

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

The Arkansas Fire and Police Pension Review Board met on Wednesday, December 7, 2016 in the PRB office at 620 W. 3rd, Suite 200, Little Rock, Arkansas

Members Present: Jim Gates, Fire Employee Member, Chairman
Bill Lundy, Fire Employee Member, Vice-Chairman
Farris Hensley, Police Employee Member
Buddy Ledford, Public Member
Sara Lenehan, Employer Member
Steve Miller, Employer Member
Cheryl Reed, DF&A Member
Lance Spicer, Employer Member

Excused Member: Rusty Watson, Police Employee Member

Staff Present: David Clark, Executive Director
Tracy Warfe, Assistant Director
Tiffiney Lewis, Secretary to the Board

Chairman Gates called the meeting to order at 9:31 a.m. and recognized a quorum and notification of the news media. Chairman Gates advised Mr. Watson needed to be excused. Mr. Lundy made a motion, seconded by Mr. Hensley, to excuse Mr. Watson. The motion passed unanimously.

Approval of minutes

Mr. Clark advised the September 7, 2016 minutes needed to be amended. On page 2 under the Summary of 2015 actuarial valuations section the word “unfunded” is needed. The sentence that currently reads, “The total assets applied were \$228.5 million, with a total actuarial accrued liability...” should be amended to read “*with a total unfunded actuarial accrued liability.*” Mr. Lundy made a motion, seconded by Mr. Ledford, to approve the amended September 7, 2016 minutes. The motion passed unanimously. The Board also reviewed the November 3, 2016 Administrative Services Committee minutes.

Impact statements

Mr. Jody Carreiro, actuary, Osborn, Carreiro & Associates (OCA), provided a follow up to the ongoing discussion of mechanisms to encourage consolidations by offering Local Plans a way to afford a benefit increase. Mr. Carreiro discussed the current COLA levels after consolidation and reviewed several versions of future increases based on experience, including the associated difficulties with such changes. After a lengthy discussion, Ms. Lenehan made a motion, seconded by Mr. Lundy to request the LOPFI Board authorize staff to work with the LOPFI actuaries to provide three (3) potential options for Local Plans to consider for consolidation. The options are intended to provide flexible increases and include stopgaps associated with funding levels that are tied into the Consumer Price Index. Mr. Clark will provide an update at the March 2017 meeting. The motion passed unanimously.

2017 legislative session

Mr. Clark reminded the Board that only one item is on the PRB's calendar for a proposed legislative change. The proposal is to amend Arkansas Code Annotated 24-11-801 concerning the composition of a local fire pension fund board of trustees. The Board has previously approved draft language. In addition, it is important to remember that the Arkansas Municipal League (AML) has advised they are opposed to this proposal. Mr. Clark also advised that Mr. Miller alerted him that the AML has proposed a constitutional amendment to allow locations to increase the millage for pension purposes from the current 1% cap to a maximum of 2%. Mr. Lundy stated that he understood the AML's proposed amendment; however, he is unwilling to support their amendment since they are not open to supporting the PRB's proposal. The Board voted, seven (7) in favor and one (1) opposed to the AML's proposed constitutional amendment.

September 2016 financial statements

Mr. Clark stated the financial statements have been available in the Board packet for review and shows the year-to-date status of expenditures are in line compared to the approved budget. Mr. Ledford made a motion, seconded by Mr. Lundy, to approve the September 2016 financial statements. The motion passed unanimously.

ASC Report

Mr. Lundy stated that the ASC met on November 3, 2016, and approved:

1. A Cost of Living Adjustment (COLA) of 1.5% awarded to the entire staff for the 2017-year effective January 1, 2017.
2. Reclassification of the Administrative Assistant position to Membership Services effective January 1, 2017.

Mr. Lundy also mentioned that the LOPFI staff, who also serves as PRB staff, does a wonderful job and the ASC is grateful for their dedicated service. Mr. Hensley made a motion, seconded by Mr. Miller, to approve the ASC recommendations. The motion passed unanimously. Mr. Clark thanked the Board.

Proposed 2017 budget

Mr. Clark reviewed the details of the proposed 2017 PRB budget, which totals \$702,518. Mr. Lundy also explained to the newer Board members how the 60/40 split with LOPFI on staff salaries is handled. Mr. Hensley asked if the 60/40 split was still accurate given the declining number of Local Plans under purview of the PRB. Mr. Clark advised a 70/30 split was more accurate. After further discussion Mr. Lundy made a motion, seconded by Mr. Hensley to have Mr. Clark provide information on the division of staff salaries between LOPFI and PRB to the ASC. The motion passed unanimously. Mr. Ledford made a motion, seconded by Mr. Lundy to approve the proposed budget for 2017. The motion passed unanimously.

Review/approve benefit increase items

Mr. Clark reviewed the internal checklist for the Gentry Fire Pension Fund, which both staff and the actuaries agreed that Gentry Fire met the requirements of a PRB Recognized Investment Management and Trust Arrangement for the purpose of an Alternate Cash Flow Valuation. Mr. Hensley made a motion, seconded by Mr. Spicer, to approve the PRB Recognized Investment Management and Trust Arrangement for Gentry Fire. The motion

passed unanimously. Mr. Clark also reviewed staff action on the following seven (7) benefit increase requests:

- Charleston Fire denied 200% base; plus additional \$10 per month increase
- Dermott Fire denied \$40; approved \$30 per month increase
- Flippin Fire denied \$35; approved \$25 per month increase
- Fordyce Fire approved \$40 per month increase
- Hope Fire denied 80% base and additional \$50 per month; approved 60% base and \$10 per month increase
- Ola Fire approved \$35 per month increase
- Ozark Fire approved \$35 per month increase

Mr. Lundy made a motion, seconded by Mr. Hensley, to approve staff action on these benefit increases. The motion passed unanimously.

Set dates/times for 2017 meetings

The Board agreed on the following dates/times for their 2017 quarterly meetings:

- March 8th – at 9:30 a.m.
- June 21st – at 9:30 a.m.
- September 13th – at 9:30 a.m.
- December 13th – at 9:30 a.m.

Other Business

With no further business, the Board adjourned at 11:13 a.m.

Respectfully submitted,

Approved 03/08/17

Tiffiney Lewis
Secretary to the Board