am going to talk to you about the bond issue, our re-issue is going on right now as we speak, our new bonds, the transaction is being done. In 2017, this is just a little back history, we did a bond issue for \$29.5 million and that was to construct the five new headquarters. Our interest rate was a little over like 3.3, something like that, but we have this opportunity to refinance those bonds right now at a fixed rate of 2.3. So we are going to have a savings of around \$1.2 million and we are still going to have the same length for payout, it is not being extended. The bonds will still be paid for in 2035, so we are pretty excited that this is happening today. Michele Allgood, our bond attorney is here and she is so excited she wants to answer all of your questions.

Commissioner Teague asked what are the terms and conditions of the re-fi. Ms. French stated this time it is \$28,370,000.00 and it is a fixed rate of 2.3.

Commissioner Allison asked for how long. Ms. French stated they will be paid off in 2035. Michele Allgood stated March 1, 2035 is the maturity date which is the same as the prior bonds. Ms. Allgood stated one thing that Emma didn't mention that I just want to add is these were privately placed with a single investor and they agreed to an optional redemption date in three years. So, just like we have flexibility in this instance to be able to do a re-financing to achieve savings. Here you have double flexibility because you have that shorter term where you can look at the market, where you can look at what projects you might want

to accomplish at that time and can re-finance without penalty. Also, since you have a single investor if the rates aren't real great or they aren't comparable to the 2.3 fixed when you are ready to do a new project you will be able to negotiate directly with a single sophisticated institutional investor, so we are real excited that we are able to do this in this current environment. We believe it is a really good deal.

Commissioner Basore asked Ms. Allgood if she could identify the entity that bought them. Ms. Allgood stated it is Capitol One Public Funding.

Commissioner Hinkle asked were the original issue bonds nontax. Ms. Allgood stated they were tax exempt and these are also tax exempt. Commissioner Hinkle stated that was my next question. Commissioner Hinkle stated did I understand you to say the savings would be somewhere in the \$1 million range. Ms. French stated about \$1.2 million. Ms. Allgood stated the actual, the specific net present value benefit over the life of the bond issue is \$1,312,967.00, but we purposely structured this so that you get that immediately and that releases or make available to State Police \$1,296,535.00 that you can use for current projects.

Commissioner Hinkle stated so if these are not taxable then there is probably not any call date issue at all. Ms. Allgood stated that is the 3 years, so that is when we can call them without any penalty. Commissioner Hinkle stated on a lot of bonds there is like a 90 day minimum time that you have to maturity before they can be called early, but these do have that option being a single investor. Ms. Allgood stated that is correct.

Commissioner Edwards asked is this savings over the three year period or over the life of the bond. Ms. Allgood stated the \$1.3 million number is a net present value savings that is calculated over the life of the bonds. But again, we front load it so you get immediate cash flow benefit.

Commissioner Edwards asked so what happens if we pay this off in 3 years and go somewhere else. Ms. Allgood stated then you have already got \$1,296,535.00 of your savings, so you are looking at you left I guess \$17,000.00 on the table which is pretty good. Ms. Michele Allgood stated you won't do a refinancing unless it is to the benefit of the Commission, unless the numbers work.

Commissioner Hinkle stated but if you did re-fi early, Steve, you would have to include that savings that you have already recouped. Commissioner Edwards stated that is what I was wondering.

Commissioner Allison stated when you say savings recouped are you saying we actually get \$1.3 million. Ms. French stated we are going to get \$1.2 something. Ms. Allgood stated \$1,296,535.74 today will be available to the commission, to the state police to use for projects. So you get that amount of the benefit today. Commissioner Allison stated I guess the real question is as the pandemic continues and the state is cutting the budget everywhere, I would think we would need to go and move that amortization back to the original amortization and get the relief. This probably gives you more relief than you anticipated. Ms. French stated yes, that is true and we have even talked about that possibility that we may have to look at this to help us because there has been so much impact to our budget right now. But we are going to hold off on making that call.

Commissioner Hinkle asked Commissioner Allison and Ms. French what if we delayed on taking that option say a year from now, does that dollar amount change. Ms. French stated no, because we are getting that money today, it is going to be in our account. Commissioner Hinkle stated so we don't have the option of leaving it there. Ms. Allgood stated you don't have to spend it. Ms. French stated it can just sit in that account until we decide if we are going to build something or how we are going to utilize it. Commissioner Hinkle stated the danger that I see in taking it right now with budget cuts everywhere is that somebody might want to come in and grab some of the money. Ms. French stated they are always looking.

