

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

The Arkansas Fire and Police Pension Review Board met on Wednesday, June 13, 2018 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 Lenahan, Employer Member  
Jessica Wallace, DF&A Member

Staff Present: David Clark, Executive Director  
Tracy Warfe, Assistant Director  
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.

Notice of Reappointment

Chairman Miller noted the reappointment of Mr. Lundy, Mr. Hensley, and Mr. Spicer and welcomed Ms. Jessica Wallace with DF&A to the Board.

Approval of minutes

Mr. Lundy made a motion, seconded by Ms. Lenahan, to approve the March 14, 2018 PRB meeting minutes. The motion passed unanimously. Mr. Hensley made a motion, seconded by Mr. Gates, to approve the May 2, 2018 Audit Committee minutes. The motion passed unanimously.

Future Supplement Fund

Mr. Lawrence Watts, actuary, Osborn, Carreiro & Associates (OCA) presented the Future Supplement Fund projections as requested by the Board. Mr. Watts reviewed the history of the Future Supplement Fund and provided three (3) alternative Tracks that the Board may consider developing in the 2019 Legislative Session for distribution of the Future Supplement Fund payments:

- Track one (1) is to start near the Future Supplement Fund amounts in 2017 for both police and fire, with volunteer at \$300, and add a 2% cost of living adjustment (COLA).
- Track two (2) is to start with a rounded 2018 amount for both police and fire, with volunteer at \$300, and add a 2% COLA.
- Track three (3) is to set the police amount at about the 2018 level, make the paid fire amount 75% of the police amount, leave the volunteer amount at \$300, and add a 2% COLA.

After a lengthy discussion, Mr. Lundy made a motion, seconded by Ms. Lenehan, to have OCA analyze the potential outlay for the following three (3) Future Supplement structures:

1. Police starting at \$2,240 and fire starting at \$1,620, with a 2% COLA, with the additional provision that fire be brought up to parity in a level manner over a 7-year period.
2. Police starting at \$2,240 and fire starting at \$1,620, with a 2.5% COLA, with the additional provision that fire be brought up to parity in a level manner over a 7-year period.
3. Police starting at \$2,000 and fire starting at \$1,500, with a 2% COLA, with the additional provision that fire be brought up to parity in a level manner over a 7-year period.

The motion passed unanimously. Mr. Hensley individually requested that OCA attempt to quantify the impact of a higher COLA (if the metric were tied to the Consumer Price Index or some similar measure) that would mitigate potential periods of high inflation.

#### 2018/2019 UALR Mapping report

Chairman Miller recognized Phyllis Poché, Director, Census State Data Center and Inderpreet “Sunny” Farmahan, Director, UALR Geographic Information Systems Laboratory, who provided a summary of the mapping project activities for fiscal year 2018. The primary goal of the UALR mapping report is to have accurate district boundaries. Police districts had 47 cities with boundary annexations and fire districts had boundary changes in 8 counties. Arkansas has 216 certified police districts and 491 fire districts with pension coverage. Ms. Poché advised the Board of her retirement at the end of June 2018. The Board wished Ms. Poché well on her retirement. There were no questions from the Board.

#### Audit Committee report

Mr. Ledford, Chairman of the Audit Committee, stated that the Audit Committee met on May 2, 2018. Mr. Ledford confirmed that BKD CPAs & Advisors stated that the December 31, 2017 audit was clean (an un-modified opinion) and the Audit Committee recommends accepting the audit. Mr. Ledford expressed gratitude towards staff for their efforts and cooperation with the auditors for a clean audit. Mr. Lundy made a motion, seconded by Mr. Gates, to accept the audit. The motion passed unanimously. Mr. Clark thanked the Board.

#### ASC report

Mr. Lundy stated that the Administrative Service Committee (ASC) met on June 7, 2018, at 9:30 a.m. Mr. Lundy stated that the Executive Director received a very good review. The ASC recommended approval of a 2% Career Service Award for the Executive Director. Mr. Hensley made a motion, seconded by Mr. Ledford, to approve the ASC’s recommendation. The motion passed unanimously. Mr. Clark thanked the Board.

#### March 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. Mr. Ledford made a motion, seconded by Mr. Lundy, to approve the March 2018 financial statements. The motion passed unanimously.

2018 Premium Tax report

Mr. Lawrence Watts presented the 2018 Premium Tax report. Mr. Watts noted there was an overall growth in Premium Tax this year, up 6.2%, with total gross collections of just over \$64 million. Mr. Watts reviewed the allocation process for locally-administered Local Plans, LOPFI locations, consolidated Local Plans, Additional Allocation, and Future Supplement Funds. Mr. Watts advised that all locations were in compliance. Ms. Lenehan made a motion, seconded by Mr. Lundy, to accept the 2018 Premium Tax. The motion passed unanimously.

With no further business the Board adjourned at 10:57 a.m.

Respectfully submitted,

Approved 09/12/18

Lesley Weaver  
Secretary to the Board