

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

The Arkansas Fire and Police Pension Review Board met on Wednesday, December 12, 2018 in the PRB office at 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas.

Members Present: Steve Miller, Employer Member, Chairman  
Farris Hensley, Police Employee Member  
Rusty Watson, Police Employee Member  
Jim Gates, Fire Employee Member (teleconference)  
Buddy Ledford, Public Member  
Sara Lenehan, Employer Member  
Melanie Hazeslip, DF&A Member

Excused Members: Lance Spicer, Employer Member, Vice-Chairman  
Bill Lundy, Fire Employee 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 9:33 a.m. and recognized a quorum and notification of the news media. Chairman Miller advised Mr. Spicer and Mr. Lundy needed to be excused. Mr. Hensley made a motion, seconded by Mr. Ledford, to excuse Mr. Spicer and Mr. Lundy. The motion passed unanimously.

Approval of minutes

Mr. Ledford made a motion, seconded by Ms. Lenehan, to approve the September 12, 2018 PRB meeting minutes. The motion passed unanimously. The Board also reviewed the November 8, 2018 Administrative Services Committee minutes.

Premium Tax Legislative Changes

Mr. Jody Carreiro, actuary, Osborn, Carreiro & Associates (OCA) reviewed the technical changes for the proposed Premium Tax legislative changes and advised that these may be proposed as one (1) bill or two (2) separate bills. The Board discussed the merits of moving the \$4 million “floor” for the state that is currently at the end of the Premium Tax formula to the beginning of the formula. After further discussion, Ms. Lenehan made a motion, seconded by Mr. Watson, to ask DF&A to review the proposed changes to determine if moving the \$4 million floor to the beginning of the formula is viable and to pursue all changes in one bill. In addition, add language in the Additional Allocation section that ensures Local Plans that qualify for the 15% funding amount, and proration in the formula occurs due to a shortfall in total Premium Tax, any amounts initially allocated to Local Plans that end up not qualifying for Additional Allocation, those unexpended amounts can be directed back to the qualifying Local Plans to reduce the impact of any required proration. The motion passed unanimously.

### Future of the PRB

Mr. Clark reviewed Mr. Lundy's proposal regarding the future of the PRB that was first discussed at the September meeting. Mr. Lundy has proposed asking the Joint Committee on Public Retirement and Social Security Programs (Joint Retirement) to complete an interim study to identify how best to conclude the business of the PRB and wind down the remaining Local Plans. The concept would be for all stakeholders such as representatives of the Local Plans, Joint Retirement, municipal league, Governor's office, and legislative counsel to identify the necessary steps and multi-year timeline to complete this work. Ms. Lenehan and Mr. Hensley stated this proposal appears to mandate the remaining Local Plans to consolidate. After further discussion from the Board, Chairman Miller recognized members of the audience for comments. Mr. Glenn Redding, retired Harrison Local Police Plan, Mr. Scott Harper, retired Russellville Local Police Plan, and Mr. John Turbeville, Aria Wealth Management, each stated their preference is for the PRB to not pursue this proposal. Mr. Ledford made a motion, seconded by Ms. Lenehan, to table the discussion to the March 2019 PRB meeting. The motion passed unanimously.

### September 2018 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. Ms. Lenehan made a motion, seconded by Mr. Hensley, to approve the September 2018 financial statements. The motion passed unanimously.

### ASC Report

Mr. Watson stated that the Administrative Service Committee (ASC) met on November 8, 2018 and approved, effective January 1, 2019, a 2.3% cost of living adjustment (COLA) increase for the entire staff. Mr. Hensley made a motion, seconded by Mr. Ledford, to approve the ASC recommendations. The motion passed unanimously. Mr. Clark thanked the Board. Mr. Watson also stated the current 60/40 split of staff salaries between LOPFI and PRB will be revisited for possible changes at the November 2019 ASC meeting.

### Proposed 2019 Budget

Mr. Clark reviewed the details of the proposed 2019 PRB budget, which totals \$695,234. Mr. Clark stated that for the 2019-year the LOPFI-only funded staff position, Membership Coordinator, will be reclassified to Membership Services. This change is the result of the pending promotion of the Membership Coordinator, Laura Nixon, to the Assistant Director role. The LOPFI Board of Trustees approved this promotion at their December 6, 2018 meeting. Mr. Clark also advised the proposed budget allows for the replacement of all workstations, hardware for network security, and a new failover device for phone service. These items, including labor, will have their costs shared with LOPFI. Costs for the PRB are budgeted at \$17,591.00. Mr. Ledford made a motion, seconded by Mr. Hensley, to approve the proposed budget for 2019. The motion passed unanimously.

### Review/Approve Benefit Increase Items

Mr. Clark advised the Rogers Fire Pension Fund was approved to move from 70% to 100% of final salary for the paid participants and a \$50 per month increase for the volunteer participants using an alternate cash flow valuation. However, since the benefit increase valuation was completed, the city of Rogers rescinded the millage for the Local Plan. (The city

also rescinded the millage for their Police Plan.) In addition, the Local Plan intends to ask the Rogers city council to approve a reduced amount for the paid participants. Instead of the 100% amount, they will ask the city to approve a 3% increase. The \$50 increase for the volunteers would remain unchanged. Chairman Miller and Ms. Lenehan expressed concerns about approving any increases given that the millage was rescinded. After further discussion, the Board voted, six (6) in favor and Mr. Hensley abstaining, to overturn the approval of these benefit increases. Mr. Clark stated a letter will be sent advising the Local Plan of the Board's decision. Mr. Clark also reviewed staff action on the following four (4) benefit increase requests:

- Brinkley Fire – approved \$30 per month increase
- Earle Fire – approved \$45 per month increase
- Lonoke Fire – approved \$50 per month increase
- Russellville Police – approved \$300 per month increase

Ms. Lenehan made a motion, seconded by Mr. Hensley, to approve staff action on these four (4) benefit increases. The motion passed unanimously.

Set dates/times for 2019 meetings

The Board agreed on the following dates/times for their 2019 meetings:

- March 13 - at 9:30 a.m. - Quarterly Meeting
- June 19 - at 9:30 a.m. - Quarterly Meeting
- September 11 - at 9:30 a.m. - Quarterly Meeting
- December 11 - at 9:30 a.m. - Quarterly Meeting

With no further business the Board adjourned at 11:14 a.m.

Respectfully submitted,

Approved 03/13/19

Lesley Weaver  
Secretary to the Board