

1 **MINUTES**

2 Policemen's Pension and Relief Fund

3 Thursday, October 13, 2011

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5 On Thursday, October 13, 2011 at approximately 9:00 a.m., a meeting of the Board of Trustees of the  
6 Policemen's Pension and Relief Fund of the City of Little Rock, Arkansas was held in the Sister Cities  
7 Conference Room at City Hall.

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10 **Agenda Item #1. Call to Order/Roll Call**

11 [00.00.00 into the pension audio]

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13 The Chairman called the meeting to order at approximately 9:03 hours and certified that a  
14 quorum of the Board was present. The Roll Call was as follows:

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PRESENT: Bruce Moore Chairman  
Steve Young Secretary  
Farris Hensley Member  
Lee Harrod Member  
Don Wood Member  
Rusty Watson Member

ABSENT: Sara Lenehan Treasurer

16 Also present were Ms. Joan Adcock, of the City Board of Directors; Mr. Bo Brister and Mr.  
17 Alex Jordan, Stephens Capital Management, Financial Consultants for the Fund; Mr. Roger  
18 Smith our Pension Fund Lobbyist; and Ms. Debbie Pharr and Ms. Kathy Lindsey, of our  
19 Pension Fund Administrative Staff.

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21 **Agenda Item #2. Notification of News Media.**

22 [00.00.14 into the pension meeting audio.]

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24 The Chairman stated the media had been properly notified in a letter to the Arkansas Democrat  
25 Gazette dated October 3, 2011.

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

27 [00.00.41 into the pension meeting audio.]

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29 [There was no Exigent Business]

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31 **Agenda Item #4. Approval of the September Regular Meeting Minutes**

32 [00.00.48 into the pension meeting audio.]

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34 Mr. Hensley made a motion to approve the September Regular Meeting Minutes and Mr.  
35 Harrod seconded the motion that passed by a unanimous vote of the Board.

37 **Agenda Item #5. Report from Board Legal Consultant**

38 [00.01.03 into the pension meeting audio.]

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40 [Legal Consultant was not present.]

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42 **Agenda Item #6. Report from Board Financial Consultant**

43 [00.01.12 into the pension meeting audio]

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45 A. September Financial Report —Mr. Brister, Financial Consultant for the Fund, gave the  
46 September 2011 financial report and stated that on September 30, 2011, the market value of  
47 the total Fund was \$42,014,792, not including accrued income of \$50,677. Of that amount,  
48 \$24,845,709.06 was allocated to DROP and the Fund's non-DROP portion was  
49 \$17,169,082.94. This represents a decrease in the account balance of (\$2.887,240) since  
50 the August 31, 2011 total amount of \$44,902,032. The component of this change was  
51 unrealized income of \$172,950.37 and net contributions/withdrawals of \$999,020.62.  
52 [Note: The amounts quoted in the previous sentence are drawn from figures available in  
53 other sections of the financial report and are not presented for computational value.] The  
54 Fund's overall market rate of return for the month of September 2011 was (4.26%) and  
55 (4.11%) calendar year to date.

56 During Mr. Brister's report [00.02.19 into the pension meeting audio], he stated that  
57 "September continued to go throughout that theme of having a downward trend across  
58 Europe and an impending, what as some people [economists] say, 'a sure double dip  
59 recession' while others say, 'no recession in sight' so continuing the theme of a lot of  
60 dislocations in the market with not a lot of convictions either way." During our subsequent  
61 discussion of that European issue, Mr. Alex Jordan added [00.12.57 into the pension  
62 meeting audio], that "if you get another market cycle down to this degree and something  
63 falls apart in Europe, which could happen very easily by the time we walk back down the  
64 street, you're in duress; high stress." Mr. Hensley asked [00.19.34 into the pension meeting  
65 audio], "have you all thought about, given our situation with the DROP and the horrible  
66 volatility in equity markets, reducing our exposure some"? Mr. Jordan replied, "We have."  
67 Mr. Young asked Mr. Jordan [00.26.14 into the pension meeting audio], "Do you all  
68 anticipate a serious problem coming out of Europe as a result of the volatility of that  
69 situation"? Mr. Jordan replied, "Yes, it's a serious problem right now." Mr. Young then  
70 asked [00.29.50 into the pension meeting audio], "In a worst case scenario where Europe  
71 failed, what would that do to our stock market in the US"? Mr. Jordan replied, "You could  
72 make a case for both sides [of that issue] . . . but initially, it would not be good. It would be  
73 a big downturn."

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75 **Agenda Item #7. Report of Board Lobbyist [Out of Agenda Order]**

76 [00.41.07 into the pension meeting audio]

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78 Mr. Smith reported on his efforts to establish a revised firearms policy for retired officers to  
79 qualify with their firearms that is not yet resolved but is progressing favorably.

