

Minutes

Firemen's Pension and Relief Fund
January 26, 2005

9:00 AM

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The Board of Trustees of the Firemen's Relief and Pension Fund of the City of Little Rock, Arkansas, met in the Sister Cities Conference Room at 500 W. Markham Street, City Hall, with the following members and officials present. Mr. Mr. Bruce Moore, Chairman, called the meeting to order.

1. Roll Call.

Present:

Nancy Wood	Secretary
Paul Raney Pos. 1	Member
Ray Harding Pos. 4	Member
Paul Gunther, Pos. 2	Member
Larry Tyner	Member
Bertha Parks	Pension Clerk
Debbie Helvey	Pension Clerk

Absent:

Bob Biles	Treasurer
Gene Tucker, Pos. 3	Member

2. Approve Minutes for the December 15, 2004 meeting. A motion was made by Mr. Tyner, seconded by Mr. Gunther to approve the minutes of December 15, 2004. By unanimous voice vote of the Board members present, **the minutes were approved.**

3. Gary Holloway: Update on repayment progress. \$100.00 paid. Ms. Helvey stated that Mr. Holloway had paid \$100, and the remaining balance is \$500.

4. Pension Roll Changes: Drop Applications and Retirement Applications:

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The applicants were Walter R. Frey, John W. Hoffman, Dale Goodwin and Ronald Wood. Mr. Gunther made the motion to approve the applications, Mr. Raney seconded the motion and by unanimous voice vote of the Board members present, the applications were approved.

5. Melinda Raley – Request from Allen Goodwin.

At the last meeting Mr. Allen Goodwin had requested that the Firemen's Relief and Pension Fund Board allow him to participate in the 10 year DROP after had had moved to a status of "continued employment" at the conclusion of this 5-year DROP period. The Board had referred the question to Ms. Raley, Deputy City Attorney, to research, before the Board would make a decision. Ms. Raley stated she had looked at a request from Firefighter Allen Goodwin, who had concluded his five year DROP with the "continued employment" option. After the ten year DROP option was approved by this Board and the City Board, asked if he could unwind what he did and go onto the ten year DROP. Ms. Raley stated her office had looked at the statute on DROP as well as Pension Review Regulation No. 10, rule No. 10, which governs DROP. There is nothing in the DROP statute or in Rule 10 that would prohibit the Board taking this action and unwinding Mr. Goodwin's continued employment and moving him to the ten year DROP. Ms. Raley stated that Mr. Goodwin has stated he has not moved his funds out of the five year DROP fund. If he had moved his funds out, he could not put them back. That decision is irrevocable, but he could be put back on to the DROP and beginning when he is put back on the DROP, go forward for that five year period. The reason this opinion is given is not only based on the statute and the rule, but also because of case law that construes pension statutes very liberally in favor of the person to be benefited, and to uphold legislative intent. Ms. Raley cited the case in the memorandum to the Board (attached). Mr. Harding said he had a question because of the vacant spot (2 to 3 months), where Mr. Goodwin ended the five year DROP, and asked if Mr. Goodwin goes back on the DROP today, would it be retroactive to his original ending DROP date. Ms. Raley answered no. Mr. Goodwin said he was not asking for that. Ms. Raley stated that retroactivity is not something that is routine. Mr. Moore asked Ms. Raley if there was any action the Board needed to take. Ms. Raley stated her suggestion would be to accept this advice and take the administrative steps to return Mr. Goodwin to the DROP status, going forward, not retroactive. Ms. Raley stated she could visit with the Pension Clerk after the meeting, to show her how to "back out" what has been done. Mr. Harding asked Ms. Helvey that since Mr. Goodwin had already signed DROP papers, would he have to go back and sign new papers? Mr. Moore stated that he didn't think all the question regarding procedural issues could be answered today, but would direct staff to meet with Ms. Raley and Mr. Goodwin if this request is approved. Ms. Wood stated there is another person, actually there are two, her husband, Ronnie, and Joe Rowe, who falls in the same status as Mr. Goodwin, whose five year DROP periods ended while the process for approving he ten year period was going, and elected to continue employment, and asked if they would have the same option to go back into DROP, whether or not they had taken their funds out. Ms. Raley stated that in looking at the law if the

