

ARKANSAS SENATE
86th General Assembly - Regular Session, 2007
Amendment Form

Subtitle of Senate Bill No. 158

"AN ACT ESTABLISHING MINIMUM ASSET MANAGEMENT STANDARDS FOR LOCAL
PENSION AND RELIEF FUNDS."

Amendment No. 2 to Senate Bill No. 158.

Amend Senate Bill No. 158 as engrossed, S3/23/07 (version: 03-23-2007 09:18):

Add Senator Faris as a cosponsor of the bill

AND

Delete everything following the enacting clause and substitute the following:

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

24-11-216. Minimum asset management standards.

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

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

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

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

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

(D)(i) The rate of return earned by the local pension and relief fund over the most recent three (3) year period is at least equal to the rate of return for one (1) year United States Treasury notes over the most recent three-year period.

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

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

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

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

(1) Notify the local pension and relief fund and the sponsoring municipality of the local pension and relief fund of that fact and advise the



local pension and relief fund of the steps necessary to comply with the standards; and

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

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

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

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

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

The Amendment was read the first time, rules suspended and read the second time and _____

By: Senator J. Jeffress

MBM/MBM - 03-26-2007 10:04

MBM749

Secretary