

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

The Arkansas Fire and Police Pension Review Board met on Wednesday, December 11, 2019 in the PRB office at 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas.

Members Present: Steve Miller, Employer Member, Chairman  
Lance Spicer, Employer Member, Vice-Chairman  
Bill Lundy, Fire Employee Member  
Farris Hensley, Police Employee Member  
Rusty Watson, Police Employee Member  
Jim Gates, Fire Employee Member  
Buddy Ledford, Public Member  
Sara Lenehan, Employer Member

Excused Member: Melanie Hazeslip, DF&A Member

Staff Present: David Clark, Executive Director  
Laura Nixon, Membership Coordinator  
Lesley Weaver, Secretary to the Board

Chairman Miller called the meeting to order at 9:30 a.m. and recognized a quorum and notification of the news media. Chairman Miller advised Ms. Hazeslip needed to be excused.

Approval of Minutes

Mr. Lundy made a motion, seconded by Mr. Spicer, to approve the September 11, 2019 PRB meeting minutes. The motion passed unanimously. The Board also reviewed the November 7, 2019 Administrative Services Committee minutes.

Projected Insolvent Update

Mr. Clark stated the Blytheville Fire Pension Fund and the Mammoth Spring Fire Pension Fund were previously declared Projected Insolvent. Mr. Clark advised the Blytheville Fire Pension Fund has been asked to provide their Annual Financial Report (AFR) as soon after January 1<sup>st</sup> as possible so that Mr. Jody Carreiro, actuary, Osborn, Carreiro & Associates (OCA) may produce their Special Report. Mr. Clark stated he and Mr. Carreiro will then visit with the Local Plan and city officials to present the Special Report and discuss available options to protect their benefits. These results will then be presented to the Board at the June 2020 meeting. Mr. Clark advised Mammoth Spring Fire Pension Fund has consolidated; therefore, they are no longer projected insolvent. The Board thanked Mr. Clark for the update.

New UALR Mapping Contract

Mr. Clark reviewed the UALR mapping contract for the 2020/2021 year. Mr. Clark stated the contract is consistent with previous years; however, the total amount for direct costs will decrease to \$131,512. Mr. Clark advised in all previous years the Board has approved the contract that does not include indirect costs. In keeping with past practices, staff recommends approving the contract without indirect costs. Mr. Lundy made a motion, seconded by Mr. Ledford, to approve the 2020/2021 UALR Mapping contract with direct costs in the amount of \$131,512. The motion passed unanimously.

### Actuarial Services Retainer

OCA has asked to continue as the actuaries for the PRB for the next two (2) years. Mr. Carreiro stated that due to inflation they have proposed slight increases in the charge per annual actuarial valuation, the quarterly retainers, the fee for the Premium Tax Allocation report, and Projected Insolvent reports. Ms. Lenehan made a motion, seconded by Mr. Hensley, to approve the new two-year actuarial services retainer. The motion passed unanimously.

### September 2019 Financial Statements

Chairman Miller 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. Gates, to approve the September 2019 financial statements. The motion passed unanimously.

### ASC Report

Mr. Lundy stated the Administrative Services Committee (ASC) met on November 7, 2019, and approved:

1. A revision of the salary ranges for the Chief Financial Officer, Accountant II, and Membership Services positions to agree with the comparative salary ranges of their peers, effective January 1, 2020.
2. A COLA of 1.7% awarded to the Executive Director and Assistant Director, effective January 1, 2020.
3. An update to the Agency's career service award program, effective January 1, 2020.
4. A 70/30 configuration for the division of salaries between the PRB and LOPFI due to the declining number of Local Plans under purview of the PRB and the recent decision to reduce the number of regular meetings the PRB would hold, effective with the 2020 budgets. The PRB will fund the 30% portion and LOPFI the 70% portion.

Mr. Lundy stated the LOPFI Board approved these recommendations at their meeting last week. Mr. Lundy stated an article was recently published regarding LOPFI's investment performance and the Executive Director's salary. Mr. Lundy advised Mr. Clark is currently the senior pension administrator in the state and his pay is reflective of his 20+ years of employment and many accomplishments. Mr. Lundy went on to state that our system is efficient because of Mr. Clark and staff and he has no hesitation in approving the ASC's recommendations. After discussion by the Board, Mr. Hensley made a motion, seconded by Mr. Ledford, to approve the ASC recommendations. The motion passed unanimously. Mr. Clark thanked the Board.

### Proposed 2020 Budget

Mr. Clark reviewed the details of the proposed 2020 PRB budget, which totals \$635,449. This is a reduction from the 2019 budget and is primarily due to the revised division of salary costs Mr. Lundy described earlier. Mr. Clark advised the proposed budget allows for the replacement of one of the agency's servers, which has exceeded its warranty. The cost for purchasing, building, and installing the server will be shared equally with LOPFI. PRB's portion of this cost will be \$11,375. The proposed budget also allows for the agency to add redundant internet service. This will ensure, as best as possible, that internet connectivity will be available at all times. Mr. Spicer made a motion, seconded by Mr. Lundy, to approve the proposed budget for 2020. The motion passed unanimously.

