

Firemen's Relief and Pension Fund Board Meeting
September 26, 2012
9:00 AM

The Board of Trustees of the Firemen's Relief and Pension Fund of the City of Little Rock, Arkansas, met at 9:00 AM in the Sister Cities Conference Room located at 500 West Markham Street, City Hall. Chair Bruce Moore called the meeting to order.

1. Roll Call:
Members Present: Bernard Sherwood; Johnny Reep; Johnny Chiaro; Havis Jacks; Bruce Moore; and Susan Langley
Members Absent: Tommy Hoffman
Other Personnel Present: Debbie Pharr; Kathy Lindsey; Beth Carpenter; Jody Carreiro; and Bo Brister, Alex Jordan and Larry Middleton from the Stephens Group.
2. Approval of Minutes from the August 22, 2012, Meeting: Mr. Jacks made the motion, seconded by Mr. Sherwood, to approve the minutes from the August 22, 2012, Meeting. By unanimous voice votes of the Board Members present, the minutes from the August 22, 2012, Meeting was approved.
3. Stephens, Inc., Report (Copy of Financial Report filed in the City Clerk's Office): Mr. Bo Brister, Alex Jordan and Mr. Larry Middleton presented the report and reported that the Total Fund Balance as of August 31, 2012, was \$65,493,032.05, with a total DROP balance of \$10,847,926.53. The Fund was up 1.61% for the month of August and up 8.45% year-to-date.
4. Report from Osborn, Carreiro & Associates: Jody Carreiro presented the results of the January 1, 2012, actuarial study of the assets and liabilities of the Little Rock Firefighters Relief and Pension Fund. Mr. Carreiro stated that the results of the study showed the fund to be actuarially sound; however, it could not afford to increase and add a \$100 per month for all the retirees, beneficiaries and DROP participants. Mr. Carreiro stated that once the benefit payout and contribution income projection were prepared, the expected investment return was added utilizing an investment portfolio simulation. Mr. Carreiro stated that by utilizing the simulation, it allowed him to assign probabilities to certain levels of fund balance outcomes. In addition, the benefit payout stream was projected based on the current plan and the proposals.

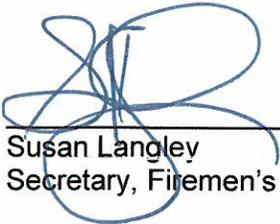
Mr. Carreiro reported that if no changes were made, the Pension Fund would not deplete its assets under the base assumption. However, when the simulation of the various investment results were included, the Fund would deplete its assets in less than 5% of the simulated results. Mr. Carreiro stated that by utilizing terminology used before, it was estimated that the plan currently had a risk of ruin (probability of exhausting assets before all benefits paid) of less than 5%. Mr. Carreiro reported that he reviewed the results utilizing the same assumptions and simulations with the addition of \$100 per month to all participants and that the plan would have a risk of ruin (probability of exhausting assets before all benefits paid) of approximately 11.5%. Mr. Carreiro stated that a plan that is actuarially sound should have a risk of ruin of 5% or less.

Mr. Chiaro asked if the results would have been different if the proposed benefit amount was \$50. Mr. Carreiro stated that the results would have been close. Mr. Carreiro stated that at this stage in the plan with the benefits being so high, every piece of risk can move the results quite a bit. Mr. Carreiro stated that results depend upon the actuarial assumptions being met and that the actual results will vary on a year-by-year basis from the projections. Due to the size of the group, some of the results may vary materially from the projects.

5. Financial Report (Copy of Report is on file in the Fire Pension Office): Due to Ms. Lenehan's absence, Mr. Reep made the motion, seconded by Mr. Sherwood, to table the August Financial Report until the October Meeting. By unanimous voice vote of the Board Members present, the August Financial Report was tabled until the October Meeting.
6. Removal from the Pension Rolls: Removal of Horace Duncan, effective August 23, 2012, with the benefit amount of \$1,125.47. Mr. Reep made the motion, seconded by Mr. Chiaro, to remove Horace Duncan from the Pension Rolls. By unanimous voice vote of the Board Members present, Mr. Duncan was removed from the Pension Rolls. Removal of Paul Hicks, effective August 28, 2012, with the benefit amount of \$1,125.47. Mr. Reep made the motion, seconded by Mr. Sherwood, to remove Paul Hicks from the Pension Rolls. By unanimous voice vote of the Board Members present, Mr. Hicks was removed from the Pension Rolls. Removal of Dwight Mosley, effective September 20, 2012, with the benefit amount of \$3,523.24. Mr. Reep made the motion, seconded by Mr. Jacks, to remove Dwight Mosley from the Pension Rolls. By unanimous voice vote of the Board Members present, Mr. Mosley was removed from the Pension Rolls.
7. Addition to the Pension Rolls: Addition of Ricky New, effective October 1, 2012, with the benefit amount of \$3,418.65. Mr. Sherwood made the motion; seconded by Mr. Jacks, to add Ricky New to the Pension Rolls. By unanimous voice vote of the Board Members present, Mr. New was added to the Pension Rolls.

Margie Hicks: Mr. Reep stated that Margie Hicks was the second wife of Paul Hicks and asked staff to verify whether or not they were married at the time of his retirement. Mr. Moore stated that staff reported that Mr. Hicks retired in 1968 and they were married in 1993; therefore, she was not eligible to receive his retirement benefits. Mr. Reep made the motion, seconded by Mr. Sherwood, to deny the enrollment of Margie Hicks in the Police Relief & Pension Fund. By unanimous voice vote of the Board Members present, the motion to deny the enrollment of Margie Hicks in the Police Relief & Pension Fund was approved.

Mr. Reep made the motion, seconded by Mr. Jacks, to adjourn the meeting. By unanimous voice vote of the Board Members present, the meeting was adjourned at 9:47 AM.



Susan Langley
Secretary, Firemen's Relief and Pension Fund