

Minutes
Arkansas Fire and Police Pension Review Board (PRB)
Quarterly Meeting

The Arkansas Fire and Police Pension Review Board met on Wednesday, December 3, 2014 in the PRB office at 620 W. 3rd, Suite 200, Little Rock, Arkansas

Members Present: Farris Hensley, Police Employee Member, Vice-Chairman
 Bill Lundy, Fire Employee Member
 Jim Gates, Fire Employee Member
 Mayor Chris Claybaker, Employer Member
 Mayor Jackie McPherson, Employer Member
 Jimmy Bolt, Employer Member
 Richard Drilling, DF&A Member
 Buddy Ledford, Public Member

Excused Member: Rusty Watson, Police Employee Member, Chairman

Staff Present: David Clark, Executive Director
 Tracy Warfe, Assistant Director
 Jen Sines, Secretary to the Board

Vice-Chairman Hensley called the meeting to order at 9:30 a.m. and recognized a quorum and notification of the news media. Mr. Lundy made a motion, seconded by Mr. Gates to excuse Chairman Watson. The motion passed unanimously.

Approval of minutes

Mr. Claybaker made a motion, seconded by Mr. Bolt to approve the September 3, 2014 minutes. The motion passed unanimously.

Review of November 13, 2014 ASC Minutes

Mr. Lundy stated that the Administrative Services Committee (ASC) met on November 13, 2014 to review the 2015 proposed budget. The ASC reviewed the following items:

1. Review of staff salaries per ACA 24-10-204, to make sure all employee salaries are within limits consistent with the State Pay Plan.
2. A proposed Cost of Living Adjustment (COLA) increase of 1.7% to all staff with an exception of the Executive Director and Assistant Director positions, which will receive a 1% COLA
3. A proposed recognition program for the career oriented members of staff that would be built off of the sick leave program.

Mr. Lundy confirmed that all staff salaries are in compliance with ACA 24-10-204. Mr. Lundy explained the proposed recognition program built off of the sick leave program and advised the Board that the ASC discussed this recommendation and decided to table this item until a later date. Mr. Lundy advised that the ASC agreed to approve the COLAs to all staff as previously stated. Mr. Claybaker made a motion, seconded by Mr. Gates to approve the COLA increases. The motion passed unanimously. Mr. Clark thanked the Board

Projected Insolvent/At Risk funds update

Mr. Jody Carreiro, actuary, Osborn, Carreiro & Associates (OCA), explained that six (6) plans have been previously declared Projected Insolvent (Arkadelphia Fire, Fayetteville Fire, Pulaski FPD #5, Benton Fire, DeWitt Fire and Batesville Fire). Pine Bluff Fire, previously presented as Projected Insolvent, consolidated with LOPFI in 2013. Mr. Carreiro previously recommended three (3) plans be added to the Projected Insolvent report (Newport Fire, Green Forest Fire and Norman Fire); however, these plans have all consolidated or are in the process of consolidating with LOPFI. Mr. Carreiro stated two (2) new plans now meet the definition of Projected Insolvent (Altus Fire and White Hall Fire).

Mr. Carreiro stated his first three (3) recommendations:

1. Five (5) plans that have previously been declared Projected Insolvent would continue with this designation.
2. Two (2) additional Local Plans (Altus Fire and White Hall Fire) should be declared Projected Insolvent.
3. An updated report for Fayetteville Fire should be completed this year.

Mr. Ledford made a motion, seconded by Mr. Bolt to accept the first three (3) recommendations. The motion passed unanimously.

Mr. Carreiro further recommended two (2) plans (Salem Fire and Stamps Fire) be added to the "At Risk" list. Mr. Lundy made a motion, seconded by Mr. Gates to accept and send notice to the newly declared two (2) "At Risk" locations. The motion passed unanimously.

2015 Legislative Session

Vice-Chairman Hensley recognized Mark Hayes, Arkansas Municipal League. Mr. Hayes presented constitutional amendments to increase the millage for pension purposes up to four (4) mills total (two (2) for police and two (2) for fire). Mr. Hayes stated this would be a substantial influx of money available at the local level and would ensure such changes remain under local control. Mr. Claybaker made a motion, seconded by Mr. Bolt, to support this constitutional amendment. Mr. Hayes assured the Board that this proposal is exclusively for police and fire funds. The motion passed unanimously.

Mr. Carreiro stated that the Board has asked to look at making changes to the handling of the Future Supplement. Mr. Carreiro presented three (3) options:

Option 1: Continue As Is

Option 2: Choose a Flat Amount

Option 3: Choose an Initial Amount with an Index tied to change in the Consumer Price Index.

After a lengthy discussion, Mr. Lundy made a motion, seconded by Mr. Bolt to leave the Future Supplement as it is as stated in Option 1. The motion passed unanimously.

Centerton Fire complaint

Mr. Clark explained the back ground of the filed complaint from Centerton Fire regarding the benefit payment amount going to retiree, Jimmy Thompson. The PRB had determined that the issue needed to go back to the local board of trustees for review to address the complaint filed by Cynthia Coffelt-Black. The Centerton Fire local board did not change their

determination that the benefit amount is correct. This matter has now come back to the PRB to determine if the benefit payment amount to Mr. Thompson is correct.

