

1 **MINUTES**

2 Policemen's Pension and Relief Fund

3 Thursday, June 9, 2011

4
5 On Thursday, June 9, 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 [00.00.10 into the pension audio]

12
13 The Chairman called the meeting to order at approximately 9:00 hours and certified that a
14 quorum of the Board was present. The Roll Call was as follows:

15
PRESENT: Bruce Moore Chairman
Steve Young Secretary
Sara Lenehan Treasurer
Farris Hensley Member
Lee Harrod Member
Rusty Watson Member
Don Wood Member

ABSENT:

16 Also present were Mr. David Rowan, pension member; Mr. Bo Brister, Mr. Larry Middleton,
17 and Mr. Alex Jordan, Stephens Capital Management, Financial Consultants for the Fund; and
18 Ms. Kathy Lindsey, Pension Fund Administrative Staff.

19
20 **Agenda Item #2. Notification of News Media.**

21 [00.00.22 into the pension meeting audio.]

22
23 The Chairman stated the media had been properly notified in a letter to the Arkansas Democrat
24 Gazette dated June 2, 2011.

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

26 [00.00.28 into the pension meeting audio.]

27
28 Mr. Harrod attempted to request that a Funding Committee meeting date be established that
29 would allow he and Mr. Gene Fortson to attend; however, the Chairman stated the issue may
30 become moot upon his response to Agenda Item #8A and that he would talk to Mr. Fortson the
31 following Tuesday. Consequently, Mr. Harrod withdrew his request at that time.
32

Agenda Item #4. Approval of the May Regular Meeting Minutes [Out of Agenda Order]

[00.31.27 into the pension meeting audio.]

Ms. Lenehan stated that she had recommended to the Secretary that modifications be made to Items 10B and 11A that were made by the Secretary. Mr. Hensley made a motion to approve the Minutes as amended and Mr. Wood seconded the motion which passed by unanimous vote of the Board.

Agenda Item #5. Report from Board Legal Consultant

[No legal counsel present]

Agenda Item #6. Report from Board Financial Consultant [Out of Agenda Order]

[00.02.18 into the pension meeting audio]

A. May Financial Report —Mr. Brister, Financial Consultant for the Fund, gave the May 2011 financial report and stated that on May 31, 2011, the market value of the total Fund was \$47,148,389, not including accrued income of \$46,253. Of that amount, \$23,049,107.89 was allocated to DROP. This represents a decrease in the account balance of (\$1,386,913) since the April 30, 2011 total amount of \$48,535,302. The component of this change was unrealized income of \$100,509 and net contributions/withdrawals of (\$998,935). [Note: The amounts quoted in the previous sentence are drawn from figures available in other sections of the financial report and are not presented for computational value.] The Fund's overall market rate of return for the month of May 2011 was (0.88%) and 5.12% calendar year to date.

The Financial Consultants stated the political uncertainty in Washington D.C. combined with the geopolitical risk in the Middle East weigh into the current economic condition. They stated the Fortune 500 Company's balance sheets are the strongest they've been in five years but they lack the will to do anything with it. The banks and the corporations had the liquidity to "step out" but they lacked the will to do so because of the uncertainty created by the current regulatory environment, among other reasons.

Agenda Item #7. Report of Board Lobbyist

[Pension Board Lobbyist Mr. Roger Smith was unable to attend the pension meeting.]

Agenda Item #8 Report from Board Chairman

[00.33.54 into the pension meeting audio]

A. Sales Tax Report — Mr. Moore stated that the police pension fund would get, if the sales tax passes as proposed, an annual amount of \$500,000. He also explained that the Fire pension fund would get another \$500,000, because they are almost as badly underfunded, and the non-uniform employees would get the remaining \$3.6 million to start a new pension fund because, according to Ms. Lenehan, the City does not want the additional expense of

76 merging them with APERS. Mr. Moore and Ms. Lenehan explained that with the money
77 from the passage of SB 181, now Act 979 of 2011, and the \$500,000 from the proposed
78 City sales tax, our fund should get over one million dollars annually in additional revenue.
79

80 Mr. Harrod then discussed the possibility of merging the police pension fund with LOPFI
81 with a 3% COLA and, again, requested a meeting of the Funding Committee to to be
82 convened as quickly as possible to discuss this option and obtain a LOPFI merger report.
83 Mr. Moore instructed Ms. Kathy Lindsey, of the Pension Fund Administrative Staff, to
84 schedule the committee meeting as requested.
85

