

1 **MINUTES**

2 Policemen's Pension and Relief Fund

3 Thursday, March 15, 2012

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5 On Thursday, March 15, 2012 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**

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12 The Chairman called the meeting to order at approximately 9:00 a.m. and certified that a
13 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
Rusty Watson Member

ABSENT: Sara Lenehan Treasure
Don Woods Member

15 Also present were Ms. Joan Adcock, of the City Board of Directors; Mr. Alex Jordan, Mr. Bo
16 Brister, and Mr. Larry Middleton of Stephens Capital Management, Financial Consultants for
17 the Fund; Mr. Eric Dole of Capital Point Partners; Mr. Roger Smith, Lobbyist; J. Hathaway III
18 of Kutak Rock; Mr. Tom Carpenter, City Attorney; Ms. Debbie Pharr and Ms. Kathy Lindsey,
19 of the Pension Fund Administrative Staff.

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

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23 The Chairman noted that the media had been properly notified in a letter to the Arkansas
24 Democrat Gazette dated March 12, 2012.

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

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28 No exigent business was presented

29 **Agenda Item #4. Report from Board Financial Consultant**

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31 A. February Financial Report – Mr. Bo Brister, Financial Consultant for the Pension Fund
32 gave the February 2012 financial report and stated that on February 29, 2012 the market
33 value of the total Fund was \$43,150,312. This represents an increase in the account balance
34 of \$772,248.74 since January 31, 2012. The component of this change was income of
35 \$58,018.31. There were net contributions/withdrawals of \$(1,497,964.28). Of the market
36 Fund balance approximately \$23,009,025.47 was allocated to DROP. The over-all rate of
37 return for the Fund during the month of February was 1.69%, and 4.57% year to date. The
38 average over-all effective rate of return from (1986-2011) was approximately 7.30%. It
39 was also noted that the First Security Bank checking account currently has a balance of
40 \$415,840.22.

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42 B. Mr. Larry Middleton introduced Mr. Eric Dole of Capitol Point Partners, and said that this
43 is the third time the Board has met with Capitol Point Partners since 2007. He explained
44 that he believed it was important to have Mr. Dole provide a report to the Board because the
45 last manager of the account from Capitol Point had since sought other employment
46 opportunities. After a lengthy discussion and various questions from Board members, Mr.
47 Middleton explained that he did not have a particular issue with the group, but in the future
48 would probably visit their home office in Houston, Texas, and provide the Board with
49 additional information.

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51 **Agenda Item #5. Approval of February Meeting Minutes [Out of Agenda Order]**

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53 (The following matter was discussed after Agenda Item #7.)

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55 Mr. Hensley said that he had an amendment to the February minutes and asked Mr. Moore if he
56 would move the agenda item and address it after agenda item #7 was discussed. Mr. Moore
57 agreed and it was discussed out of agenda order at that time.

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59 Mr. Hensley stated that he was concerned and did not believe the portion of the minutes under
60 Agenda Item #11C, that dealt specifically with the response to the question concerning the
61 Treasurer's precious email notification and failed to accurately reflect events of the meeting.
62 He said that although the Secretary wrote more than one-half a page concerning his comments
63 in the meeting, he totally failed to include a response from the Treasurer or that of any other
64 Board member. He (Mr. Hensley) then made a motion to amend the minutes of the meeting by
65 deleting a section of the minutes beginning on line 136 where "Mr. Young began reading his
66 comments, through line 165, where he concluded. The minutes would then read as follows:

67

68 *Response to question concerning the Treasurer's email notification (01.48.57 into the*
69 *pension meeting audio)*

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71 *After considerable discussion of that issue, Mr. Harrod made a motion (02.07.31 into the*
72 *pension meeting audio to move onto Item #12 on the Board's agenda and Mr. Hensley*
73 *seconded that motion.*

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75 Mr. Harrod then seconded Mr. Hensley's motion. During discussion, Mr. Moore and Mr.
76 Watson also expressed concern that the minutes did not reflect an accurate account of the
77 discussion because it failed to give opposing views or comments from any other member of the
78 Board.

79
80 Mr. Young voiced his opposition to the motion because he said it removed the statement that he
81 had read into the minutes. He said that other Board members could have submitted their
82 comment to him for inclusion into the minutes.

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84 A vote was taken on the motion to amend the February minutes and passed with a unanimous
85 vote with an exception of Mr. Young who voted against the motion.

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87 Mr. Young then stated that he would not make the changes, and announced that he would like
88 to resign effective immediately as Secretary of the Board. Mr. Hensley said he has been
89 Secretary in the past for many years and had no interest in again serving, but asked if Mr.
90 Moore would see if any other Board member might have an interest. Mr. Harrod told the
91 Board that he would be willing to serve as Secretary, at which time Mr. Hensley made a motion
92 to accept the resignation of Mr. Young and nominated him (Mr. Harrod) to serve as Secretary.
93 Following a second by Mr. Watson, the vote was taken and passed without an opposing vote.

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95 **Agenda Item #6. Report from Board Legal Consultant**

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97 Mr. Hathaway, who is currently the Board's private Legal Consultant had previously been
98 asked to attend the meeting and address the issue of potentially using the City Attorney's
99 Office for legal representation. He stated that he did not have a problem with the Board using
100 the City Attorney for general counsel as long as a conflict of interest did not occur, and would
101 also remain available to provide private legal counsel when asked to do so.

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103 Mr. Carpenter, who also represents the City, stated that the City has a policy which directs his
104 office to "move to disqualify" any counsel to represent anyone in an adversarial roll against the
105 City. Mr. Harrod said that the City Attorney could handle most legal issues, and if a potential
106 conflict arose, its private legal counsel could then be used. Mr. Hensley agreed, and stated that
107 since he has been serving on the Board, there have been very few issues that would have
108 involved a potential conflict of interest for the City Attorney. He said that he supportive of the
109 idea to use the City Attorney's office, only if the Board continues to retain their private legal
110 counsel to be used when needed.

