

1 **MINUTES**

2 Policemen's Pension and Relief Fund

3 Thursday, February 17, 2011

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6 On Thursday, February 17, 2011 at approximately 9:00 a.m., a meeting of the Board of Trustees of the
7 Policemen's Pension and Relief Fund of the City of Little Rock, Arkansas was held in the Sister Cities
8 Conference Room at City Hall.
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13 **Agenda Item #1. Call to Order/Roll Call**

14 [00.00.14 into the pension audio]

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16 The Secretary called the meeting to order at approximately 9:07 hours and certified that a
17 quorum of the Board was present. The Roll Call was as follows:
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PRESENT:	Steve Young	Secretary
	Sara Lenehan	Treasurer
	Farris Hensley	Member
	Lee Harrod	Member
	David Rowan	Member
	Don Wood	Member

ABSENT:	Mark Stodola	Chairman
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19 Also present were Mr. Bo Brister, Mr. Larry Middleton, and Mr. Alex Jordan, Stephens Capital
20 Management, Financial Consultants for the Fund; Mr. Jim Hathaway, Kutak Rock LLP, Legal
21 Consultant for the Fund; and Ms. Kathy Lindsey, Pension Fund Administrative Staff.
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23 **Agenda Item #2. Notification of News Media.**

24 [00.00.38 into the pension meeting audio.]

25 The Secretary stated the media had been properly notified in a letter dated February 2, 2011, to
26 the Arkansas Democrat Gazette.

27 **Agenda Item #3. Exigent Business.**

28 [00.00.53 into the pension meeting audio.]

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30 [There was no exigent business before the Board]
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32 **Agenda Item #4. Approval of the January Regular Meeting Minutes**

33 [00.01.00 into the pension meeting audio.]

34 The Minutes for the January Regular Meeting were approved by unanimous vote of the Board
35 after a motion to approve the minutes was made by Mr. Hensley and seconded by Mr. Harrod.
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Agenda Item #5. Report from Board Legal Consultant

[00.02.34 into the pension meeting audio.]

- A. Discussion of Chairmanship of the Board — Due to the fact that the Board’s regular attorney was not present at the Board meeting, the attorney sitting in his stead stated he had no report on this issue except to state that the City had filed a shell bill with the legislature [HRC 1006] to achieve letting the City Manager sit as our Chairman. Mr. Young then handed out copies of state statute § 24-11-405 requiring the “chief executive officer” of the City to sit as the Chairman of the police pension board and the first page of City Ordinance# 19,761 that established the Mayor of the City of Little Rock as the “chief executive officer” of the city to clarify this issue.

[After this item was discussed, Ms. Lenehan reminded Mr. Young that she had to leave the pension meeting early so the Board moved directly to item 10 on the Agenda.]

- B. Discussion of legal recommendations for the collection of \$500,000 in unpaid probation fees due the Board [02.20.51 into the pension meeting audio] — The attorney referred the members of the Board to his revised “memorandum” concerning that matter and stated that the position they came to was that there was either a 5 year statute of limitations or no statute of limitations in this matter rather than the 3 year statute of limitation that the City imposed. The attorney disagreed with Mr. Young’s analysis of 16-13-701 and stated they hold to their previous position on that matter. Mr. Hensley made a motion to direct the attorney to negotiate with the city to resolve this matter. Mr. Rowan seconded the motion that passed by unanimous vote of the Board.

- C. Presentation of legal opinion on the \$50 benefit increase [03.02.23 into the pension meeting audio] — The attorney referred the members of the Board to his revised “memorandum” concerning this matter and, again, maintained his original conclusion that the pension board did not and should not implement the benefit increase under the law.

- D. — H. [Removed from Agenda.]

- G. Discussion of Step Child benefit issue [03.18.40 into the pension meeting audio] — This issue concerned a member of our fund who asked our Board Secretary to inquire of the Board if they will recognize a step child as a beneficiary of a deceased officer. The Board’s attorney responded stating that, if it had been the past policy of the Board not to recognize non-adoptive step children as beneficiaries, that he would recommend that the Board adhere to that policy. The other members of the Board stated that had been the policy of the Board for some time.