86 [Mr. Moore had to step out of the pension meeting briefly and asked that we move onto the
87 Treasurer's report until he returned. Upon his return, the Board resumed this Agenda item
88 discussion.]
89

90 Mr. Moore stated [01.34.48 into the pension meeting audio] that the community meetings
91 held with the public would end by June 25th and he suspected the decision from the City
92 Board on which way the City was going on their request for a sales tax increase would be
93 made on Tuesday June 28th so that allowed two weeks to hold the committee meeting.
94 [Note: As of July 1, 2011, the date of these minutes, no meeting had been scheduled.]
95

- 96 B. Provide space on City website for Board audio — The Chairman said funds in the proposed
97 sales tax increase for his IT department may allow such a service to our Board so, if the
98 sales tax passes, he will see what he can do to make the audio space available.
99
- 100 C. Reimbursing the Fund for Past Unpaid Probation Fees — The Chairman stated he had
101 talked with Tom Carpenter and was told there are no negotiations being pursued in the
102 matter at this time and that the issue of the City agreeing to a statute of limitations of 5
103 years verses the 3 year statute of limitations the City has always believed was appropriate
104 were matters he had to think about.
105
106
- 107 D. Screening at City Hall — The Chairman stated he believed he had the right to bare weapons
108 for any retired police officer at City Hall and would put out a policy to that effect.
109

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

111 [01.40.52 into the pension meeting audio.]
112

- 113 A. File Cabinet — Mr. Young stated that if he is to be required to keep every scrap of paper
114 the pension board receives, he must ask that the board authorize a file cabinet for him to
115 keep those materials in rather than having them simply stacked around his house. Mr.
116 Moore stated he would see if the City had an old file cabinet that could be used for that
117 purpose.
118

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

120 [01.18.01 into the pension meeting audio.]

121

122 A. Financial Reports for May — The Treasurer submitted copies of the un-audited financial
123 report for May 9, 2011. Net Income/Losses to the plan year to date was (\$2,108,604). The
124 report indicated that as of May 31, 2011, the total account fund balance including the
125 DROP was \$48,680,947. The net income/loss for the month of May was (\$266,528).

126 Also submitted were copies of the May 2011 expense and legal fee reports. Total
127 expenditures, excluding benefit related expenses, were \$2,153.53 for the month and
128 \$14,567.93 year to date. Legal fees paid were \$71,567.94 year to date.

129 Following review of the May financial and expense reports, Mr. Hensley made a motion to
130 approve them as submitted that was seconded by Mr. Harrod. The motion passed by a
131 unanimous vote of the Board.

132 B. Report on change of membership status — The Treasurer reported that Mr. James Arnold
133 and Mr. Thomas Bartsch had applied for pension benefits and Mr. Hensley made a motion
134 [01.22.19 into the pension meeting audio] that the Board approve the applications of Mr.
135 Arnold effective 05/13/2011 in the amount of \$2,321.76 and Mr. Bartsch effective
136 06/11/2011 in the amount of \$3,200.57. Ms. Lenehan seconded the motion that passed by a
137 unanimous vote of the Board.

138 **Agenda Item #11. Board Member Topics of Discussion**

139 [01.42.22 into the pension meeting audio]

140 Mr. Wood asked Mr. Moore if the sales tax did not pass, how much money the City would
141 provide to our fund. Ms. Lenehan stated that, in that case, the City wouldn't have any money
142 and would be laying people off. Mr. Young asked if that meant that they would lay off active
143 duty members of the LRPD. Mr. Moore stated that he hoped it did not come to that but what it
144 would probably mean is that they would not have any more rookie schools because they
145 couldn't afford them. This led to a lengthy discussion about the sales tax issue.

146 Mr. Harrod made a motion [01.56.32 into the pension meeting audio] that our Board have a
147 LOPFI consolidation study performed with a 3% COLA and, at Mr. Moore's insistence,
148 without a COLA. Mr. Hensley seconded the motion that passed by a unanimous vote of the
149 Board.

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151 **Agenda Item #12. Fund Members Comments**

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153 [No fund member present had any comment.]

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155 **Agenda Item #13. Other Business**

156

157 [There was none]

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159 **Agenda Item #14. Adjourn Meeting**
160 [02.00.13 into the pension meeting audio.]
161

162 Mr. Hensley made a motion to adjourn the meeting and Ms. Lenehan seconded the motion that
163 passed by a unanimous vote of the Board at approximately 11:00 hours.

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167
168 Respectfully Submitted,

169
170
171 Stephen R. Young
172 Board Secretary