

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

The Arkansas Fire and Police Pension Review Board met by video conference on Wednesday, December 16, 2020 with the meeting originating from 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
Bill Lundy*, Fire Employee Member
Jim Gates, Fire Employee Member
Buddy Ledford, Public Member
Steve Miller, Employer Member
Lance Spicer, Employer Member
Melanie Hazeslip, DF&A Member
**Attended in-person at the PRB office*

Excused Member: Sara Lenahan, Employer Member

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

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

Approval of Minutes

Mr. Ledford made a motion, seconded by Mr. Lundy, to approve the June 17, 2020 PRB meeting minutes. The motion passed unanimously. The Board also reviewed the November 5, 2020 Administrative Services Committee minutes.

2021 Legislative Session

Mr. Clark reviewed Senate Bill 7 that was pre-filed for the 2021 legislative session. The changes in SB7 will update the age for required distributions. As a result of the Federal Setting Every Community up for Retirement Enhancement (SECURE) Act, the age was extended to 72. Mr. Clark went on to state a request from a consolidated volunteer fire Local Plan was received asking if additional monies could be brought into the Premium Tax formula to help with severely underfunded Local Plans. Representative Wardlaw has filed House Bill 1008 which will need to be amended to ensure any proposed changes to the Premium Tax formula do not interfere with current funding for the existing employers. The Additional Allocation structure for certain consolidated volunteer Local Plans that are less than 50% funded should be able to be adjusted and not affect the Premium Tax received by all other employers. Mr. Clark stated they are not anticipating any issues and reiterated this would not be a PRB Board bill; however, the PRB should be able to support bringing more assets in to the stated consolidated Local Plans. After further discussion, the Board thanked Mr. Clark for the update.

New UALR Mapping Contract

Mr. Clark reviewed the UALR mapping contract for the 2021/2022 year. Mr. Clark stated the contract for the 2021/2022 year is the same as last year with direct costs of \$131,512. Mr. Clark advised in 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. Hensley made a motion, seconded by Mr. Spicer, to approve the 2021/2022 UALR mapping contract with direct costs in the amount of \$131,512. The motion passed unanimously.

September 2020 Financial Statements

Chairman Watson stated the financial statements have been available in the Board packet for review and shows current assets and liabilities and that the System is in good shape. Mr. Clark advised \$15,000 was moved from line item 550 to line item 544 under the General Operating category to accommodate the additional expenses associated with COVID-19. Mr. Clark stated the movement from line item to line item within a broad category, such as the General Operating category, is allowed by the LOPFI-PRB Budget Expense Allocation Procedure and requires a formal notice be presented to the Board that this action was taken. Mr. Ledford stated the current assets listed on the Balance Sheet did not match the liabilities. Mr. Clark thanked Mr. Ledford for noticing that variance and stated this would be corrected and revised statements promptly emailed to the Board. After further discussion, Mr. Lundy made a motion, seconded by Mr. Hensley, to approve the corrected September 2020 financial statements. The motion passed unanimously.

ASC Report

Mr. Lundy stated the Administrative Services Committee (ASC) met on November 5, 2020, and approved:

1. Eliminating one staff position, a vacant Membership Services role, effective January 1, 2021.
2. A COLA of 1.75% awarded to the entire staff, effective January 1, 2021. The September to September CPI report produced a 1.4% COLA; however, ASC Member Mr. J. S. Baxter suggested recognizing the solid efforts of staff in this COVID-19 environment by providing an enhanced amount for the COLA.
3. Add Columbus Day and the Day after Thanksgiving as authorized holidays.

Mr. Lundy stated the LOPFI Board approved these recommendations at their meeting last week. After further discussion, Mr. Lundy made a motion, seconded by Mr. Ledford, to approve the ASC's recommendation. The motion passed unanimously. Mr. Clark thanked the Board.

Proposed 2021 Budget

Mr. Clark reviewed the proposed 2021 PRB budget, which totals \$609,338. Mr. Clark provided an overview of three (3) areas of the proposed 2021 budget: Personal Services, Audit Services, and Office Supplies. Mr. Clark stated Personal Services will see a change since the total number of agency staff will be reduced by one position, a Membership Services position that is currently vacant, which will leave a total of seven (7) PRB staff members. Beginning with the 2020 audit, the auditors will add more disclosures to accommodate Governmental Auditing Standards; although it is not mandatory, additional disclosures of the financial area of the agency are viewed as a positive action. This change will add \$1,000 to the fee amount for Audit Services. The Office Supplies item will see a decrease from the 2020 budget because the current budget accommodated the replacement of a network server. Mr. Miller made a motion,

seconded by Mr. Spicer, to approve the proposed budget for 2021. The motion passed unanimously.

Review/Approve Benefit Increase Items

Mr. Clark reviewed the internal checklist for Harrison Fire, Harrison Police, Morrilton Fire, Osceola Fire, Paris Fire, and Siloam Springs Fire Pension Fund. Staff and the actuaries agree that these six (6) 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. Ledford, to approve the PRB Recognized Investment Management and Trust Arrangement for these six (6) Local Plans. The motion passed unanimously. Mr. Clark also reviewed staff action on the following ten (10) benefit increase requests:

- Greers Ferry Fire – approved \$25/month increase
- Harrison Fire – approved increase from 67% to 75%
- Harrison Police – approved increase from 110% to 115%
- Jacksonville Police – approved 5% increase
- Lonoke Fire – approved \$50/month increase
- Morrilton Fire – denied \$100/month increase; approved \$75/month increase
- Osceola Fire – denied 90% for paid service; approved 85% for paid service and \$30/month for volunteer
- Paris Fire – approved \$70/month increase
- Siloam Springs Fire – approved 5% increase for paid; denied 3% COLA, but approved 1% COLA for paid service; approved \$40/month increase for volunteer
- Waldron Fire – denied \$35/month increase; approved \$20/month increase

Mr. Hensley made a motion, seconded by Mr. Lundy, to approve staff action on these ten (10) benefits increases. The motion passed unanimously.

Set Dates/Times for 2021 Meetings

The Board agreed on the following dates/times for their 2021 meetings:

- June 16 – at 9:30 a.m. – Regular Meeting
- December 8 – at 9:30 a.m. – Regular Meeting

Other Business

Mr. Lundy asked Mr. Hensley and Chairman Watson for an update regarding the City of Little Rock approving a benefit increase for the Little Rock Police Pension Fund. Mr. Hensley stated the city is currently working through the details and his membership is aware of the schedule for the ongoing review for increases. The Board concluded their discussion.

With no further business, the Board adjourned at 10:36 a.m.

Respectfully submitted,

Approved 06/16/2021

Lesley Weaver
Secretary to the Board