

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.

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007
4

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

A Bill

SENATE BILL 158

5 By: Senators J. Jeffress, *Faris*
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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

Subtitle

13 AN ACT ESTABLISHING MINIMUM ASSET
14 MANAGEMENT STANDARDS FOR LOCAL PENSION
15 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
36 the rate of return for one (1) year United States Treasury notes over the



1 most recent three-year period.

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

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

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

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

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

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

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

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

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

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

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32 /s/ J. Jeffress
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