

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

The Arkansas Fire and Police Pension Review Board met on Tuesday, March 4, 2014 in the PRB office at 620 W. 3rd, Suite 200, Little Rock, Arkansas

Members Present: Rusty Watson, Police Employee Member, Chairman
Farris Hensley, Police Employee Member, Vice-Chairman
Mayor Chris Claybaker, Employer Member
Bill Lundy, Fire Employee Member
Richard Drilling, DF&A Member

Teleconference: Mayor Jackie McPherson, Employer Member
Buddy Ledford, Public Member
Jim Gates, Fire Employee Member

Staff Present: David Clark, Executive Director
Tracy Warfe, Assistant Director
Crystal Holsted, Secretary to the Board

Chairman Watson called the meeting to order at 9:35 a.m. and recognized a quorum and notification of the news media. Mr. Clark stated that Mr. Lundy and Mr. Hensley were reappointed to the Board. Mr. Clark recognized that Mr. Jimmy Bolt was appointed to the Board in place of Catherine Cook, who has moved to the LOPFI Board; however, due to the weather restrictions, Mr. Bolt was unable to complete the oath of office in advance of today's meeting.

Approval of minutes

Mr. Claybaker made a motion, seconded by Mr. Lundy to approve the December 4, 2013 minutes. The motion passed unanimously.

Chairman Watson stated that due to inclement weather the actuary is running late; therefore, we will move forward to New Business.

Approve Board expenses

Mr. Hensley made a motion, seconded by Mr. Claybaker to approve Board expenses for the 2014-year. The motion passed unanimously.

Coffelt-Black complaints regarding Centerton Fire

Ms. Ka Tina Hodge, legal counsel for the PRB reviewed the two (2) complaints made by Ms. Cynthia Coffelt-Black regarding the Centerton local fire plan. The first, Ms. Hilda Coffelt (Ms. Coffelt-Black's mother) had received eight (8) years of benefit payments. However, after an audit her survivor benefit ceased due to ACA 24-11-820(b)(5) because she had only been married five (5) months to the member. The local board has not requested the erroneous payments be returned, which is permissible to be handled in that fashion. Ms. Hodge stated that Ms. Coffelt's benefit ceasing is consistent with law.

Ms. Hodge stated that in regards to the second complaint of an incorrect benefit payment amount for Mr. Jimmy Thompson, it appears that his benefit was calculated accurately per ACA 24-11-818. Ms. Hodge recommended that the second complaint be redirected to the local board of trustees. Brian Rabal, City Attorney for Centerton, stated that he agrees with Ms. Hodge's recommendation. Jimmy Thompson, retired Centerton firefighter, stated that he contributed to the local plan along with the employer paying contributions and it was noted in the board minutes that the payment should be made. Mr. Clark stated that staff agrees with legal counsel's recommendation. Mr. Lundy made a motion, seconded by Mr. Hensley to have legal counsel send a written response to Ms. Coffelt-Black addressing her two (2) complaints. The motion passed unanimously. Mr. Jeff Coffelt stated that he agrees with the Board decision that the local board of trustees should hear the complaint regarding Mr. Thompson.

Financial statements

Mr. Clark stated the 2013 expenditures ended very well in that 93.96% of the total budget was used for the 2013-year. Mr. Drilling made a motion, seconded by Mr. Hensley to approve the December 2013 financial statements. The motion passed unanimously.

Review/approve benefit increase items

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

- Dermott Fire denied \$60 per month increase, approved \$40 per month increase
- Glenwood Fire approved \$25 per month increase
- Eureka Springs Fire was denied an increase; however, since this benefit increase will be discussed later in the meeting, action by the Board should be deferred until that point.

Mr. Hensley made a motion, seconded by Mr. Lundy to approve staff action on the Dermott Fire and Glenwood Fire benefit increases. The motion passed unanimously.

Projected insolvent/At Risk funds update

Mr. Jody Carreiro, actuary, Osborn, Carreiro & Associates (OCA), reviewed the content of the recently issued "At Risk" reports. The PRB agreed that the content of the report was sufficient and the format should be used for future notices. Four (4) plans can be removed (Green Forest Fire, Newport Police, Norman Fire and Grady Fire) from the "At Risk" list due to committed funding and/or consolidation with LOPFI. Seven (7) plans (Augusta Fire, Camden Fire, Eudora Fire, Greenwood Fire, Lake Village Fire, Marmaduke Fire, and Warren Fire) should be added to the "At Risk" list bringing the total "At Risk" plans to twenty-three (23). Mr. Hensley made a motion, seconded by Mr. Drilling to accept and send notice to the newly declared seven (7) "At Risk" locations. The motion passed unanimously.

Interest rate assumptions

Mr. Carreiro recommended a single valuation interest assumption rate of 5%. We have found it difficult in discussing the solvency of plans in general because there are different interest rate assumptions. The tiered interest rates cause confusion especially when a plan requests a benefit increase. Based on the expected returns for the closed plans, adjusted for volatility, the fact that the 5% rate is already used in the current Premium Tax allocations, and it

approximates a LOPFI consolidation with a 3% COLA, this is our recommendation. John Turbeville, Concert Wealth Management, stated that he does not agree with Mr. Carreiro's recommendation. Mr. Lundy stated that it is the Board's responsibility to listen to the advice of our actuary and professionals. Mr. Lundy made a motion, seconded by Mr. Drilling that the Board return to a single valuation interest assumption and that rate would be 5%. Mr. Claybaker stated that he has respect for Mr. Carreiro and that he would like to postpone the change of the valuation rate for at least another year. Mr. Claybaker and Mr. Hensley opposed. The motion passed.

Eureka Springs Fire benefit increase appeal

Mr. Turbeville stated that due to inclement weather Eureka Springs was unable to attend today's meeting. Mr. Hensley made a motion, seconded by Mr. Lundy to table the appeal and hear from the Eureka Springs Fire board of trustees during the June 11, 2014 meeting. The motion passed unanimously.

Mr. Hensley stated that he and the Board offer sympathies to Ron Stobaugh's family. Mr. Stobaugh who was with the Russellville Police Pension Fund passed away. Mr. Hensley also stated that he appreciates Mr. McPherson for his service as Chairman the past two (2) years. Mr. McPherson thanked Mr. Hensley.

Mr. Lundy stated that he invites everyone to attend the Fallen Firefighter's memorial on March 22, 2014 at 1:00 p.m. at the State Capitol. Mr. Lundy congratulated Mr. Gates on his hard work and dedication to ensure the memorial was completed. Mr. Lundy stated that he appreciates staff for assembling the Board packets, for everything they do to provide the Board with timely information, and also for being here for the meeting even with the inclement weather.

With no other business to discuss, Mr. Lundy made a motion, seconded by Mr. Claybaker to adjourn. The motion passed unanimously. The Board adjourned at 11:19 a.m.

Respectfully submitted,

Approved 06/11/14

Crystal Holsted
Recording Secretary to the Board