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[After Mr. Smith had concluded his presentation, the Chairman was excused and Mr. Hensley took over as Chairman because Mr. Moore had an airline flight to catch.]

**Agenda Item #8. Report from Board Chairman [Out of Agenda Order]**

[00.37.32 into the second pension meeting audio]

- A. Sales Tax Report — Mr. Moore stated that the City would start those sales tax collections, by law, on January 1<sup>st</sup> and would have to wait a full quarter or until April 1<sup>st</sup> to actually get those funds. He stated the City would propose a budget that would include the increases to our pension funding such as the \$500,000 annual contribution and the \$460,000 one-time payment to our fund for the past probation fees but that those new expenditures would not be provided in one lump sum payment although the City would commit to making them in 2012 they would likely be provided in equal installments. Mr. Moore also again thanked the Board for their help in the passage of that tax.
- B. Report on City Attorney's failure to mention last two suggestions in "Austerity Measures" document in his May 10, 2011 Memorandum — [That issue was previously resolved during the funding committee meeting by the presentation of a different City Attorney's Opinion with the Warrant and Subpoena fee issues included that stated both were allowed under law but that the decision to implement them and the disbursement of the resultant funds, if implemented, would be a policy matter for the City Board of Directors.]
- C. Report on non-smoker's insurance premium discount — Mr. Moore stated that he had not had an opportunity to meet with his "HR" staff but would try to have a report concerning this issue by the next pension board meeting.

**Agenda Item #9. Report from Board Secretary**

[00.48.18 into the pension meeting audio.]

[The Secretary stated he had nothing to report.]

**Agenda Item #10. Report from Board Treasurer**

[01.15.48 into the second pension meeting audio.]

- A. Financial Reports for September — [Tabled due to the absence of the Treasurer]
- B. Report on change of membership status [Out of Agenda Order and at 00.36.33 into the pension meeting audio] — Mr. Hensley made a motion to approve the applications for pensions from Mr. Danny Sabo, effective on September 29, 2011 in the amount of \$2,121.04; Mr. Robert Littleton, effective October 10, 2011 in the amount of \$2,132.13; and Mr. Larry Ringgold, effective October 14, 2011 in the amount of \$2,049.59. That motion was seconded by Mr. Harrod and passed by a majority vote of the Board.
- C. Response to question concerning the Treasurer's email notification [00.48.52 into the pension meeting audio] — Ms. Debbie Pharr of our Pension Administrative Staff stated that Ms. Lenehan has not received a response [from the City Attorney] and has asked the

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124 AICPA [CPA accreditation board] but has not received a response from them either which  
125 prompted a response from Mr. Hensley that she advise Ms. Lenehan that she should report  
126 on that issue in the November meeting. Mr. Harrod stated he would like to wait until the  
127 next meeting when Ms. Lenehan was present. However, Mr. Wood then stated that he  
128 thought that issue had drug on long enough and that Mr. Young presented an excellent plan  
129 to check into making Metropolitan Bank our custodian and reminded the Board that it used  
130 to use that bank to write our pension checks in the past. Ms. Pharr stated that Ms. Lenehan  
131 is no longer waiting on the City Attorney's Opinion but is now waiting on the AICPA's  
132 response. Mr. Wood then made a motion that Mr. Young check with Metropolitan National  
133 Bank to see what it would take for them to be our pension fund's custodian and, if our  
134 Board decided to make them our custodian, how long it would take for that to go into  
135 effect. Mr. Young seconded the motion that failed by a 3-2 vote with only Mr. Wood and  
136 Mr. Young voting for the motion and Mr. Hensley, Mr. Harrod, and Mr. Watson voting  
137 against it.

138 D. Report on RFQ process [Out of Agenda Order and at 00.40.25 into the pension meeting  
139 audio] — Mr. Moore stated that Board members had received six (6) responses to that RFQ  
140 that had been supplied to each Board member and it was agreed that they should be studied  
141 by each board member before coming back with a recommended process.

142 **Agenda Item #11. Board Member Topics of Discussion**  
143 [00.56.02 into the second pension meeting audio]

144 [There were no Board Member Topics of Discussion]

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146 **Agenda Item #12. Fund Members Comments**  
147 [00.56.12 into the pension meeting audio]

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149 [No pension fund members other than those on the Board were present.]

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151 **Agenda Item #13. Other Business**  
152 [00.56.19 into the pension meeting audio]

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154 Ms. Adcock asked that the 8:00 am, time of the next funding committee meeting on November  
155 10, 2012 be placed within our Minutes which are hereby done.

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157 **Agenda Item #14. Adjourn Meeting**  
158 [01.04.10 into the pension meeting audio.]

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160 Mr. Harrod made a motion to adjourn the meeting and Mr. Watson seconded the motion that  
161 passed by a unanimous vote of the Board at 10:11 am.

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163 Respectfully Submitted,

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166 Stephen R. Young  
167 Board Secretary