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money has been taken out, you can't put it back but the person would go forward. Mr. Gunther asked about people who have retired, and taken their money out, if they are eligible to take their money out, and come back on DROP? Ms. Raley stated she did not think so. Mr. Gunther stated that Mr. Goodwin "retired" on 9-1-04, and now the opinion is that he can come back, and asked if this opens it up for someone else to come back. Mr. Raley stated there is a difference between somebody who is on active employment (continued employment) (DROP) and somebody who is retired and stopped employment. Ms. Raley explained that if you are working for the Little Rock Fire Department, you are active. She stated the legislature is in session, and that means, things could change, so this opinion is based on 2003 legislation. When you go on "continued employment" status, your DROP contribution stops. What happens when Mr. Goodwin signs papers to get back to the DROP status is that his continued employment requirements will change, and he will be back on the DROP requirements. She explained that the DROP, from that five year to the ten year period, is only 75% of what the DROP was before. Mr. Gunther stated he didn't want to get into something where there are people retired, and then want to come back. Mr. Harding asked what the advantage of getting back in DROP was. Ms. Raley stated a person would accumulate "tax deferred" funds. Ms. Wood asked Ms. Raley if this would only affect the few people that elected to continue employment after the five year-drop period ended, but before the five year extension, allowing a ten year DROP period was passed. Ms. Raley stated this was correct. Ms. Raley stated that when the continued employment issue came up, there were some firefighters who were coming up on their mandatory retirement date, so the Board had two acts they wanted to look at but elected to do the "continued employment option first, because there was more of emergency in the view of the board; to allow that firefighter to say on and continue employment. The ten-year DROP was done second, and there are processes that have to be done to get the benefit increase approval with PRB and those are deliberate administrative steps. The continued employment was done first, and the ten-year DROP was done second, and there are some people who made a decision on continued employment before the ten year DROP was in place.

Ms. Helvey stated that Mr. Biles asked her to mention that the way the "ten-year" DROP period would work, and the way they understand it, and the way the police do it, is that when the five year DROP period ends, then it is just an automatic thing to go on to the sixth year, that the person would just continue on, and would not have to sign up again. She stated that this is how they would handle this unless this Board tells them otherwise. The only people that would need to re-sign would be those on continued employment, should they go back on DROP. Mr. Moore asked Ms. Raley if there was any official action that needed to be taken. Ms. Raley stated the only action necessary would be a formal motion to accept the advice provided, and direct staff to take the administrative steps necessary to place Mr. Goodwin back on the DROP rolls. Mr. Gunther made the motion, seconded by Mr. Raney to approve and accept the advice given by the City Attorney's Office. By unanimous voice vote of the Board members present, the motion carried.

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Ms. Raley suggested that since Ms. Helvey had mentioned the idea that they had now was to make the transition an automatic, seamless, continuous move from the fifth to the sixth year of DROP, the Board should authorize this as policy. Mr. Raney made the motion to accept this as policy; Mr. Tyner seconded the motion, and by unanimous voice vote of the Board members present the motion carried. Mr. Moore advised that staff will be directed to implement a seamless system. Mr. Goodwin asked if he needed to sign something. Mr. Raley asked if he had signed something to go onto continued employment. Mr. Goodwin stated he did. Ms. Raley stated she would look at that, and advise on how to undo that for the file.

5. Other Business::

A. Regions Trust presented the funds financial review. (Copy on file in the City Clerk's Office).

B. True Annuity Option – Mr. Biles asked Ms. Helvey to hand out information on True Annuity Option (Attached)

A motion was made by Mr. Gunther, seconded by Mr. Raney, and by unanimous voice vote of the Board members present, the meeting was adjourned

Nancy Wood
Secretary, Little Rock Firemen's Relief and Pension Fund