

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, December 8, 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
Jim Gates*, Fire Employee Member
Buddy Ledford, Public Member
Lance Spicer*, Employer Member
Sara Lenehan, Employer Member
Melanie Hazeslip, DF&A Member
**Attended in-person at the PRB office*

Excused Member: Colby Fulfer, Employer 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 9:30 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. Vice-Chairman Hensley advised Mr. Fulfer would be excused. Mr. Lundy noted today, December 8, 2021, was the 101st birthday for Mr. Jack B. Davis, a retiree with the Little Rock Fire Department.

Approval of Minutes

Mr. Ledford made a motion, seconded by Mr. Lundy, to approve the June 16, 2021 PRB meeting minutes. The motion passed unanimously. The Board also reviewed the November 4, 2021 Administrative Services Committee minutes.

Legislative Audit

Mr. Clark stated that Legislative Audit has provided a draft special report and staff issued a response. The next Legislative Audit Committee meeting is set for January 7, 2022 and the final report will be issued at that time. When the final report is released, Mr. Clark will ensure a copy is promptly provided to the Board. The Board thanked Mr. Clark for the update.

New UALR Mapping Contract

Mr. Clark reviewed the UALR mapping contract for the 2022/2023 year. Mr. Clark stated the contract for the 2022/2023 year is the same as last year with direct costs of \$131,512. Mr. Clark advised in previous years the Board has approved the contract that does not include indirect costs. In keeping with past practices, staff recommends approving the contract without indirect costs. (Mr. Gates arrived at 9:34 a.m.) Mr. Spicer made a motion, seconded by Mr.

Lundy, to approve the 2022/2023 UALR mapping contract with direct costs in the amount of \$131,512. The motion passed unanimously.

Actuarial Services Retainer

Mr. Jody Carreiro, actuary with Osborn, Carreiro & Associates (OCA) stated he appreciates working with the PRB and asked to continue as the Board's actuary for the next two (2) years. Mr. Carreiro stated that due to inflation they have proposed a slight increase for the Premium Tax Allocation report; however, all other fees would remain unchanged. Ms. Lenehan made a motion, seconded by Mr. Gates, to approve the new two-year actuarial services retainer. The motion passed unanimously.

September 2021 Financial Statements

Vice-Chairman Hensley stated the financial statements have been available in the Board packet for review and shows current assets and liabilities and that the PRB's financial position is in good shape. Chairman Watson made a motion, seconded by Mr. Ledford, to approve the September 2021 financial statements. The motion passed unanimously.

ASC Report

Mr. Lundy stated the Administrative Services Committee (ASC) met on November 4, 2021 and approved a 5.4% COLA for the Chief Financial Officer, Accountant II, and all Membership Services positions and a 3% COLA, for range adjustment purposes, plus 2.4% lump-sum for the Executive Director and Assistant Director positions effective January 1, 2022. Mr. Gates made a motion, seconded by Mr. Lundy, to approve the ASC's recommendations. The motion passed unanimously. Mr. Clark thanked the Board.

Proposed 2022 Budget

Mr. Clark reviewed the proposed 2022 PRB budget, which totals \$630,428. Mr. Clark provided a brief overview of the proposed 2022 budget and stated beginning with the 2022-year the auditors will conduct an in-depth assessment of the agency's IT systems/operations. This additional analysis is planned to be an ongoing project over the next several years. Costs for this project will be shared with LOPFI using a 75/25 split. The 25% portion is assigned to the PRB and for the 2022-year will be \$4,000. Mr. Clark then explained how the PRB funds its costs per Mr. Lundy's request at the November ASC 2021 meeting. ACA 24-11-203 allows the PRB to receive an amount not to exceed 1% of the total premium tax revenues to pay for its administrative expenses. Mr. Lundy stated with only 51 remaining Plans under the PRB purview, it is becoming costly per fund for the PRB to operate. Mr. Hensley stated he understands what Mr. Lundy stated, however, he disagrees because the cost is not unreasonable. Mr. Lundy made a motion, seconded by Mr. Spicer, to approve the proposed budget for 2022. The motion passed unanimously.

Review/Approve Benefit Increase Items

Mr. Clark reviewed the internal checklists for Alma Fire, Eureka Springs Fire, Fordyce Fire, Manila Fire, and Springdale Fire. Staff and the actuaries agree that these five (5) Local Plans met the requirements of a PRB Recognized Investment Management and Trust Arrangement for the purpose of an Alternate Cash Flow Valuation. Mr. Clark also reviewed staff action on the following thirteen (13) benefit increase requests:

- Alma Fire – approved \$50/month increase
- Ashdown – failed to remit payment; file closed 10/1/2021
- Dardanelle Fire – denied \$100/month increase; approved \$55/month increase
- Elaine Fire – did not remit payment by 9/30; file closed 10/1/2021
- Eureka Springs Fire – approved \$50/month increase
- Flippin Fire – approved \$40/month increase
- Fordyce Fire – approved \$40/month increase
- Jacksonville Police – approved 10% increase
- Lonoke Fire – approved \$65/month increase
- Manila Fire – approved \$60/month increase
- Springdale Fire – approved 90% base w/minimum of \$100 increase for paid; approved \$100/month increase for volunteer
- Warren Fire – approved \$80/month increase
- Yellville Fire – approved \$40/month increase

Mr. Lundy requested more detail be provided to the Board to review in regard to benefit increases i.e., total number of members, total number of disabilitants, total number of survivors, and current benefit level(s). Mr. Clark and Mr. Carreiro advised this information would be added to the Board packet in the future. Ms. Lenehan made a motion, seconded by Mr. Lundy, to approve the PRB Recognized Investment Management and Trust Arrangement for the five (5) Local Plans and staff action on the thirteen (13) benefit increases. The motion passed unanimously. (Ms. Lenehan departed at 10:29 a.m.)

Set Dates/Times for 2022 Meetings

The Board agreed on the following dates/times for their 2022 meetings:

- June 15 – at 9:30 a.m. – Regular Meeting
- December 7 – at 9:30 a.m. – Regular Meeting

Upcoming Board Appointments

Mr. Clark stated there are three (3) Board Member positions up for re-appointment effective January 1st. Mr. Clark stated that Mr. Lundy, Mr. Hensley, and Mr. Spicer have agreed to have their names submitted for consideration and that letters will be sent to the Governor and the respective member/employer organizations asking that each person be considered for re-appointment.

Elect Chair and Vice-Chair

Mr. Clark stated that per Board Rule 1 the next rotation cycles to the public representative. Mr. Ledford respectfully declined. Mr. Gates made a motion, seconded by Mr. Ledford, to elect Mr. Lundy as Chairman. The motion passed unanimously. Consistent with past practices the Board fills the Vice-Chairman position with a member from the same representative group, which in this case is Fire. Therefore, Mr. Gates will become Vice-Chairman.

Other Business

Vice-Chairman Hensley recognized Ms. Carrie Carr, Vice-President – Investments with ARIA Wealth Management. Ms. Carr addressed the reasoning for Ashdown Fire and Elaine Fire

missing the September 30th deadline and asked they be allowed to move forward with the benefit increase. After discussion, the Board upheld the decision to close both files since neither Local Plan met the requirement that the PRB is to receive all benefit increase items by September 30th.

With no further business, the Board adjourned at 10:45 a.m.

Respectfully submitted,

Approved 06/15/2022

Lesley Weaver
Secretary to the Board