Vice-Chairman Hensley recognized Ms. Coffelt-Black. Ms. Coffelt-Black presented her complaints to the Board that the benefit amount was incorrect. Vice-Chairman Hensley recognized Jeff Coffelt, City of Centerton. Mr. Coffelt also presented information to the Board stating the benefit amount was not accurate. The Board did not have any questions or comments.

Vice-Chairman Hensley recognized Ed Armstrong, Attorney General's (AG) Office. Mr. Armstrong stated he is here as a liaison from the AG's Office and will be happy to answer any questions the Board has. Mr. Armstrong advised that there has already been an adjudication from the local board of trustees at Centerton. According to ACA 24-11-815, any person who deems themselves aggrieved by the decision of any board of trustees of the firemen's relief and pension fund may appeal the decision to the circuit court of the county in which the town or city liable for the claim may be located within the same time as provided for appeals from justices of the peace to circuit courts in civil cases. Mr. Armstrong stated that time frame is 30 days and the time of appeal has passed. The Board still has a duty to make sure the laws are properly applied. Vice-Chairman Hensley asked Mr. Armstrong if he has reviewed this case and can give an opinion as to if the benefit amount being paid is correct? Mr. Armstrong stated he has not reviewed the case in detail and has not been asked to go behind staff and make a determination.

Mr. Clark advised the City of Centerton confirmed that the information on file with the PRB is correct. Based on this information, staff has determined that the benefit calculation for Mr. Thompson's benefit payment is correct. Vice-Chairman Hensley thanked everyone for their comments. The Board did not have any questions and was comfortable with the review given by staff.

Financial statements

Mr. Drilling made a motion, seconded by Mr. Gates, to approve the September 2014 financial statements. The motion passed unanimously.

Review/approve 2015 proposed budget

Mr. Clark presented three (3) primary items that are unusual for the 2015 PRB budget.

- Office Equipment Leasing/Maintenance - The internet and voice service was changed to a fiber service which took longer than anticipated. Now that the fiber service is active, real time backups to an off-site location will need to be completed to aid LOPFI and PRB with their Disaster Recovery Plan. Since this was originally budgeted for 2014, the cost has simply moved from the 2014 Budget to the 2015 Budget.
- Office Supplies - The plan is to replace all workstations (PCs) for the nine (9) member staff and complete audio/visual updates in the Board Room.
- Phone - This item involves a redesign of the agency's website. The cost will be split 90/10 with LOPFI, with the 10% portion being assigned to the PRB.

Mr. Clark went on to explain the Budget narrative and the snapshot of the 2014 budget verses the proposed 2015 budget. The 2015 PRB budget request is in the amount of \$729,924.

Mr. Lundy made a motion, seconded by Mr. Ledford, to approve the proposed 2015 PRB budget. The motion passed unanimously. Mr. Clark thanked the Board.

Review/approve benefit increase items

Mr. Clark reviewed staff action on the following benefit increase requests:

- Dardanelle Fire denied \$100 per month increase, approved \$35 per month increase
- Des Arc Fire denied \$50 per month increase, approved \$5 per month increase
- Earle Fire denied \$35 per month increase, approved \$25 per month increase
- Fordyce Fire approved \$40 per month increase
- Huntsville Fire denied \$100 per month increase, approved \$60 per month increase
- Ola Fire denied \$20 per month increase, approved \$10 per month increase
- Osceola Fire approved 70% base and \$50 per month increase for volunteers
 - Osceola Fire was informed that if they enacted this benefit increase, they will forfeit all future Additional Allocations because of the transition period in Act 929 of 2011 that pertains to the Additional Allocation.
- Russellville Police denied base benefit increase, approved to implement the remarriage provisions in 24-11-105 and 24-11-425

Mr. Gates made a motion, seconded by Mr. McPherson to approve staff action on the 2014 benefit increases. The motion passed unanimously.

Set date/times for 2015 meetings

The Board agreed on the following dates/times for their 2015 quarterly meetings:

- March 4 – at 9:30 a.m.
- June 17 – at 9:30 a.m.
- September 2 – at 9:30 a.m.
- December 2 – at 9:30 a.m.

Other Business

Vice-Chairman Hensley recognized that Mr. Claybaker and Mr. McPherson are very dedicated and passionate Board Members who will no longer be able to serve on this Board due to the recent election results. Vice-Chairman Hensley thanked both Board Members' for their service. Mr. Claybaker stated his time on this Board has been very rewarding and that he really appreciates the opportunity to serve. Mr. McPherson stated he has truly enjoyed his time on the Board and wanted to extend thanks to Mr. Clark and staff for a wonderful job. Vice-Chairman Hensley remarked that they will both be missed.

With no other business to discuss, Mr. Lundy made a motion, seconded by Mr. Bolt to adjourn. The motion passed unanimously. The Board adjourned at 11:40 a.m.

Respectfully submitted,

Approved 03/04/15

Jen Sines
Secretary to the Board