

MINUTES
Policemen's Pension and Relief Fund
Thursday, March 11, 2010

On Thursday, March 11, 2010 at 9:00 a.m., a meeting of the Board of Trustees of the Policemen's Pension and Relief Fund of the City of Little Rock, Arkansas was held in the Sister Cities Conference Room at City Hall.

PRESENT:	Bruce Moore	Chairman
	Farris Hensley	Secretary
	Sara Lenehan	Treasurer
	Brad Furlow	Member
	Lee Harrod	Member
	Mike Lowery	Member
	David Rowan	Member

ABSENT:

Also present were Mr. Alex Jordan and Mr. Bo Brister, Stephens Capital Management, Financial Consultants for the Fund; Mr. John Petty, Dover Dixon Horne Law Firm, Legal Consultant for the Fund; Mr. Roger Smith, Government Relation Lobbyist for the Fund; Mrs. Bettie Swaims, Mr. Jim McDaniel and Mr. Steve Young, Retired Members of the Fund; Mr. Rick Robinson, MetLife Investments; and Mrs. Kathy Lindsey, Pension Fund Administrative Staff.

Mr. Moore called the meeting to order at approximately 9:05 a.m., certifying that a quorum of the Board was present and that the media had been properly notified in a letter dated March 2, 2010 to the Arkansas Democrat Gazette.

Copies of the February minutes had previously been submitted to Board members prior to the meeting. Following their review, Mr. Harrod made a motion to approve them as submitted. Mr. Rowan seconded the motion and it passed unanimously.

Mr. Jordan and Mr. Brister gave the February 2010 financial report and stated that on February 28, 2010, the market value of the total Fund was \$47,563,087, of which \$23,775,423 was allocated to DROP. This represents an increase in the account balance of \$734,290 since January 31, 2010. The component of this change was income of \$54,387, and net contributions/withdrawals of \$1,246. Additionally, the Metropolitan checking account had a negative balance of (\$33,192.64). The Funds overall market rate of return for the month of February 2010 was 1.75% and 0.09% calendar year to date.

Mrs. Lindsey had previously informed Mr. Jordan there will be two DROP accounts totaling approximately \$436,000 transferred from the Fund by month end; therefore Stephens will be transferring \$1.5 million into the Metropolitan checking account to cover monthly expenses.

Mr. Smith stated that at the direction of the Joint Legislative Retirement Committee, the State Actuary, Mr. Jody Carreiro, is currently working on the issue regarding distribution of premium insurance tax funding, and will be presenting information to Mayors throughout the State by April 2010.

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Mr. Moore addressed the matter concerning an upcoming presentation to the Little Rock City Board of Directors, and said that the March 23rd Agenda meeting had been rescheduled for March 30th due to spring break; therefore, the presentation had to also be rescheduled for March 30, 2010 at 4:00 p.m. Mr. Smith said that Mr. Carreiro will be reporting on the financial status of the Fund, and he (Mr. Smith) will give a brief history of the Pension Plan, its various funding sources, including the 10 year period that a portion of probation fees were not paid, SB178, and the 1991 City Board Resolution stating their intention to adequately fund the Police Pension Plan.

Mr. Rowan suggested that Mr. Smith remind the City Directors that many police members of the Fund do not receive social security because they were exempt during their employment with the City.

Mr. Lowery made a motion that was seconded by Mr. Hensley for Mr. Moore to ask the City Board of Directors if any of them are interested in volunteering to serve on a committee to explore sources of funding for the Pension Fund. During discussion, Mr. Moore suggested that during the presentation, Mr. Smith ask the Board to appoint a member to serve as liaison on the committee, and he (Mr. Moore) will follow up to see who might be interested. Mr. Lowery then amended his motion to state that if there are no volunteers by April 15th, then Mr. Moore will approach each City Board member and ask for a volunteer. Mr. Hensley seconded the amended motion and it passed unanimously.

Mr. Young addressed the Board, and asked if there are currently any additional fees being charged when arrest warrants are served. He explained that if none are currently being collected, one could be charged and designated for pension plan funding. Mr. Young said that it could certainly be something for the committee to look into, and would help make the fund financially solvent. Mr. Moore suggested that the matter be placed on the April meeting agenda.

During additional discussion, of the presentation regarding a possible future consolidation with the State Retirement System LOPFI, and the two methods of consolidating, being one without a cost of living adjustment (COLA), verses the other being with a COLA, Mr. Hensley made a motion that was seconded by Mr. Harrod, for Mr. Smith to inform the City Board that the only option that would be considered at this time by the Police Pension Board would be to consolidate with a COLA.

