

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

The Arkansas Fire and Police Pension Review Board met on Wednesday, September 7, 2016 in the PRB office at 620 W. 3<sup>rd</sup>, 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  
Rusty Watson, Police Employee Member  
Sara Lenehan, Employer Member  
Lance Spicer, Employer Member

Excused Members: Buddy Ledford, Public Member  
Steve Miller, Employer Member  
Cheryl Reed, DF&A 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 9:30 a.m. and recognized a quorum and notification of the news media. Chairman Gates advised Mr. Ledford, Mr. Miller, and Ms. Reed needed to be excused. Mr. Lundy made a motion, seconded by Mr. Hensley, to excuse Mr. Ledford, Mr. Miller, and Ms. Reed. The motion passed unanimously.

Notice of Appointment

Chairman Gates recognized the appointment of the new member to the Board, Lance Spicer, Assistant City Manager for the City of Hot Springs. Chairman Gates welcomed Mr. Spicer to the Board.

Approval of minutes

Mr. Lundy made a motion, seconded by Mr. Hensley, to approve the June 15, 2016 minutes. The motion passed unanimously.

Impact statements

Mr. Jody Carreiro, actuary, Osborn, Carreiro & Associates (OCA), advised the Board that 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. Mr. Carreiro recommended to work with LOPFI's actuaries, Gabriel, Roeder, Smith & Company (GRS) to develop a mechanism to encourage Local Plans to consolidate by offering a responsible way to afford a benefit increase when a consolidation valuation is completed. Language could also be incorporated into the valuation that provides a better understanding of the consolidation, what to expect, and ways to offset future costs. After a lengthy discussion, the Board approved Mr. Carreiro's recommendation and he will provide an update at the December 7, 2016 meeting.

#### Projected Insolvent update

Lawrence Watts, actuary, (OCA), stated that two (2) Local Plans have previously been declared Projected Insolvent: Gassville Fire and Pulaski Fire Protection District #5 (which is considering consolidation). Mr. Watts presented the results of the Special Report for both Local Plans which includes possible actions to protect the benefits for the participants. Mr. Watts advised that the results in the reports depend upon the actuarial assumptions being met and will vary on a year-by-year basis. The Board thanked Mr. Watts for the update.

#### 2017 legislative session

Mr. Clark advised that at the June 15, 2016 meeting the Board discussed an update to the proposed amendment to Arkansas Code Annotated 24-11-801. The update is intended to address potential opposition from the Arkansas Municipal League (AML) regarding changes to the composition of a fire pension fund board of trustees. Mr. Clark visited with the AML as requested by the Board; however, the AML is still not open to any changes to this section of code. Mr. Clark provided the Board the proposed amendment, which included Ms. Lenehan's changes that would leave in place current language for the fire chief/highest ranking member of a fund (i.e. an active member), but allows this specific trustee position to be held by a retired member in the event the fund no longer has an active member. Mr. Lundy made a motion, seconded by Mr. Hensley, to accept the updated amendment to ACA 24-11-801. The motion passed unanimously.

#### Summary of 2015 actuarial valuations

Mr. Carreiro provided a summary of the December 31, 2015 Annual Actuarial Valuations. Mr. Carreiro stated that 118 valuations were performed for the locally administered Fire and Police Pension Plans. There were a total of 38 active members, 6 members on DROP, and 2,124 benefit recipients. The total assets applied were \$228.5 million, with a total unfunded actuarial accrued liability of \$153.6 million resulting in Police Plans being 63% funded, Fire Plans 54% funded, and Volunteer Plans 95% funded. Overall, the actual employer contribution amounts for the Local Plans continue to be less than the actuarially required contributions.

Mr. Carreiro recommended to the Board to revise the Special Reports for the two (2) previously declared Project Insolvent plans: Batesville Fire and Fayetteville Fire, and to also declare Bradford Fire and Marion Fire as new Projected Insolvent plans. Mr. Hensley made a motion, seconded by Ms. Lenehan, to approve Mr. Carreiro's recommendations. The motion passed unanimously.

#### June 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. Lundy made a motion, seconded by Mr. Watson, to approve the June 2016 financial statements. The motion passed unanimously.

#### Review/approve benefit increase items

Mr. Clark reviewed the internal checklist for the Eureka Springs Fire Pension Fund. Staff and the actuaries agree that Eureka Springs 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. Watson, to approve the PRB Recognized Investment Management and Trust Arrangement for Eureka Springs Fire. The motion passed unanimously. Mr. Clark also reviewed staff action on the following three (3) benefit increase requests:

- Dardanelle Fire approved \$50 per month increase
- Eureka Springs Fire approved \$40 per month increase
- Lonoke Fire approved \$30 per month increase

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

Other Business

With no further business, Mr. Hensley made a motion, seconded by Mr. Watson, to adjourn. The motion passed unanimously. The Board adjourned at 11:23 a.m.

Respectfully submitted,

Approved 12/07/16

Tiffiney Lewis  
Secretary to the Board