Agenda Item #6. Report from Board Financial Consultant

[01.52.01 into the pension meeting audio]

- A. January Financial Report —Mr. Brister, Financial Consultant for the Fund, gave the January 2011 financial report and stated that on January 31, 2011, the market value of the total Fund was \$48,074,030 of which \$23,917,177.48 was allocated to DROP. This represents an increase in the account balance of \$279,955 since December 31, 2010. The

78 component of this change was income of \$47,659 and net contributions/withdrawals of
79 \$91,806. Additionally, \$722,187.66 was held in the Metropolitan Checking Account. The
80 Funds overall market rate of return for the month of January 2011 was 0.54% and 15.03%
81 calendar year to date.

82 The Financial Consultants also released the total net performance for last year to be 11.98%
83 which means the plan's DROP members should receive somewhere around approximately
84 9.98% on their investments when the PRB issues their certification of the interest rate to be
85 paid on those investments.

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87 **Agenda Item #7. Report of Board Lobbyist [Out of Agenda Order]**
88 [00.37.22 into the pension meeting audio.]
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- 90 A. Discussion of Legislative Matters — The Lobbyist started his report with a discussion of
91 SB 183 which is the request by the State Police to increase vehicle title transfer fees. Mr.
92 Smith stated the problem the State Police is trying to cure with this legislation is the fact
93 that their pension fund is \$100 million underfunded because the Governor's and legislatures
94 of the past have never been willing to put the money into the State Police budget to pay for
95 their benefits. The reason this is important to the local pension funds is because if they do
96 not receive this funding from the legislature, they will continue to rely on the premium tax
97 money they have been taking from the local police pension funds and the problem will get
98 worse and the Governor will not allow "even a penny" to be taken from those funds by any
99 other Bill.

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101 Mr. Smith stated [00.42.14 into the pension meeting audio] that SB 181 is the Premium Tax
102 formula supported by the PRB that will "level the playing field" between large and small
103 cities by rolling out about a 1% increase or decrease in the LOPFI distribution rate. It will
104 also provide additional resources to the old Guarantee Fund that will give the fund access to
105 money it currently has no access to; however, he had no idea how much money would be
106 available. He stated he believes this Bill has a 50-50 chance of success and recommended
107 that our Board not oppose the measure.

108
109 Mr. Smith additionally said [00.47.12 into the pension meeting audio] that SB 155,
110 concerning widow's longevity benefits, should have no problems. However, on SB 158,
111 concerning the increase to the Supplement fund proposed by Mr. Harrod, he stated the cost
112 for that \$50 per month was about \$750,000 to \$800,000 per year. Thus, an increase of
113 another \$50 is probably more reasonable because those moneys come out of the piece that
114 the Governor is using to offset his State Police pension plan so, if SB 183 is not successful
115 for the State Police, SB 158 will probably not be successful either. Mr. Smith then
116 addressed SB 117, concerning the Guarantee Fund bill that is the fallback position of the
117 PRB to free up Guarantee Fund money to allow participation of more funds than is
118 currently available if SB 181 is unsuccessful. Mr. Smith said that in its current language
119 that Bill would cost too much but could be amended to provide resources similar to those
120 contained in SB 181 at a later date. Mr. Smith also mentioned that the Bill to allow

children of deceased members to draw benefits until they complete High School and the Widow's longevity benefits should not meet any resistance at all in the legislative session.

- B. Presentation of Legislative Proposals — Mr. Smith stated [00.58.52 into the pension meeting audio] that the Arkansas legislature seems to be suffering under the opinion that the pension plans in Arkansas are too rich as those plans are portrayed on television from around the country and are confused that are plans are similar. He stated that this is making it very hard to even talk about any pension plan funding issues for any pension plan because the legislatures mistakenly equate our modest pension plan with the more costly other pension plans they hear so much about on television.

Mr. Young then asked Mr. Smith about the modification of the law concerning a retired police officer's right to carry a weapon [01.05.50 into the pension board audio] although it is not a part of the pension board's legislative package but is supposed to be a part of the FOP legislative package. Mr. Smith stated that there has been discussion of that issue but no Bill has been filed as of yet because he wanted to check with the State's Minimum Standards to see if they would handle it or if a separate piece of legislation should be drafted to cover that issue but in either case a Bill will be presented to the legislature.

Mr. Hensley then made a motion [01.21.51 into the pension meeting audio] that our Board support SB 181 provided there is an amendment to the current Bill that will guarantee no reduction is made to any funds going to the local pension plans from the Supplement Funds and, if that amendment is not included, that our Board oppose that Bill. Mr. Harrod seconded the motion that passed a vote of the Board with only Sara Lenehan voting in opposition to the motion.