During discussion, Mr. Hensley said that he believed that the overwhelming will of the members would be to only consider a consolidation that has an annual COLA. Mr. Lowery spoke in support of the motion with reservations about the fund's current financial condition. Mrs. Lenehan said that she would not be supportative of the motion because the cost of consolidation is currently unknown. Mr. Furlow said that Mr. Hensley was trying to put members of the Board "in the same little box" just like on the fifty-dollar (\$50.00) benefit increase, so they can later be attacked. Mr. Hensley responded and said that he does not attempt to put any member of the Board in a box, but does believes that all members of the Fund should be made aware of where each of their elected representatives stands on such important issues. Mr. Moore stated that his interest is to protect the Fund, and that he thought the motion was very inappropriate. A vote was taken on the motion and recorded as, for: Mr. Hensley, Mr. Harrod, Mr. Lowery, **Mr. Furlow and Mr. Rowan** against: Mr. Moore **and** Mrs. Lenehan. The motion **passed**.

Mr. Petty was in attendance instead of Mr. Peace and stated that there was nothing new to report concerning the past benefit increase lawsuit; however May remains the expected date for a court review of the issue.

Mr. Petty stated that Mr. Peace had approved the Qualified Domestic Relation Order (QDRO) of Mr. Ralph Jackson, and said that it should now be approved by the Pension Board. Mr. Lowery made a motion to approve the QDRO. Mr. Hensley seconded the motion and it passed unanimously.

Mr. Petty informed the Board that his firm sets attorney fees, and his hourly rate is \$150.00. He explained that Mr. Peace had given a credit on the February billing that will be presented at the April meeting. Mr. Hensley presented a question to Mr. Petty about a letter that Mr. Peace wrote to the Board on February 15, 2010, stating "It is our law firm's practice to look at our billing rates each November and implement any adjustments the following January if appropriate." However, Mr. Hensley said that the law firm's contract of April 3, 2006 states, "All billing rates may be adjusted from time to time, but not more frequently than annually. Notice of any such adjustments will be given to you **prior** to implementation". Mr. Hensley asked the attorney to determine how the law firm reconciles the difference in those two statements and report at the April meeting. The matter was then tabled.

Mrs. Lenehan told the Board that she had discussed redrafting a letter regarding the age 70 ½ DROP distribution rule with Mr. Peace, and thought that he should have it completed by the April meeting.

Mr. Harrod told the Board that while attending an Arkansas Fire and Police Pension Review Board (PRB) meeting on Tuesday, March 2, 2010, the Board Chairman, Mr. Bill Lundy, after having recognized him (Mr. Harrod) to speak, directed a scathing personal verbal attack toward him prior to his being able to speak. Mr. Harrod asked that the Police Pension Board send a letter to Governor Beebe asking him not to reappoint Mr. Lundy to the PRB. Mr. Hensley told the Board that he is a Board Member of the PRB, and read the following comments made during the meeting by Mr. Lundy: *"I have read your email messages, I have read your internet postings, I have sat in your pension board meetings and heard you abuse and disrespect our City Manager, Treasurer, and your own lawyer; sit and malign and slam your fellow board members who tried to do their job and understand the institute of finance pension – finance and pension board. I don't care to listen to you! I don't know anyone in Little Rock or anywhere else, nobody, whose opinion means less to me than yours!"* Mr. Hensley said that he believed "this type of behavior toward any member of the public is a horrendous abuse of power by a chairman, and made a motion to send Governor Beebe a letter under the signature of Chairman Moore asking that he not reappoint Mr. Lundy to the PRB. Mr. Harrod seconded the motion.

During discussion, Mr. Lowery spoke in favor of the motion. Mr. Furlow agreed that it probably was personal when it should not have been, but said that there have also been discussions on this Board that have gotten personal. He said that Mr. Lundy has done a great deal of good things for the PRB and he does not believe that such a letter should be sent. Mr. Furlow also said that Mr. Lundy was present during the January local board meeting, and probably felt disrespected by Mr. Harrod at that time. Mr. Rowan said that it was clearly a personal attack on Mr. Harrod, and that he is opposed to rude and discourtesy conduct by anyone during public meetings; however, believed that Mr. Lundy probably felt insulted by Mr. Harrod's comments when he was acting as Chair in the January meeting. Mr. Moore said he believes comments made to Mr. John Peace during previous meetings have been very inappropriate, and that it is the Governor's prerogative to appoint members to the Board. Mr. Steve Young was recognized and addressed the Board stating that none of the issues raised about Mr. Lundy being offended or not being offended had any bearing on the issue before the Board and

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that, from what he had heard, no one on the Board believed Mr. Lundy's comments to Mr. Harrod were appropriate. He said that in his opinion, for the local Board to take no action on such an act that was directed toward Mr. Harrod was just reprehensible.

