

"AN ACT TO AMEND SECTION 1 OF ACT 491 OF 1921 AS AMENDED, [ARK. STATS. 19-2201], AND SECTION 3 OF ACT 250 OF 1937 AS AMENDED, [ARK. STATS. 19-1803] TO PROVIDE FOR ACTIVE MEMBERS TO SERVE ON LOCAL POLICE AND FIRE PENSION FUND BOARDS OF TRUSTEES WHEN NO RETIRANTS ARE AVAILABLE TO SERVE; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Section 1 of Act 491 of 1921 as amended, the same being Arkansas Statutes 19-2201, is hereby amended to read as follows:

"Section 1. (1) The Board of Trustees of the Firemen's Pension and Relief Fund shall be composed of the chief executive, the city clerk or recorder, and the fire chief of every city, incorporated town, or duly organized fire protection district, in addition to three (3) active members and one (1) retired member of the pension fund. The Board thus created shall provide for the disbursement of the Firemen's Relief and Pension Fund and shall designate its beneficiaries as directed in this Act. The fire department shall elect the active members by secret written ballot in May of each year, with two of the members to be chosen in odd-numbered years and the other member in even-numbered years. The retired member shall be chosen in May of each even-numbered year by a method to be determined by the Board. All member trustees shall serve two-year terms. However, when no retirant is available to serve on the Board, all four (4) employee positions shall be held by active members of the pension fund, and shall all be elected for two-year terms as provided above. The Board shall have the power to make all rules and regulations needful for its guidance to implement the provisions regarding board composition.

(2) Provided, that in those local fire pension and relief funds which cover less than four (4) active members, a local board of trustees may no longer exist, and the pension fund may be designated as inactive by the employer. Administrative responsibility for the fund shall be assigned to the Arkansas Local Police and Fire Retirement System (LOPFI), as allowed by Section 3.11 of Act 364 of 1981 as amended, and as provided in the following procedure:

(a) The actuary under contract to LOPFI shall compute the retirement reserve for vested and active members and eligible beneficiaries of the inactive fund. After receiving the report of the actuary, the employer shall transfer the computed reserve to LOPFI to be held in an account designed as the retirement reserve for the inactive fund, and from which LOPFI shall pay eligible beneficiaries. Provided, that the retirement reserve and any additional employer contributions shall include such amounts as necessary to provide administrative expenses to LOPFI, but such expenses shall not exceed a total of one-half of one percent (.5%) of active member pays plus one percent (1%) of annual reserve assets.

(b) Any excess assets of the fund remaining after the retirement reserve is created shall be transferred to an account designated by the employer, to be used solely for the purposes of making payments to LOPFI for employee coverage administered under LOPFI, and for no other purpose.

(c) If a former member of the local pension fund returns to service in which the employee would have again become a member of the local fund, such past service credit may be purchased by the employer for the employee under the LOPFI System, and such purchase costs shall be amor-

tized in the same manner as other service credit purchases are amortized under LOPFI.

(d) No benefit amendments shall be made in benefits payable from the inactive fund under the administration of LOPFI. Provided, should the law mandate an increase in benefits to retired members and/or their beneficiaries, such increases shall be payable from the retirement reserve of the inactive fund. Provided, further, that no pro-rating of benefits shall be allowed in inactive funds under the administration of the LOPFI System. If the retirement reserve of an inactive fund shall become inadequate to pay full benefits to eligible recipients, or if active members are still covered by the fund, LOPFI shall require of the employer, and the employer shall remit, such actuarially computed amounts as necessary to pay full benefits to current and future recipients.

(e) Once a fund becomes inactive, and a retirement reserve is created as required above, the employer may continue to collect such millage, State Insurance Tax Turnback, and other revenues allowed by law for the support of firefighter retirement programs. Such revenue shall be deposited locally in an account designated by the employer, solely for making payments to LOPFI for employee coverage administered under LOPFI, and for no other purpose.

(f) All employer contributions for inactive funds shall be made in such amounts, and in such manner, form, and frequency, as the LOPFI Board of Trustees shall require. Further, the pension records of inactive funds, and other materials and reports as may be required by the LOPFI Board of Trustees to administer the inactive fund, shall be provided to LOPFI in such a manner as the Board shall require."

SECTION 2. Section 3 of Act 250 of 1937 as amended, the same being Arkansas Statutes 19-1803, is hereby amended to read as follows:

"Section 3. The Board of Trustees of the Policemen's Pension and Relief Fund shall consist of seven (7) members and shall be composed of the chief executive officer of the city, who shall be chairman of the board, the City Treasurer, who shall be the treasurer of said fund, one (1) member who is retired from the pension fund, and three (3) active members of the pension fund, elected by the active membership of the pension fund. The active pension fund members shall elect the active members by secret written ballot in May of each year, with two of the members to be chosen in odd-numbered years and the other member in even-numbered years. The retired member shall be chosen in May of each even-numbered year by a method to be determined by the Board. All member trustees shall serve two year terms.

Provided however, if there are no active members of the pension fund, all four employee members shall be elected from and by the retired membership of the pension fund.

The board shall select one of the police members as secretary of the board, to serve for a period of two (2) years or until his successor is elected and qualified. Those six members shall elect one (1) more member who shall be a reputable physician, who shall represent the said board of trustees in the examination of any member of the department upon claim of disability. The police officer members and the physician representative of the board shall serve for a period of two (2) years or until their successors are elected and qualified.

However, if no retirant is available to serve on the Board, all four (4) employee positions shall be held by active members of the pension fund, and shall all be elected by secret ballot by the active members of the pension fund for two-year terms as provided above. The Board shall have the power to make all rules and regulation needful for its guidance to implement the provisions regarding board composition."

SECTION 3. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 4. EMERGENCY. It is hereby found and determined by the General Assembly that an active member of a police pension fund should be allowed to serve on a local pension board when no retirant is available to serve; that local police pension boards of trustees are uncertain of their composition when no retirant is available to serve; and that this Act is immediately necessary to end such uncertainty. Therefore, an emergency is hereby declared to exist and this Act being necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

APPROVED: 3/25/87