Ms. Lenehan then made a motion [01.23.54 into the pension meeting audio] to make an effort to modify SB 117 to mirror the requirements contained in SB 181 as it relates to phasing out of the Guarantee Fund and establishing a new funding source on base benefits. Mr. Wood seconded the motion which passed by a unanimous vote of the Board.

- C. Discuss including other cities in Legislative Proposals — [Tabled until next pension meeting.]
- D. Discuss modification to FOIA regarding legal counsel — [Tabled until the next pension meeting.]

Agenda Item #8 Report from Board Chairman

[Items A, B, and C were tabled because of the absence of the Chairman.]

Agenda Item #9. Report from Board Secretary [Out of Agenda Order]

[01.40.53 into the pension meeting audio.]

- A. Review of Bank Statement — Mr. Young stated he wanted to review the statement of the Metropolitan Bank on the payment of benefits to the membership that is provided in an email from the bank. Ms. Lenehan indicated this would be done.
- B. Purchase of Voice Recorders for Board Members — Because the Board members will have to attend legislative sessions at the state capital and all Board members may not be present at any particular meeting, I would like Board members who want a voice recorder to have one so that other Board members can hear what was said rather than relying solely on the memory of the Board member who did hear the legislatures. Mr. Young then made a motion that the fund purchase a voice recorder for Mr. Harrod that was seconded by Mr. Wood. The motion passed with only Mr. Harrod abstaining.
- C. Purchase of a New Document Scanner — Mr. Young stated that he did not have sufficient room in his home to store all the documents generated and received by the Board for future reference and requested a Document Scanner that would allow him to retain those documents in digital format. This item was tabled until the next meeting to see if the City could provide those scanning services to the secretary.

Agenda Item #10. Report from Board Treasurer [Out of Agenda Order]

[00.07.35 into the pension meeting audio.]

- A. Financial Reports for January — The Treasurer reviewed the January Financial Report Mr. Lee Harrod made a motion to approve the report that was seconded by Mr. Wood and the Board approved it by a unanimous vote of the Board.
- B. Report on change of membership status — Ms. Lenehan presented the Board with the report and Mr. Young made a motion [00.14.21 into the pension meeting audio] to remove Ms. Maryland Harris from the pension rolls effective 01/26/2011 in the amount of \$1,837.80 per month. Mr. Harrod seconded the motion that passed by a unanimous vote of the Board.

Sara Lenehan then provided the Board with the results of her recalculation of the DROP funds withdrawn from Mr. Jim Edwards account [00.15.12 into the pension meeting audio] and confirmed that those funds were figured in compliance with the Pension Review Board (PRB) rules and regulations concerning such withdrawals.

Mr. Young then asked the Treasurer [00.25.49 into the pension meeting audio] to calculate how much the fund would receive under the provisions of the “additional allocation” contained in SB 181, if that Bill were to become law. Ms. Lenehan stated that she lacked the figures on exactly how much the “base benefits” of our fund would amount to but would make an attempt to find out from Mr. Carreo so that she can perform such a calculation.

Agenda Item #11. Board Member Topics of Discussion

A. PRB Guarantee Funding (Mr. Young) — [Removed from Agenda.]

B. [Out of Agenda Order] Reimbursement of Fund for Resolution required by the departure of the Treasurer during the November pension meeting [00.33.29 into the pension meeting audio] (Mr. Wood) — Ms. Lenehan stated she did leave the meeting but had prepared the Resolution and emailed it to the Secretary the day before that meeting. Mr. Young stated that upon receiving that email, he called Ms. Lenehan and asked what he was supposed to do with it and she stated it was only sent for his review, therefore, he did not bring the document to the pension meeting the next day or have access to the internet to retrieve the document from his email account because there is no internet access in the pension meeting room. Mr. Wood suggested that we remove this item from future pension meeting Agendas.

Agenda Item #12. Fund Members Comments

[There were no fund members present except those on the Board.]

Agenda Item #13. Other Business

Mr. Young made a motion, after listening to Mr. Wood's suggestion that our Board needs to be more involved in legislative issues, that the Board establish a Legislative Committee. Mr. Wood seconded the motion that passed by a unanimous vote of the Board. The members of that committee are to be Mr. Young, Mr. Wood, Mr. Hensley, and Mr. Harrod.

Agenda Item #14. Adjourn Meeting
[02.09.42 into the pension meeting audio.]

Mr. Hensley made a motion to adjourn and Mr. Harrod seconded the motion that passed by a unanimous vote of the Board at approximately 12:43 hours.

Respectfully Submitted,

Stephen R. Young
Board Secretary