### Benefit Increase Schedule

Mr. Clark reviewed the requested amendment to the benefit increase schedule used by the PRB. Staff requests that the current December 31<sup>st</sup> due date for benefit increase items to be received by the PRB be moved to September 30<sup>th</sup>. This will ensure all benefit increase requests are completed in time to be reviewed at the December PRB meeting and have the benefit payout changes be reported on the current year's AFR. Chairman Miller recognized Mr. Pete Reagan, trustee with the Fayetteville Local Fire Pension Fund. Mr. Reagan asked if notification of this change would be sent to the Local Plans and went on to state he is in favor of moving the date to September 30<sup>th</sup>. Mr. Clark advised staff will provide timely notification to the existing 65 locally-administered Local Plans, so that a Local Plan considering a benefit increase is aware of the new timeline. Chairman Miller recognized Mr. Scott Harper, trustee with the Russellville Local Police Pension Fund. Mr. Harper expressed his appreciation of Mr. Clark and staff for the streamlined processing of the benefit increase their Local Plan had requested. Mr. Harper went on to state that in his opinion moving the date to September 30<sup>th</sup> would be good for the Local Plans. Mr. Clark thanked Mr. Reagan and Mr. Harper for their comments. After discussion by the Board, Mr. Watson made a motion, seconded by Mr. Hensley, to approve moving the deadline for benefit increase request from December 31<sup>st</sup> to September 30<sup>th</sup>. The motion passed unanimously.

Ms. Lenehan questioned the benefit increase approval process. Ms. Lenehan stated the timing of the PRB's approval of benefit increases may not be completed by the end of a calendar year. The Board discussed the current process i.e. the Board approves staff action on benefit increases. Ms. Lenehan asked that the process be reviewed and report back at the next Board meeting. Mr. Clark stated this information will be provided at the June 2020 meeting.

### Review/Approve Benefit Increase Items

Mr. Clark reviewed the internal checklist for the Benton Fire Pension Fund and the Morrilton Fire Pension Fund. Staff and the actuaries agree that these two (2) Local Plans 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 these two (2) Local Plans. The motion passed unanimously. Mr. Clark also reviewed staff action on the following seven (7) benefit increase requests:

- Brinkley Fire – approved \$50 per month increase
- Flippin Fire – approved \$35 per month increase
- Jacksonville Police – approved 5% increase
- Morrilton Fire – approved \$50 per month increase
- Russellville Police – approved \$300 per month increase
- Warren Fire – approved \$40 per month increase
- Yellville Fire – approved \$40 per month increase

Mr. Lundy made a motion, seconded by Mr. Gates, to approve staff action on these seven (7) benefit increases. The motion passed unanimously. Mr. Clark advised that given what occurred a few meetings ago with the decision to overturn an approved increase for the Rogers Fire Pension Fund, because the city chose to stop the millage flowing into the Local Plan, we have

separated the Benton Fire benefit increase discussion from the others in your meeting packet. Benton Fire wants to implement continued employment after DROP for the one (1) remaining active member of the Local Plan. This provision requires the benefit increase process to be followed. The benefit increase valuation shows this provision can be implemented as long as the current increased millage amount continues to be deposited into the Local Plan for at least the next five (5) years. Chairman Miller recognized Chief William Ford with Benton Fire. Chief Ford explained that recent research showed a portion of the millage had been diverted from the Local Plan over the course of many years, but has since been corrected. The city understands the millage must continue to be deposited into the Local Plan as voted on by the voters. Mr. Lundy made a motion, seconded by Mr. Gates, to approve the Benton Fire Pension Fund's request to implement continued employment after DROP. The motion passed unanimously.

#### Set Dates/Times for 2020 Meetings

The Board agreed on the following dates/times for their 2020 meetings:

- May 7 – at 10:15 a.m. – Audit Committee Meeting
- June 17 – at 9:30 a.m. – Quarterly Meeting
- December 16 – at 9:30 a.m. – Quarterly Meeting

#### Upcoming Board Appointments

Mr. Clark stated there are five (5) Board Member positions up for re-appointment effective January 1<sup>st</sup>. Mr. Clark stated that Chairman Miller, Mr. Gates, Mr. Watson, Ms. Lenehan, and Mr. Ledford have agreed to have their names submitted for consideration and that letters will be sent to the Governor and the respective member/employer organizations asking that each person be considered for re-appointment.

#### Elect Chair and Vice-Chair

Mr. Hensley made a motion, seconded by Ms. Lenehan, to elect Mr. Watson as Chairman and Mr. Hensley as Vice-Chairman. The motion passed unanimously.

#### Other Business

Mr. Lundy stated he had been contacted by a Local Plan that had consolidated many years ago and has only received a couple of small benefit increases. Mr. Lundy asked Mr. Clark if there was information that could be provided comparing this Local Plan to other consolidated Local Plans that have implemented benefit increases. Mr. Clark stated that staff can easily develop this type of document and he will ensure Mr. Lundy receives a copy. Mr. Lundy thanked Mr. Clark for his willingness to provide the requested documentation.

With no further business, Mr. Ledford made a motion, seconded by Mr. Watson, to adjourn at 10:48 a.m.

Respectfully submitted,

Approved 06/17/2020

Lesley Weaver  
Secretary to the Board