

JOINT COMMITTEE ON PUBLIC RETIREMENT & SOCIAL SECURITY PROGRAMS

MEETING JOINTLY

**SEPTEMBER 18, 2013
MINUTES**

The Joint Committee on Public Retirement and Social Security Programs met Wednesday, September 18, 2013 at 11:00 a.m. in Room 130, State Capitol, Little Rock, Arkansas.

Committee members present were Senator Robert Thompson, Senate Co-Chair, also Representatives Allen Kerr, House Co-Chair, Robert Dale, Mike Holcomb, Douglas House, David Kizzia, Stephanie Malone, and Jim Nickels.

Other members present were Representatives David Hillman, Karen Hopper, Mark McElroy, Mary Lou Slinkard, and Frederick Smith.

Call to Order

House Co-Chair Allen Kerr called the meeting to order.

Consideration and Approval of Actuarial Contract

Representative Kerr told committee members they are to consider approval of a contract with Osborn, Carreiro, and Associates to continue providing actuarial services for the Joint Retirement Committee. He explained that the \$4,000 increase in the contract is due to an hourly rate increase by the actuarial firm. The contract also includes a \$50,000 pool of funds for actuarial services requested by other legislative committees, which may include a review of teacher health insurance rates. Following discussion by members concerning the additional \$50,000, Representative Kerr explained that the additional \$50,000 will be paid out of a separate fund, which is set aside for consulting services for use by legislative committees. The \$50,000 will not come out of committee fund balances.

Mr. Carreiro was recognized for comments. Mr. Carreiro reviewed the list of past contract amounts, plus their current contract, which includes the biennium ending June 30, 2013 that appropriated \$96,000 for actuarial services to the Retirement Committee. [Exhibit C-1] He told members his actuarial firm's final bill was for \$87,760 for the 2011-2013 biennium. He said he looks forward to continuing to serve the Retirement Committee. A motion to approve renewal of the contract in the amount of \$150,000 [Exhibit C] was made by Senator

Thompson and seconded by Representative Nickels. The motion was adopted unanimously.

Mr. Carreiro was asked if his firm uses accounting standards set by the Government Accounting Standards Board (GASB) in its analysis. Mr. Carreiro said his firm does not use the GASB standards in their cost analysis because they do not audit the retirement plans. Instead, they gather information from various state retirement systems as part of their analysis.

Review of Rules Submitted by the Arkansas Teacher Retirement System (ATRS)

Representative Kerr told committee members ATRS Executive Director George Hopkins has submitted new rules and rule changes to the committee, which will be given a final review by the Arkansas Legislative Council (ALC). Mr. Hopkins was unable to attend today's meeting. Representative Kerr recognized Deputy Director Gail Bolden, Chief Counsel Laura Gilson, and Senior Investment Specialist Rod Graves. Ms. Bolden told the legislators that all of the new rules and rule changes were drafted by ATRS Chief Counsel Laura Gilson. Ms. Gilson was asked to give an overview. She said the rules and rule changes were drafted to comply with legislation passed during the 2013 legislative Session. Some of the rule changes address consistency issues. Ms. Gilson said Director Hopkins believes the Joint Retirement Committee should always be kept informed of any ATRS rule change. After review by the Joint Retirement Committee, Mr. Hopkins will present the proposed changes to the ALC-Rules and Regulations Subcommittee for review and approval.

A motion was made by Representative Dale and seconded by Representative Kizzia to accept the rules as reviewed by the committee. The motion was adopted unanimously.

There being no further business, the meeting adjourned at 11:25 a.m.