

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, June 15, 2022 with the meeting originating from the PRB office at 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas.

Members Present: Bill Lundy\*, Fire Employee Member, Chairman  
Jim Gates\*, Fire Employee Member, Vice-Chairman  
Farris Hensley\*, Police Employee Member  
Buddy Ledford, Public Member  
Sara Lenehan, Employer Member  
Lance Spicer\*, Employer Member  
Melanie Hazeslip\*, DF&A Member  
*\*Attended in-person at the PRB office*

Excused Member: Rusty Watson, Police Employee Member

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

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

Notice of Reappointments

Chairman Lundy noted the reappointment of Mr. Hensley, Mr. Spicer, and himself to the Board.

Approval of Minutes

Mr. Spicer made a motion, seconded by Mr. Hensley, to approve the December 8, 2021 PRB meeting minutes. The motion passed unanimously. Mr. Gates made a motion, seconded by Mr. Spicer, to approve the May 4, 2022 Audit Committee minutes. The motion passed unanimously.

IT Security Assessment Update

Mr. Clark stated FORVIS, PRB's audit firm, has an IT division that performed an analysis of the PRB's infrastructure for its computer network. Based on the analysis, one of the recommendations was to develop a written IT security policy. Staff is working with the auditors to develop a security policy and once available it will be provided to the LOPFI Board, as the governing body, to adopt the policy that directs management to ensure the policy is followed. In addition, another vendor conducted an internal and external vulnerability assessment of the PRB's IT network. That analysis was an examination of the PRB's IT vendor and there were a few recommended improvements that have been completed. Mr. Clark advised each year there will be ongoing assessments since cyber threats continue to evolve. The Board thanked Mr. Clark for this report.

### Approve Board Expenses

Chairman Lundy advised law requires the Board to approve its yearly expenses at its first regularly scheduled meeting. Mr. Hensley made a motion, seconded by Mr. Gates, to approve the 2022 Board expenses. The motion passed unanimously.

### 2022 UALR Mapping Report

Mr. Clark stated that Mr. Kevin Koonce could not attend today's meeting, so he would cover the summary of the UALR mapping project activities for fiscal year 2022. Police districts had 47 cities with boundary annexations, fire districts had 154 boundaries updated, and 11 grant application requests were responded to. Mr. Clark advised the 2022 mapping report has been issued and is available on the PRB section of the website. 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 4, 2022. Mr. Ledford confirmed that FORVIS stated that the December 31, 2021 audit was clean (an un-modified opinion) and the Committee recommends accepting the audit. Ms. Lenehan and Mr. Ledford expressed gratitude towards staff for their efforts and cooperation with the auditors for a clean audit. Mr. Ledford made a motion, seconded by Ms. Lenehan, to accept the audit. The motion passed unanimously. Mr. Clark thanked the Board. Chairman Lundy stated he has reappointed Mr. Ledford, Mr. Hensley, and Mr. Spicer to the Committee.

### ASC Report

Chairman Lundy stated the Administrative Services Committee (ASC) met on June 9, 2022, at 9:30 a.m. and stated the Executive Director received a very good performance review. The ASC recommended approval of a 3% Career Service Award for the Executive Director. Chairman Lundy made a motion, seconded by Mr. Gates, to approve the ASC's recommendation. The motion passed unanimously. Mr. Clark thanked the Board. Chairman Lundy stated he has reappointed Mr. Watson and himself to the Committee.

### March 2022 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. Clark advised that later in the year, we anticipate an upcoming adjustment to account 542 (office equipment-leasing/maintenance) for the cost of the external review and improvements that were implemented from that review. Even though the costs were not anticipated when the budget was developed, it was not reasonable to wait another year to have these security analysis/reviews completed. 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 to be presented to the Board that the action is taken, which staff will ensure is completed. Ms. Lenehan made a motion, seconded by Mr. Spicer, to approve the March 2022 financial statements. The motion passed unanimously.

### 2023 Legislative Session Update

Mr. Clark stated there is a position on the Board, the public member, that is appointed from a list of names provided by the Joint Retirement Committee and then submitted to the Governor for review. There is a current lawsuit involving another board's appointments that uses a similar appointment process and it is possible the Supreme Court will determine this is unconstitutional since it infringes on the Governor's abilities to make appointments. If that decision occurs in the manner anticipated, a simple amendment will be made to code stating this specific Board position may be appointed by the Governor after consulting Joint Retirement. Staff will ensure the Board is aware of any amendments, should they be needed. There were no questions from the Board.

### Summary of 2021 Actuarial Valuations

Mr. Jody Carreiro, actuary, Osborn, Carreiro & Associates (OCA) provided a summary of the December 31, 2021 Annual Actuarial Valuations. Mr. Carreiro stated that 51 valuations were performed for the locally administered Fire and Police Pension Plans with a total of 4 active members and 767 benefit recipients. The total assets were \$105 million and a total unfunded actuarial accrued liability of \$35 million. Police Plans were 84% funded, Paid Fire Plans 61% funded, and Volunteer Plans 102% funded. The overall actual employer contributions continue to be less than the actuarially determined contributions. Marion Fire is still projected insolvent; however, there are no new Local Plans that are projected insolvent. The Board accepted the Summary of Valuations report and thanked Mr. Carreiro.

### 2022 Premium Tax Report

Mr. Carreiro presented the 2022 Premium Tax report. Mr. Carreiro advised there was over a 7% increase in Premium Tax this year, with total gross collections just over \$78 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. With no further questions, Mr. Hensley made a motion, seconded by Mr. Gates, to approve the 2022 Premium Tax report with a total allocation of \$78,140,088.97. The motion passed unanimously.

With no further business, the Board adjourned at 10:22 a.m.

Respectfully submitted,

Approved 12/07/2022

Lesley Weaver  
Secretary to the Board