Following a lengthy discussion, a vote was taken and recorded as, for: Mr. Hensley, Mr. Harrod, and Mr. Lowery, against: Mr. Moore, Mrs. Lenehan, Mr. Furlow and Mr. Rowan. The motion failed, ***however, Mr. Moore stated that a vote against the motion was not directed at Mr. Harrod but more directed toward the process.***

The matter concerning a process for Board Members to request legal advice or research was tabled until April to allow legal counsel time to research the State's freedom of information statutes.

Mrs. Lenehan submitted copies of the un-audited financial report for February 2010. Losses to the plan year to date through February 28, 2010 were ***(\$1,196,800)***. The report indicated that as of February 28, 2010, the total account fund balance including the DROP was \$47,563,087. The net gain for the month of February was ***\$175,352***.

Also submitted were copies of the February 2010 expense and legal fee reports. Total expenditures, excluding benefit related expenses, were \$1,818.43 for the month. There were no legal fees paid for the month of February.

Mr. Furlow said that Board Members are paid \$150 monthly for incidental expenses incurred, and questioned a recent \$54.99 expenditure made by Mr. Hensley for Norton Internet computer Virus security protection on the Pension Fund computer. Mrs. Lenehan said that expenditures for past computer repairs to both Mr. Hensley and Mr. Harrod's pension fund computers have been paid. Additionally, occasional expenditures for paper and printer ink used by the Fund's Secretary were paid. She (Mrs. Lenehan) said that the administrative staff should have some direction on exactly what future expenditures to approve. Mr. Hensley offered to allow Mr. Furlow to be appointed Pension Fund Secretary; however, his offer went unaccepted. Mr. Furlow requested that staff provide a report of expenditures at the April meeting. When Mr. Hensley attempted to offer his response, Mr. Moore interrupted and asked that the matter be tabled until April. The matter was then tabled.

Following review of the February financial and expense reports, Mr. Lowery made a motion to approve them as submitted. Mr. Rowan seconded the motion and it passed unanimously.

Mr. Hensley asked that the matter concerning adoption of Robert's Rule of Order be tabled until the April meeting because he had not had adequate time to review the entire book of more than six hundred (600) pages. Following a laughing comment made by Mrs. Lenehan to Mr. Hensley telling him that she thought he was an expert on the matter, and Mr. Moore questioning him regarding his past Chairmanship of PRB, he (Mr. Hensley) expressed that he did not necessarily have a problem with adoption of the procedures, and thought it was a reasonable request to table the matter; however would withdraw his request. Mr. Young was recognized, and suggested that if the motion passed, members who participate in "Member Comments" should be exempted from the procedures. Mr. Moore indicated that he was not in favor of exempting members from the procedures. Mrs. Lenehan made a motion to adopt Robert's Rules of Order. Mr. Furlow seconded the motion. Mr. Hensley, Mr. Harrod and Mr. Lowery voted against the motion. Mr. Moore, Mrs. Lenehan, Mr. Furlow, and Mr. Rowan voted for the motion. The motion passed.

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Mrs. Lenehan reported that there were *sixteen (16)* responses to the request for qualification (RFQ) for financial advisor, and that they had previously been distributed to each member of the Board, who had all indicated that they wanted to be involved in the decision making process. Mr. Moore suggested that Board Members review the responses, and select no more than five firms to be interviewed. The matter was tabled until April.

Mrs. Lenehan presented a draft copy of the RFQ for Legal Counsel in the monthly Board Member packet. The RFQ indicated that all responses must be submitted to the City's Purchasing Manager no later than April 26, 2010. Mr. Hensley made a motion to approve the RFQ. It was seconded by Mr. Harrod, and passed unanimously.

Mr. Lowery made a motion to approve the retirement application of Mr. Kevin Tindle in the monthly amount of \$2,024.59, and the retirement application of Mr. James Bauldree in the monthly amount of \$2,023.95. Mr. Hensley seconded the motion and it passed unanimously.

Mrs. Lenehan reported concerning Act 1371, and said that the resolution previously approved by the Pension Board had been forwarded to the City Board of Directors, and is now scheduled to be on their March 16, 2010 meeting agenda. Following their approval, the resolution will then be forwarded to PRB.

Upon conclusion of Pension Board business, Mr. Harrod made a motion to adjourn the meeting. Mr. Furlow seconded the motion, and meeting adjourned at approximately 12:02 p.m.

Respectfully Submitted,

Farris Hensley
Board Secretary