111
112 Mr. Hensley made a motion to ask the City Attorney to be the Board's general legal counsel,
113 and to continue retaining its current private legal counsel to be used when a potential conflict of
114 interest may occur. Mr. Harrod seconded this motion.

115 Mr. Young then asked Mr. Carpenter if the Board would need to sign any type of document
116 prior to becoming its legal counsel. Mr. Carpenter told the Board that a resolution would need
117 to be drafted and approved. Upon request from both Mr. Moore and Mr. Young to first review
118 the previously mentioned resolution, Mr. Hensley and Mr. Harrod withdrew the motion and
119 second. Mr. Moore asked Mr. Carpenter to draft the resolution and have it ready for the
120 Board's review at the April meeting.

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122 **Agenda Item #7. Report of Board Lobbyist**

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124 Mr. Roger Smith reported on Act 979, and said that it provides for a uniform distribution of
125 premium taxes based on a base benefit of 50% of salary. Currently, under Act 979 every plan in
126 the State is receiving the same percentages from the insurance premium taxes. One city he used
127 as an example was the Russellville Police Department, who received 100% of salary when they
128 retired plus a \$750.00 monthly stipend. Mr. Smith said that some of them are now upset
129 because they lost \$48,000.00 per year in insurance premium tax funding and spoke at the last
130 Arkansas Fire and Police Pension Review Board (PRB) meeting, against the current formula.

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132 Mr. Hensley said that both he and Mr. Watson currently serve on the PRB and represent all
133 local Police and Fire plans within the State. He explained that he believes it is a fair
134 distribution of premium tax finding under Act 979, and thinks it would be difficult to overturn
135 in the next legislative session because the percentage of salary distribution is the same for every
136 fund throughout the State.

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138 Mr. Moore said that the Arkansas Municipal League was very helpful in getting Act 979 passed
139 in the past Legislative Session, and thought it was a fair approach for all plans.

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141 **Agenda Item #8. Report of Funding Committee**

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143 A. Mr. Jody Carreiro, who is the actuary for the PRB, and Mr. David Clark, the Executive
144 Director for LOPFI and the PRB had been asked to attend the meeting to explore
145 potential ways to possibly expedite a LOPFI consolidation? They arrived and joined
146 the meeting at approximately 11:00 a. m.

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148 Mr. Carreiro explained that with increased State funding from Act 979, and increased
149 funding from the City of Little Rock, the Police Pension Fund would still possible be
150 five (5) to ten (10) years away from a potential LOPFI consolidation with a three
151 percent (3%) cost of living adjustment COLA.

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153 The discussion centered around the potential impact that increased funding from
154 additional sources such a warrant fee, and extending the current fifteen (15) year
155 amortization of the unfunded liability would potentially have in reducing the time frame
156 for consolidating. Director Adcock asked Mr. Carreiro to consider what impact an
157 additional \$500,000.00 annual contribution would also have.

158 After considerable discussion, the Board asked Mr. Carrero to prepare a report detailing
159 what impact the previously detailed suggestions might have in terms of when a
160 consolidation might be possible. Because Director Adcock will be unable to attend the
161 April meeting, Mr. Carrero said that he would have it available for review at the May
162 meeting.

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164 Mr. Carreiro also told the Board that he would also include in his report an evaluation
165 previously discussed under item #12 of our agenda, concerning the ability of widows to
166 retain their monthly pension benefits if they remarry.

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168 Mr. Hensley made a motion to authorize Mr. Carreiro to complete the reports. It was
169 seconded by Mr. Harrod, and passed unanimously.

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171 B. Ms. Debbie Pharr of the Pension Fund Administrative Staff provided the Board with
172 several reports from the Police Department concerning bank deposits of proceeds from
173 auctions and confiscated money. Director Adcock and the Board had several questions
174 concerning the reports and following a discussion, asked Ms. Pharr if she would ask a
175 representative of the Police Department to attend the April meeting and further discuss
176 the reports. Mr. Moore agreed to have staff do a follow-up report for the April meeting.
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178 **Agenda Item #9. Report from Board Chairman**

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180 Mr. Moore stated he had nothing new to report at this time.

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182 **Agenda Item #10. Report from Board Secretary**

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184 Mr. Harrod stated he had nothing new to report at this time

185 **Agenda Item #11. Report from Board Treasurer**

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187 This item was passed until the April meeting due to the fact that Ms. Lenehan had a death in
188 her family and was unable to attend the meeting.

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190 **Agenda Item #12. Board Member Topics of Discussion**

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192 The matter of allowing widows to retain monthly pension payments if they remarry was
193 previously discussed under Agenda Item #8.

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195 **Agenda Item #13. Fund Members Comments**

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197 [No pension fund members other than those on the Board were present.]
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Agenda Item #14. Other Business

Ms. Lindsey asked Mr. Young and Mr. Woods if they were going to again run for their current Board positions, because the two terms were expiring and she was preparing to send a notice to members of the Fund seeking nominations. Mr. Young stated that he would not seek re-election. Mr. Woods told the Board that he would be seeking re-election.

Mr. Woods arrived at 10:45 a.m., and explained that his delay was due to a problem at his place of employment.

Agenda Item #15. Adjourn Meeting

Following the conclusion of business, Mr. Hensley made a motion to adjourn the meeting at 12:05 p.m.. It was seconded by Mr. Harrod and passed unanimously.

Respectfully Submitted,

Lee Harrod
Board Secretary