

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

The Arkansas Fire and Police Pension Review Board met by video conference on Wednesday, June 16, 2021 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
Buddy Ledford, Public Member
Sara Lenehan, Employer Member
Lance Spicer*, Employer Member
Colby Fulfer, Employer Member
Melanie Hazeslip, DF&A Member
**Attended in-person at the PRB office*

Excused Member: Jim Gates, Fire Employee Member

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

Vice-Chairman Hensley called the meeting to order at 9:31 a.m. and recognized a quorum and notification of the news media. Vice-Chairman Hensley advised he would conduct the meeting due to Chairman Watson attending remotely. Vice-Chairman Hensley advised Mr. Gates would be excused.

Notice of Reappointments

Vice-Chairman Hensley noted the reappointment of Mr. Gates, Mr. Ledford, Ms. Lenehan, and Mr. Watson and welcomed new Board Member Mr. Colby Fulfer, Chief of Staff for the mayor of Springdale.

Approval of Minutes

Mr. Spicer made a motion, seconded by Mr. Ledford, to approve the December 16, 2020 PRB meeting minutes. The motion passed unanimously. Mr. Spicer made a motion, seconded by Ms. Lenehan, to approve the May 6, 2021 Audit Committee minutes. The motion passed unanimously.

2021 Legislative Session Update

Mr. Clark stated the two acts of interest to the Board, Act 73 of 2021 and Act 347 of 2021, have already had details provided, so he will answer any questions. Mr. Clark also advised Legislative Audit will be performing an audit of LOPFI. We do not have any details at this time, however, given the relationship with the PRB, we will keep the Board current as the process unfolds.

Approve Board Expenses

Mr. Clark advised law requires the Board to approve its yearly expenses at its first regularly scheduled meeting. Mr. Ledford made a motion, seconded by Mr. Spicer, to approve the 2021 Board expenses. The motion passed unanimously.

2021 UALR Mapping Report

Vice-Chairman Hensley recognized Kevin Koonce, UALR Geographic Information Systems Laboratory Analyst, who provided a summary of the mapping project activities for fiscal year 2021. Police districts had 26 cities with boundary annexations, fire districts had 98 boundaries updated, and 21 grant application requests were responded to. Mr. Koonce briefly reviewed Act 382 of 2021 and stated within the next two (2) to three (3) years the PRB will want to reevaluate the UALR contract since there will be some duplication of services due to the act. Mr. Clark advised the 2021 mapping report has been issued and is available on the PRB section of the website. The Board thanked Mr. Koonce for his report.

Audit Committee Report

Mr. Ledford, Chairman of the Audit Committee, stated that the Audit Committee met on May 6, 2021. Mr. Ledford confirmed that BKD CPAs & Advisors stated that the December 31, 2020 audit was clean (an un-modified opinion) and the Committee recommends accepting the audit. Mr. Lundy made a motion, seconded by Ms. Lenehan, to accept the audit. The motion passed unanimously.

ASC Report

Chairman Watson stated the Administrative Services Committee (ASC) met on June 10, 2021, at 9:30 a.m. Chairman Watson stated the Executive Director received a very good review. The ASC recommended approval of a 2.5% Career Service Award for the Executive Director. Mr. Lundy made a motion, seconded by Mr. Spicer, to approve the ASC's recommendation. The motion passed unanimously. Mr. Clark thanked the Board.

March 2021 Financial Statements

Mr. Clark advised 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 Chairman Watson, to approve the March 2021 financial statements. The motion passed unanimously.

Summary of 2020 Actuarial Valuations

Mr. Jody Carreiro, actuary, Osborn, Carreiro & Associates (OCA) provided a summary of the December 31, 2020 Annual Actuarial Valuations. Mr. Carreiro stated that 60 valuations were performed for the locally administered Fire and Police Pension Plans with a total of 10 active members and 891 benefit recipients. The total assets were \$106 million and a total unfunded actuarial accrued liability of \$36 million. Police Plans were 81% funded, Paid Fire Plans 62% funded, and Volunteer Plans 101% funded. The overall actual employer contributions continue to be less than the actuarially determined contributions. Mr. Carreiro stated he and Mr. Clark discussed ways to maintain an open line of communication with three (3) Local Plans that are projected insolvent. The proposal is for a letter to be sent from Mr. Carreiro

regarding their funded status and advise that the PRB is here to help. Mr. Clark advised there will be a cost of \$3,000 for Mr. Carreiro to prepare and issue these letters, and this amount is available in the budget. Mr. Spicer made a motion, seconded by Mr. Ledford, to approve sending a letter in lieu of a special report to these Local Plans and to pay the associated cost. The motion passed unanimously. The Board accepted the Summary of Valuations report and thanked Mr. Carreiro. Vice-Chairman Hensley stated in terms of these remaining Local Plans and consolidation, he feels some locations may be hesitant to consolidate due to the relationship between the members of the Local Plans and the cities. Vice-Chairman Hensley stated trust is a major factor that plays into the decision of consolidation.

2021 Premium Tax Report

Mr. Carreiro presented the 2021 Premium Tax report. Mr. Carreiro advised there was a 3.3% increase in Premium Tax this year, with total gross collections just over \$72 million. Mr. Carreiro reviewed the allocation process for the locally administered Local Plans, LOPFI locations, consolidated Local Plans, Additional Allocation, and Future Supplement Funds. Mr. Carreiro advised all locations were in compliance except for Greers Ferry Fire, which is under mandatory consolidation. They have started the consolidation process; however, since it is not yet finalized, the Board has typically had the Premium Tax withheld and allow staff to work through the remaining steps. It would be at that point that Premium Tax for the location could be released. Mr. Lundy made a motion, seconded by Mr. Ledford, to accept the 2021 Premium Tax report, to withhold Premium Tax for the Greers Ferry location, and authorize its release once compliance is attained. The motion passed unanimously.

Other Business

Vice-Chairman Hensley asked Ms. Lenehan to address a question concerning the consolidated Little Rock Police Pension Fund. At the time of consolidation, the Little Rock board of directors passed an ordinance stating recurring reviews for benefit increases would occur every three (3) years. The city is two (2) years delinquent in terms of performing an actuarial study. Ms. Lenehan stated that last year the city had decided to complete a review, but then COVID hit. Once the annual actuarial report was released by LOPFI's actuary, it was reviewed by the city, a memo was prepared, and information was sent to the city board of directors. Ms. Lenehan stated we did not believe an additional adjustment was prudent; therefore, no action was taken. Mr. Lundy stated completing the reviews as stipulated in the ordinance was a fundamental part of the decision to proceed with consolidation for the Little Rock Fire Pension Fund. Mr. Hensley asked Ms. Lenehan to explain the actuarial report and what was in the report that would indicate the city could not afford an increase. Ms. Lenehan stated she would provide him a copy of the actuarial report and memo she referenced.

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

Respectfully submitted,

Approved 12/08/2021
Lesley Weaver
Secretary to the Board