

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

The Arkansas Fire and Police Pension Review Board met on Wednesday, June 15, 2016 in the PRB office at 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas

Members Present: Bill Lundy, Fire Employee Member, Vice-Chairman  
Farris Hensley, Police Employee Member  
Rusty Watson, Police Employee Member  
Buddy Ledford, Public Member  
Jimmy Bolt, Employer Member  
Sara Lenehan, Employer Member  
Steve Miller, Employer Member  
Cheryl Reed, DF&A Member

Excused Member: Jim Gates, Fire Employee Member, Chairman

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

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

Notice of reappointments

Vice-Chairman Lundy stated the Board is very pleased to announce that Chairman Gates, Mr. Watson, Mr. Ledford, Ms. Lenehan, and Mr. Miller have been reappointed to the Board.

Approval of minutes

Mr. Bolt made a motion, seconded by Mr. Miller, to approve the March 2, 2016 minutes and Mr. Hensley made a motion, seconded by Mr. Watson, to approve the May 25, 2016 Audit Committee minutes. The motions passed unanimously.

Impact statements

Mr. Jody Carreiro, actuary, Osborn, Carreiro & Associates (OCA), advised this topic is to develop a mechanism to encourage Local Plans to consolidate by offering a way to afford a benefit increase. However, he did not have new information as he is awaiting a determination by the LOPFI Board of Trustees as to how, or if, a revised amortization schedule for liabilities of consolidated Local Plans will be developed. That type of change would understandably factor into the PRB's discussion. The amortization topic is anticipated to be discussed at the LOPFI meeting in September, so it would be after that point before he would have further comments. Vice-Chairman Lundy stated he had hoped more information would be available by this stage, but recognized the importance of constructing a well-thought out plan, which does take time. Therefore, this item will stay on the Board's agenda for continued discussion.

#### 2017 legislative session discussion

At the March 2, 2016 meeting the Board approved a recommendation from Vice-Chairman Lundy to seek a legislative change in Arkansas Code Annotated 24-11-801. Mr. Clark provided a draft proposal with updated language regarding the member composition of a local fire pension fund board of trustees. The new language is consistent with language in the local police pension fund section of law. Mr. Clark explained that this change was attempted in a previous session; however, the Arkansas Municipal League (AML) was not supportive as they felt it weights the board towards the member side. Ms. Lenehan suggested, in an effort to address the AML's concern, to leave the fire chief/highest ranking language in, but if such person was not available to fill this position, then use the five (5) active or retired members text. Vice-Chairman Lundy asked Mr. Clark to discuss this topic with the AML and provide an update to the Board.

#### UALR Mapping report and contract

Vice-Chairman Lundy recognized Phyllis Poché, Director, Census State Data Center and Inderpreet "Sunny" Farmahan, Director, UALR Geographic Information Systems Laboratory, who provided an updated summary of what was submitted in the Board packet of the mapping project activities for fiscal year 2016. The primary goal of the mapping report is to have accurate district boundaries. Arkansas has 503 incorporated cities, 230 police districts and 484 fire districts with pension coverage. Mr. Farmahan advised that there will be some upgrades to their website and the addition of FEMA flood mapping is currently in the works. Ms. Poché informed the Board that the mapping contract for the 2016/2017 year is the same as last year with a direct cost of \$151,488. Mr. Bolt made a motion, seconded by Ms. Lenehan, to approve the UALR Mapping report contract with the stated direct cost. The motion passed unanimously.

#### Audit Committee report

Mr. Ledford, Chairman of the Audit Committee, stated that the Audit Committee met on May 25, 2016. Mr. Ledford confirmed that BKD CPAs & Advisors stated that the December 31, 2015 audit was clean (an un-modified opinion) and everything was in order and the Audit Committee recommends accepting the audit. Mr. Ledford expressed gratitude towards the staff for their efforts and cooperation with the auditors for a clean audit. Mr. Ledford made a motion, seconded by Mr. Hensley, to accept the audit. The motion passed unanimously. Mr. Clark thanked the Board.

#### ASC report

Vice-Chairman Lundy stated that the Administrative Service Committee (ASC) met on June 2, 2016. Vice-Chairman Lundy stated that the Executive Director received a very good review. The ASC recommended approval of a 1.5% Career Service Award for the Executive Director. Mr. Bolt made a motion, seconded by Mr. Ledford, to approve the ASC's recommendation. The motion passed unanimously. Mr. Clark thanked the Board.

#### Additional Allocation

Mr. Miller inquired about how locations are eligible for Additional Allocation and providing advanced notice to all qualified locations, including consolidations, of the needed contribution to attain eligibility. Mr. Carreiro described the eligibility process for Additional Allocation and informed the Board that the actuaries and staff are developing a written

notification to be sent to all qualified locations during the month of September. The Board advised the notice should also be sent to the governing body i.e. city council, in the same manner as annual valuations. Mr. Carreiro advised that notices would be handled in that fashion.

#### March 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. Bolt made a motion, seconded by Mr. Ledford, to approve the March 2016 financial statements. The motion passed unanimously.

The Board recessed at 10:25 a.m. and reconvened at 10:32 a.m.

#### 2016 Premium Tax report

Mr. Carreiro, presented the 2016 Premium Tax report. Mr. Carreiro stated that the UALR mapping work is instrumental in the development of this report. Mr. Carreiro advised there was an overall growth in premium tax this year, with total gross collections of just over \$59 million. Mr. Carreiro reviewed the allocation process for locally-administered Local Plans, LOPFI locations, consolidated Local Plans, the Additional Allocation, and Future Supplement Funds. Mr. Carreiro advised that all locations were in compliance with the exception of Emmett Fire and Mena Fire. These two Local Plans are under the mandatory consolidation requirement since they have fewer than five (5) members. They have started the consolidation process; however, since they have not finalized that work, the Board has typically allowed the Premium Tax to be withheld for the non-compliance and allow staff to work through the remaining steps to help gain compliance. It would be at that point that their Premium Tax for the entire location would be released. Mr. Hensley made a motion, seconded by Mr. Bolt, to accept the 2016 Premium Tax. Ms. Lenehan made a motion, seconded by Mr. Miller, to withhold Premium Tax to the two non-compliant locations and authorized the release of Premium Tax once compliance is attained in conformance with PRB Rules. The motions passed unanimously.

#### Other Business

Mr. Bolt stated that he will be leaving city employment on July 25, 2016, which means he will no longer be able to serve on the Board. Mr. Bolt thanked the Board for the opportunity to serve. The Board expressed their appreciation to Mr. Bolt for his service. Mr. Clark advised he will send a letter, on behalf of the Board, to the Governor's office alerting of the upcoming vacancy.

With no further business, Mr. Bolt made a motion, seconded by Mr. Watson, to adjourn. The motion passed unanimously. The Board adjourned at 11:25 a.m.

Respectfully submitted,

Approved 09/07/16

Tiffiney Lewis  
Secretary to the Board