

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

Act 851 of the Regular Session

1 State of Arkansas

As Engrossed: S3/23/07 S3/27/07

2 86th General Assembly

A Bill

3 Regular Session, 2007

SENATE BILL 158

4  
5 By: Senators J. Jeffress, Faris

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8 **For An Act To Be Entitled**

9 AN ACT ESTABLISHING MINIMUM ASSET MANAGEMENT  
10 STANDARDS FOR LOCAL PENSION AND RELIEF FUNDS; AND  
11 FOR OTHER PURPOSES.

12  
13 **Subtitle**

14 AN ACT ESTABLISHING MINIMUM ASSET  
15 MANAGEMENT STANDARDS FOR LOCAL PENSION  
16 AND RELIEF FUNDS.

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

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21 SECTION 1. Arkansas Code Title 24, Chapter 11, Subchapter 2 is amended  
22 to add an additional section to read as follows:

23 24-11-216. Minimum asset management standards.

24 (a) A local pension and relief fund shall meet the minimum asset  
25 management standards established under this section.

26 (b)(1) A local pension and relief fund shall be deemed to have met the  
27 minimum asset management standards if:

28 (A) The local pension and relief fund has a legally  
29 constituted board of trustees under § 24-11-405 and § 24-11-801;

30 (B) The board of the local pension and relief fund meets  
31 at least two (2) times annually;

32 (C) The local pension and relief fund is actuarially sound  
33 as defined by the Arkansas Fire and Police Pension Review Board;

34 (D)(i) The rate of return earned by the local pension and  
35 relief fund over the most recent three (3) year period is at least equal to



1 the rate of return for one (1) year United States Treasury notes over the  
2 most recent three-year period.

3 (ii) A higher standard for rate of return may be set  
4 by rule of the Arkansas Fire and Police Pension Review Board; and

5 (E) The local pension and relief fund has been in  
6 compliance under § 24-11-202 in two (2) of the past three (3) years.

7 (2) A local pension and relief fund shall meet the requirements  
8 of this section on or before December 31, 2008 and each year thereafter.

9 (c) If the Arkansas Fire and Police Pension Review Board determines  
10 that a local pension and relief fund does not meet the minimum asset  
11 management standard under subsection (b) of this section, the board shall:

12 (1) Notify the local pension and relief fund and the sponsoring  
13 municipality of the local pension and relief fund of that fact and advise the  
14 local pension and relief fund of the steps necessary to comply with the  
15 standards; and

16 (2) Require the local pension and relief fund to:

17 (A) Establish a written investment policy that  
18 incorporates the rate of return established under subdivision (b)(1)(D) of  
19 this section and other requirements in accordance with rules promulgated by  
20 the Arkansas Fire and Police Pension Review Board; and

21 (B) Obtain professional investment management in  
22 accordance with rules promulgated by the Arkansas Fire and Police Pension  
23 Review Board.

24 (d) If the local pension and relief fund or its sponsoring  
25 municipality does not comply with subsection (c) of this section within six  
26 (6) months of the notification by the board, then the local pension and  
27 relief fund shall develop a written plan of action in conjunction with the  
28 Arkansas Fire and Police Pension Review Board in accordance with rules  
29 promulgated by the Arkansas Fire and Police Pension Review Board.

30 (e) The Arkansas Fire and Police Pension Review Board shall promulgate  
31 rules necessary to implement the provisions of this section.

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33 /s/ J. Jeffress

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35 APPROVED: 4/3/2007