Commissioner Basore stated but you cannot take bond money and spend it for operations, can you. Ms. Allgood stated that is correct, because these are tax exempt bonds. Commissioner Basore stated there is a specific set of criteria for the use of this money and it can't be a fatal equity. Ms. Allgood stated specifically under not only your authorizing legislation but also to comply with tax rules, this needs to be spent for projects that benefit

your headquarters and so that could be putting in a new parking lot, buying new office equipment, it needs to purchase something, it can't pay salaries.

Commissioner Basore asked can it buy cars. Ms. Allgood stated it can, but we have to watch that because of useful life, but yes as long as we are buying an asset, something that is going to go on your books, we can make it work.

Commissioner Benton asked are we completely finished with the 5 headquarters. Ms. French stated no we are not, there is still work going on at Harrison and Newport.

Commission Chairperson Christenson stated thank you, Emma. I think it is a good deal myself and hope it is all going to be worked out for our benefit.

Commissioner Allison stated I don't know where you get a rate much better than this, Jim, do you. Commissioner Hinkle said no sir that is about as good as it gets. Ms. Allgood stated and it is fixed until 2035, 2.3% until 2035, it's really good.

Administrative Services – Major Charles Hubbard

Major Hubbard presented an oral summary of the written report. He began by reporting the Personnel transactions for the month. The uniformed noncommissioned transactions include one termination. The commissioned transactions include one promotion. We currently have four military deployments.

Regarding the ASP Health Plan, April paid claims were \$850,744 which is an increase of \$40,323 from last month and the fund balance is \$143,016 higher than last month for a total fund balance of \$7,361,704. Discount savings for March was 65%.

Regarding the 2020A Troop School, we have 33 recruits and they reported back to the academy on Sunday. They will remain on the academy campus for the next 6 weeks. This week which is week 16 they will be training on crash investigations, active shooter and building searches.

Commission Chairperson Christenson asked since they have already taken their oath will there be a graduation ceremony of some kind or is that it. Major Hubbard stated we are still watching the guidelines for that, we don't really have anything tentatively planned at this point.

Commissioner Benton asked Major Hubbard are you not going to have any in the field training at the end of this, riding with troopers. Major Hubbard stated yes, they will pick up where they left off they just had 6 days of field training so they will still have quite a bit left once they get released in June. So they will burn a little bit of comp time and then go back straight into the field training.

NEW BUSINESS:

Commission Chairperson Christenson asked Colonel Bryant if there was any new business. Colonel Bryant stated no new business but we do need to go into Executive Session to discuss a personnel issue.

Colonel Bryant stated before we go, I sent out an email yesterday regarding the Memorial Ceremony Friday. Due to the public health emergency, we are actually going to do it on Facebook Live. I think I sent a link of the video to you all to show what we did to honor our 19 fallen troopers and so I would encourage you or anyone to look at the State Police Facebook page and watch that ceremony at 10:00 a.m. on Friday to honor the ones that we lost in the line of duty.

Colonel Bryant stated we do have a personnel issues to discuss in executive session, so I would request madam Chair that we go into Executive Session to discuss those personnel matters.

EXECUTIVE SESSION:

Commissioner Basore made a motion to go into Executive Session for the purpose of considering employment, appointment, promotion, demotion, disciplining, or resignation of employees, Commissioner Hinkle seconded and the motion passed. The Commission went into Executive Session at 10:14 a.m.

Commission Chairperson Christenson called the meeting back to order at 10:29 a.m. and stated a personnel matter was discussed but no action was taken.

NEXT MEETING:

Commission Chairperson Christenson stated the next regularly scheduled meeting will be held on Thursday, June 11, 2020 at 10:00 a.m. and it will be decided closer to the date as to whether the meeting will be conducted as a conference call meeting or an in-person meeting.

With no more business, Commissioner Basore made a motion to adjourn the meeting, Commissioner Benton seconded and the motion passed. Commission Chairperson Christenson adjourned the meeting at 10:32 a.m.

Commission Chairperson

Commission Secretary