

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 17, 2020 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
Jim Gates*, Fire Employee Member
Buddy Ledford, Public Member
Sara Lenehan, Employer Member
Steve Miller, Employer Member
Lance Spicer, Employer Member
Melanie Hazeslip, DF&A Member
**Attended in-person at the PRB office*

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 9:30 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.

Approval of Minutes

Mr. Gates made a motion, seconded by Ms. Lenehan, to approve the December 11, 2019 PRB meeting minutes. The motion passed unanimously. Chairman Watson made a motion, seconded by Mr. Gates, to approve the May 7, 2020 Audit Committee minutes. The motion passed unanimously.

Projected Insolvent Update

Mr. Clark stated that the Blytheville Fire Pension Fund was previously declared Projected Insolvent. Mr. Clark and Mr. Jody Carreiro, actuary, Osborn, Carreiro & Associates (OCA) met remotely with the mayor of Blytheville, several of the Local Plan board members, and the city's finance staff to present the Special Report and discuss possible options to protect the benefits. Mr. Clark stated the meeting went extremely well. Mr. Carreiro reinforced several times during the meeting, the fact the city added \$72,000 to the Local Plan as an asset in 2019, which is a huge step forward for the Local Plan, and encouraged them to continue adding additional monies moving forward. The Local Plan requested a consolidation valuation and seem agreeable to consolidation this year. The Board thanked Mr. Clark for the update.

Benefit Increase Approval Process

Mr. Clark presented a summary regarding how the benefit increase process functions and whether the Board is handling such activity correctly as requested at the December 11, 2019

Board meeting. Mr. Clark verified with PRB legal counsel that the Board is following law and its Rules with this area of its operations. At the December 2019 Board meeting, the question asked was if approved benefit increases (“approved” meaning the OCA valuation demonstrates the increase can be afforded and, based on the valuation results, the executive director certified the approval) should be held in a suspended state until the PRB meets and reviews the actions taken on benefit increase requests. Neither law nor the Board’s Rules indicate that is the case. Rather, the Board is tasked with reviewing and approving the actions of staff to ensure staff is following law and the Rules established by the Board. After discussion by the Board, the Board thanked Mr. Clark for the update.

Approve Board Expenses

Mr. Clark advised law requires the Board to approve its yearly expenses at its first regularly scheduled meeting. Mr. Clark advised the allowed stipend would be issued to all Board members since the meeting was held by video conference; there was no objection. Mr. Lundy made a motion, seconded by Mr. Miller, to approve the 2020 Board expenses. The motion passed unanimously.

2020 UALR Mapping Report

Mr. Clark stated that Mr. Kevin Koonce could not attend today’s meeting, so Mr. Clark would provide a summary of the UALR mapping project activities for fiscal year 2020. Police districts had 39 cities with boundary annexations and fire districts had 165 boundaries updated. Mr. Clark advised the 2020 mapping report has been issued and is available in 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 7, 2020. Mr. Ledford confirmed that BKD CPAs & Advisors stated that the December 31, 2019 audit was clean (an un-modified opinion) and the 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. Spicer, 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, 2020, at 9:30 a.m. Mr. Lundy 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. Ledford made a motion, seconded by Mr. Gates, to approve the ASC’s recommendation. The motion passed unanimously. Mr. Clark thanked the Board.

March 2020 Financial Statements

Mr. Clark stated the Office Equipment-Leasing/Maintenance line item has consumed a large portion of the budgeted amount due to annual contracts that are paid at the beginning of the year. Due to the remote office work required from COVID-19, we will need to move some amounts from line items in the General Operating section to the Office Supplies line item as the year progresses. Such changes are permitted under the Board’s guidelines and the Board will be

alerted when they occur. Chairman Watson made a motion, seconded by Mr. Gates, to approve the March 2020 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/month increase, but approved for a \$30/month increase. Chairman Watson made a motion, seconded by Mr. Lundy, to approve staff action on the Dardanelle Fire benefit increase. The motion passed unanimously.

2021 Legislative Session Update

Mr. Clark reviewed the proposed amendments to three sections of Local Plan code. The amendments have been reviewed and approved by PRB legal counsel. The amendments pertain to the federal Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) signed into law in December 2019. This act changed the age 70 ½ provision for a required minimum distribution (RMD). Anyone who turns age 70 ½ in 2020 or later can now defer an RMD as late as April 1st of the calendar year following the attainment of age 72. Mr. Ledford made a motion, seconded by Ms. Lenehan, to approve the amendments to three sections of Local Plan code. The motion passed unanimously. Mr. Lundy expressed concern for the future of the Local Plans and stated he believes the Board should move forward with legislation to have all the remaining Local Plans consolidate since they have been closed for nearly 38 years. Mr. Lundy advised he is thinking of the members of the Local Plans whose benefits may not be guaranteed. After discussion by the Board, there was no action. Mr. Lundy stated he feels this is an important subject; therefore, he will bring this topic back up for discussion in the future.

Summary of 2019 Actuarial Valuations

Mr. Carreiro provided a summary of the December 31, 2019 Annual Actuarial Valuations. Mr. Carreiro stated that 65 valuations were performed for the locally administered Fire and Police Pension Plans with a total of 12 active members, 1 member on DROP, and 1,054 benefit recipients. The total assets applied were \$116 million and a total unfunded actuarial accrued liability of \$47 million. Police Plans were 80% funded, Paid Fire Plans 59% funded, and Volunteer Plans 96% funded. Overall, the actual employer contribution amounts for the Local Plans continue to be less than the actuarially determined contributions. The Board accepted the Summary of Valuations report and thanked Mr. Carreiro.

2020 Premium Tax Report

Mr. Jody Carreiro presented the 2020 Premium Tax report. Mr. Carreiro advised there was a 3.4% increase in Premium Tax this year, with total gross collections just over \$70 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 Decatur Fire, which is under mandatory consolidation. They have started the consolidation process; however, since it is not yet finalized, the Board has typically allowed the Premium Tax to be withheld and allow staff to work through the remaining steps. It would be at that point that Premium Tax for the location would be released. Mr. Lundy made a motion, seconded by Mr. Gates, to accept the 2020

Premium Tax report, to withhold Premium Tax for the Decatur location and authorize its release once compliance is attained. The motion passed unanimously.

With no further business, the Board adjourned at 10:58 a.m.

Respectfully submitted,

Approved 12/16/2020

Lesley Weaver
Secretary to the Board