

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

The Arkansas Fire and Police Pension Review Board met on Wednesday, March 14, 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  
Buddy Ledford, Public Member  
Sara Lenehan, Employer Member

Excused Members: Jim Gates, Fire Employee Member  
Cheryl Reed, 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 9:32 a.m. and recognized a quorum and notification of the news media. Chairman Miller advised Mr. Gates and Ms. Reed needed to be excused. Mr. Lundy made a motion, seconded by Ms. Lenehan, to excuse Mr. Gates and Ms. Reed. The motion passed unanimously.

Approval of minutes

Mr. Ledford made a motion, seconded by Mr. Lundy, to approve the December 13, 2017 minutes. The motion passed unanimously.

Future Supplement Fund

Chairman Miller advised the Board that Mr. Hensley has been delayed; therefore, the Future Supplement Fund discussion will be deferred to later in the meeting.

Approve Board expenses

Mr. Lundy made a motion, seconded by Mr. Spicer, to approve the 2018 Board expenses. The motion passed unanimously.

UALR Mapping contract

Mr. Clark stated typically the UALR mapping contract for the next year is reviewed at the June PRB meeting. However, due to revisions in the budget process at the state level, any upcoming contracts are to be approved in advance of the budget year beginning. The actual mapping report presentation will still be calendared for the June Board meeting. Mr. Clark informed the Board that the mapping contract for the 2018/2019 year is the same as last year with direct costs of \$151,488. Mr. Lundy asked Mr. Clark if the contract was reviewed by staff. Mr. Clark advised yes, the contract is consistent with previous years and the Board has approved

the contract without indirect costs in the past. Ms. Lenehan made a motion, seconded by Mr. Ledford, to approve the 2018/2019 UALR Mapping contract with direct costs i.e. no indirect costs. The motion passed unanimously.

#### December 2017 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. Spicer, to approve the December 2017 financial statements. The motion passed unanimously.

#### Review/approve benefit increase items

Mr. Clark reviewed staff action on the Dardanelle Fire benefit increase request. Dardanelle Fire was denied a \$100 increase, but approved for a \$40 increase. Mr. Lundy made a motion, seconded by Mr. Watson, to approve staff action on the Dardanelle Fire benefit increase. The motion passed unanimously.

#### Fiduciary matters

Mr. Jody Carreiro, actuary, Osborn, Carreiro & Associates (OCA), gave a presentation regarding fiduciary duties. Mr. Carreiro briefly reviewed who is a fiduciary, a fiduciary's responsibilities, whether the PRB is a fiduciary or just an oversight Board, and risks involved with fiduciary duties. Mr. Carreiro stated one part of the governance portion as it relates to operational risk has to do with understanding fiduciary duties and risks so that your oversight is effective. (Mr. Hensley arrived at 9:58 a.m.) Mr. Carreiro stated the PRB has fiduciary duties, but serves as an oversight Board. The Board does not serve as fiduciaries in a legal sense. The Board thanked Mr. Carreiro for his presentation.

#### Future Supplement Fund

Mr. Lawrence Watts, actuary, Osborn, Carreiro & Associates (OCA) presented the Future Supplement Fund projections as requested by the Board at the December 2017 meeting. Mr. Watts stated OCA analyzed what the Future Supplement Fund projection may have looked like had benefits been "locked" at a certain level (with cost of living adjustments) in the past. OCA envisioned this could have been done in two (2) different manners: either by "locking" both police and fire Future Supplement Fund benefit levels independently or combining both police and fire so that each group receives the same benefit level going forward. Mr. Lundy expressed his concern for retirees if a percentage is awarded to both police and fire i.e. if both were awarded a 3% cost of living adjustment independently, then it may look as if police received more of a Future Supplement Fund distribution than fire. Mr. Hensley expressed his concern of not losing sight of what is important for the retirees by not taking money away from those who need it most. Mr. Watts stated due to the way the Future Supplement Fund law is written, funds are set aside a year before they are to be distributed in the Premium Tax allocation. Moving to a single benefit amount, with an attached cost of living, is a sustainable structure for the Future Supplement Fund program. The Board discussed looking more closely at how the formula is used for the Future Supplement Fund distributions. After further dialogue, the Board agreed to continue the review of this topic at the June 13, 2018 PRB meeting.

With no further business, the Board adjourned at 11:26 a.m.

Respectfully submitted,

Approved 06/13/18

Lesley Weaver  
Secretary to the Board