

MINUTES
Policemen's Pension and Trust Relief Fund
Thursday, June 11, 2009
9:00 a.m.

On Thursday, June 11, 2009 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
	Mike Lowery	Member
	Lee Harrod	Member

ABSENT:	Brad Furlow	Member
	David Rowan	Member

Also present were Mr. Larry Middleton and Mr. Alex Jordan of Stephens Capital Management (Financial Consultants for the Fund), Mr. Dean Overstreet of Dover Dixon Horne Law Firm (Legal Consultants for the Fund), Mrs. Kathy Lindsey and Ms. Sharon Phillips (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 June 3, 2009 to the Arkansas Democrat-Gazette.

Copies of the May minutes had previously been submitted to Board members, and following their review, Mr. Harrod made a motion to approve them as submitted. Mrs. Lenehan seconded the motion and it passed unanimously.

Mr. Jordan gave the May 2009 financial report and said that on May 31 the market value of the total Fund was \$46,203,522, of which \$24,755,128.23 was allocated to the DROP. This represents an increase in the account balance of \$1,100,747 since April 30, 2009. The component of this change was income of \$26,808.61. There were net contributions/withdrawals of \$1,971.44. Additionally, \$697,691.91 was held in the Metropolitan Bank Checking Account. The Funds overall market rate of return for the month of May 2009 was 2.48% and a negative (2.21%) year to date.

Mr. Middleton and Mr. Jordan reported that retail sales have improved three (3) out of the last five (5) months, and that the mortgage market has also started improving due in-part to lower interest rates. An additional contributing factor for improvement in the mortgage markets is that investors have been purchasing houses that are in foreclosure. They explained that Commercial real estate markets remain depressed, and are not expected to improve for several months.

A report from Mr. Smith regarding the Interim Study of SB176 was tabled until his return in August.

Following a recommendation from Mr. Smith during the May meeting, a motion had passed for a letter to be drafted and sent under the signature of Chairman Moore to the Arkansas Fire and Police Pension Review Board (PRB), requesting that the PRB send a letter to the Governor requesting that a representative of the PRB be appointed to serve on an upcoming committee charged with making recommendations to the Governor in regard to securing a fiscally sound system of funding for the Arkansas State Police Retirement System. At the current meeting, Mrs. Lenehan reported that the previously referenced letter of May 14, 2009 had been mailed to Mr. David Clark, Executive Director of the PRB. Also at the current meeting, Mr. Hensley told the Board that the above referenced letter to Mr. Clark had been presented at the quarterly PRB meeting on June 9, 2009, and that a motion had passed directing him (Mr. Hensley), Chairman of the PRB to send a letter to the Governor making a request for the PRB to be represented on the Committee.

During discussion at the May meeting regarding DROP interest payments, Mr. Peace explained that the PRB had passed a motion at its March 2009 quarterly meeting changing the procedure for calculating DROP interest. Generally, the motion mandated that effective January 1, 2009, Drop interest would be calculated using a daily average balance for the calendar year of 2009, then applied to all accounts for the same calendar year period. The actual crediting of interest to DROP accounts would be done upon receipt of the 2009 certified interest rate from the PRB, received sometime after January 1, 2010.

At the current meeting, Mrs. Lenehan made a motion, that effective January 1, 2009 only the PRB certified DROP interest rate will be used to establish annual interest, and will then be applied to accounts when received sometime during the calendar year 2010. Mr. Hensley seconded the motion and it passed unanimously.

Mr. Overstreet reported concerning the past benefit increase lawsuit, and said that the legal brief is currently being edited, and should be filed sometimes next week. He (Mr. Overstreet) also told the Board that an affidavit from Mr. Hensley had been completed, and will be filed with the brief. He explained that the opposing party will file their brief within about the same timeframe, and then each party will be given an opportunity to make a final response. He said that once the final edit is completed a draft copy of the brief, and affidavit would be forwarded to all Board Members for their review prior to filing.

At approximately 9:20, Mr. Moore excused himself from the meeting to attend a presentation.

Established boundaries of the Little Rock Port TIF district was tabled until July.

Distribution of premium insurance tax funding to large cities was tabled until July.

Presentation to the City Board of Directors was tabled until July.

Mrs. Lenehan submitted copies of the un-audited balance sheet report for May 31, 2009. Losses to the plan year-to-date through May 31, 2009 were (\$3,546,752). The report indicated that as of May 31, the total account fund balance was approximately \$46,829,391 including DROP. The net over-all gain for the month of May was \$1,490,269.

Also submitted were copies of the May 2009 expense and legal fee report. Total expenditures, excluding benefit related expenses, were \$837.60 for the month of May, and \$17,256.16 calendar year through May 31, 2009. Legal fees for the month of May were \$4,247.00, and totaled \$15,883.50 year to date through May 2009.

Following review of the May financial and expense reports, Mr. Hensley made a motion to approve them as submitted. Mr. Harrod seconded the motion and it passed unanimously.

Mrs. Lenehan told the Board that a request for a LOPFI actuarial consolidation valuation study along with payment in the amount of \$4,480 had been submitted to the PRB.

Mr. Hensley made a motion to remove Mr. Charles Goodwin who passed away on May 15, 2009 from the pension roll, approve a \$6,500 death benefit, and extend the Boards condolences to his family. Mr. Lowery seconded the motion and it passed unanimously.

Upon request from Mrs. Lenehan, the matter concerning a probation fee accounting report from 1995 was tabled.

Mrs. Lenehan reported that a letter dated May 21, 2009 was mailed to Mr. Miller regarding purchase of the Fund's laptop computer. Depreciation of the computer was calculated over a three (3) year period, bringing the purchase price to \$667.

Mr. Hensley reported that calculations by State Actuaries for the police supplement, and future police supplement payments had been completed, and that checks totaling \$1,338.20 will be mailed to all members between the months of July to September. He said that the payment amount had decreased by less than \$100.00 from that of 2008 because future growth in the sale of automobile insurance has declined.

Upon conclusion of Pension Board business, Mr. Harrod made a motion to adjourn the meeting. Mrs. Lenehan seconded the motion, and meeting adjourned at approximately 9:45 a.m.

Respectfully Submitted,

Farris Hensley
Board Secretary