

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

The Arkansas Fire and Police Pension Review Board met on Wednesday, June 19, 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  
Melanie Hazeslip, DF&A Member

Staff Present: David Clark, Executive Director  
Laura Nixon, 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.

Approval of Minutes

Mr. Gates made a motion, seconded by Mr. Spicer, to approve the March 13, 2019 PRB meeting minutes. The motion passed unanimously. Mr. Lundy made a motion, seconded by Mr. Gates, to approve the May 7, 2019 Audit Committee minutes. The motion passed unanimously.

2019 Legislative Session Update

Mr. Clark stated the Acts of the 2019 Legislative Session affecting Local Plans and LOPFI were described in a summary contained in the Board packet and posted on the agency's website. The effective date for Acts without a stated effective date or an emergency clause will be July 24, 2019. Mr. Lundy asked if Act 465 of 2019 regarding Premium Tax Changes would take effect in time for the distribution of the 2019 Premium Tax. Mr. Clark advised the Act had a stated effective date of May 1, 2019; therefore, it will be in effect for the 2019 distribution. There were no other questions from the Board.

Projected Insolvent Update

Mr. Clark stated that the Salem Fire Pension Fund has previously been declared Projected Insolvent. Mr. Clark and Mr. Jody Carreiro, actuary, Osborn, Carreiro & Associates (OCA) visited with the mayor of Salem and several of the Local Plan board members to present the Special Report and discuss the available options to protect the benefits. The mayor assured the city council members are aware of the financial condition of the Local Plan. The Local Plan has requested a consolidation valuation and seem agreeable to consolidation this year. Mr. Lundy asked if there were any other Local Plans considering consolidation. Mr. Clark advised there is

one (1) in the final stages of a mandatory consolidation and a few others have expressed interest. The Board thanked Mr. Clark for the update.

#### 2019 UALR Mapping Report

Chairman Miller recognized Kevin Koonce and Deano Traywick, UALR Geographic Information Systems Laboratory Analysts, who provided a summary of the mapping project activities for fiscal year 2019. Police districts had 44 cities with boundary annexations and fire districts had 86 boundaries updated. Mr. Koonce stated out of seventy-five (75) counties, only forty-five (45) counties mailed back their signed fire district maps. The primary goal of the UALR Mapping Report is to have accurate district boundaries; therefore, mailing the fire district maps to the county judge is being considered in hopes of having an increase in the number of verified fire district maps being returned. Mr. Lundy made a motion, seconded by Mr. Ledford, to approve the UALR Mapping Report. The motion passed unanimously.

#### Audit Committee Report

Mr. Ledford, Chairman of the Audit Committee, stated that the Audit Committee met on May 7, 2019. Mr. Ledford confirmed that BKD CPAs & Advisors stated that the December 31, 2018 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. Ms. Lenehan made a motion, seconded by Mr. Hensley, to accept the audit. The motion passed unanimously. Mr. Clark thanked the Board.

#### ASC Report

Mr. Lundy stated the Administrative Services Committee (ASC) met on June 11, 2019, at 9:30 a.m. Mr. Lundy stated 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. Spicer, to approve the ASC's recommendation. The motion passed unanimously. Mr. Clark thanked the Board.

#### March 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. Lundy made a motion, seconded by Mr. Ledford, to approve the March 2019 financial statements. The motion passed unanimously.

#### 2019 Premium Tax Report

Mr. Jody Carreiro presented the 2019 Premium Tax report. Mr. Carreiro advised there was a 5.5% increase in Premium Tax this year, with total gross collections just over \$68 million. Mr. Carreiro reviewed the allocation process for locally-administered Local Plans, LOPFI locations, consolidated Local Plans, Additional Allocation, and Future Supplement Funds. Mr. Carreiro advised that all locations, with the exception of Bauxite, were in compliance. Mr. Carreiro advised that Mr. Clark would provide the details of the non-compliance matter. Mr. Ledford made a motion, seconded by Ms. Lenehan, to accept the 2019 Premium Tax report. The motion passed unanimously.

Mr. Clark stated the City of Bauxite has not submitted their May 2019 LOPFI payment and a previous administration with the city did not properly enroll a member; therefore, there is an amount owed to LOPFI for the member not being properly reported. These facts mean the city is not in compliance with LOPFI reporting and payment requirements. At this point, it appears the city will move back into compliance. In the past, the Board has had Premium Tax withheld from cities/departments that are not in compliance and then allow the withheld amounts to be released once compliance is achieved. Staff requests that the Board allow this same process to be used for this current case. Mr. Lundy made a motion, seconded by Mr. Gates, to withhold Premium Tax from the City of Bauxite and authorize the release of Premium Tax once compliance is attained in conformance with LOPFI rules. The motion passed unanimously.

Chairman Miller asked Mr. Carreiro to provide a financial analysis of the impact to the Local Plans and LOPFI of not having the \$4 million that currently is distributed to the state allocated for pension funding purposes. The analysis should show the unfunded cost to provide benefits with and without the \$4 million over a longer time horizon such as 20 years. This information may be helpful in being able to have these monies redirected for police and fire retirement funding purposes. Mr. Carreiro advised he would complete this analysis.

With no further business the Board adjourned at 10:38 a.m.

Respectfully submitted,

Approved 09/11/19

Lesley Weaver  
Secretary to the Board