

MINUTES  
Policemen's Pension and Trust Relief Fund  
Thursday, July 09, 2009  
9:00 a.m.

On Thursday, July 09, 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:	Farris Hensley	Secretary
	Mike Lowery	Member
	Lee Harrod	Member
	Brad Furlow	Member
	David Rowan	Member
ABSENT:	Bruce Moore	Chairman
	Sara Lenehan	Treasurer

Also present were Mr. Bryan Day, Assistant City Manager, Mr. Larry Middleton and Mr. Alex Jordan of Stephens Capital Management (Financial Consultants for the Fund), Mr. John Peace and Mr. Dean Overstreet of Dover Dixon Horne Law Firm (Legal Consultants for the Fund), Mrs. Kathy Lindsey (Pension Fund Administrative Staff), and Ms. Janet Walker and Mr. John Shrewsbury (GenWealth Financial Advisors).

In the absence of Mr. Moore, Mr. Day 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 26, 2009 to the Arkansas Democrat-Gazette.

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

Mr. Jordan and Mr. Middleton gave the June 2009 financial report and said that on June 30, 2009 the market value of the total Fund was \$45,173,457, of which \$24,783,527.11 was allocated to the DROP. This represents an increase in the account balance of \$1,346,312 since May 31, 2009. The component of this change was income of \$149,642. There were net contributions/withdrawals of (\$1,083,642). Additionally, \$833,901.65 was held in the Metropolitan Bank Checking Account. The Funds overall market rate of return for the second quarter of 2009 was 5.86% and a negative (2.09%) year to date.

Mr. Lowery questioned calculations provided in the above referenced financial report. Following a brief discussion concerning the matter, Mr. Middleton told the Board that the financial information would be reconciled and the Board provided an updated report.

Mr. Middleton and Mr. Jordan reported that there had recently been a ten (10) year Treasury auction and it had outperformed any in the past twenty-five (25) years. They said that the increasing rate of unemployment and problems in the housing industry continues to remain an issue, however by October it may be possible to get a sense of how the financial markets will be moving.

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

Mr. Overstreet reported concerning the past benefit increase lawsuit, and said that legal briefs have been filed. Each party will now have an opportunity to make their final response, and the Judge will then make a ruling based on his judicial review or a court date will be set for a hearing.

Mr. Peace reported regarding the Age seventy and one half (70½) Internal Revenue Service (IRS) Rule governing the DROP. He said that IRS Code 401(a) (9) states that when a member reaches age seventy and one half (70½), a minimum annual distribution is required, because in theory members are not allowed to have tax deferred earnings indefinitely in their Drop accounts. He explained that the Arkansas Fire and Police Pension Review Board (PRB) rules state that approved payment methods include lump sum, unspecified annuities, or any other payment method approved by the local Board. He said that PRB rules regarding the matter do not seem to be consistent with the previously referenced IRS Code, therefore he will be in contact with Mr. David Clark, who is Director of the PRB, to determine if a rule change is needed to provide consistence with IRS Code.

The matter was then tabled to allow adequate time for Mr. Peace to conduct a review with Mr. Clark.

Additionally, Mr. Peace explained that the recently enacted stimulus package provided that if such members elect to do so, their 2009 DROP payments may be deferred until 2010. He recommended for any DROP member reaching the above referenced age to receive the minimum distribution that is required by the IRS, and that Pension Administrative personnel determine from such members, if they elect to defer 2009 payments until 2010.

In regard to the specific matter in question, Mr. Furlow made a motion to approve a method of distribution for Mrs. Anna Hargis that would be consistent with IRS code 401(a)(9), and to allow her the option of deferring her 2009 distribution until 2010. Mr. Hensley seconded the motion, and it passed unanimously.

Agenda matters concerning boundaries of the Little Rock Port TIF district, distribution of premium insurance tax funding to large cities, and the June balance sheet report were all tabled until August.

A copy of the June 2009 expense and legal fee report was submitted. Total expenditures, excluding benefit related expenses, were \$2,734.08 for the month of June, and \$19,990.24 calendar year through June 30, 2009. Legal fees for the month of June were \$5,226.00, and totaled \$21,109.50 year to date through June 2009.

Following review of the June expense report, Mr. Hensley made a motion to approve it as submitted. Mr. Lowery seconded the motion and it passed unanimously.

Mrs. Lindsey reported that discontinuing conventional mail service of the monthly pension packets to members who receive them by email has resulted in a savings to the Fund of approximately \$130.00 monthly.

Mr. Hensley made a motion to remove Mr. Ronald McHughes who passed away on June 19, 2009 from the pension roll, to approve the widow's pension for Mrs. Dianne McHughes in the monthly amount of \$2,145.20, a death benefit of \$6,500, and for the pension administrative staff to extend the Boards condolences to Mr. McHughes' family. Mr. Furlow seconded the motion and it passed unanimously.

Agenda matters concerning a presentation to the City Board of Directors and the probation fee accounting report from 1995 were tabled until August.

Mr. Hensley informed the Board that the Pension Administrative Office had received annual state funding for the Police Supplement and the Future Police Supplement, and that payments to members in the amount of \$1,367.00 would be distributed by month end.

Upon conclusion of Pension Board business, Mr. Hensley made a motion to adjourn the meeting. Mr. Lowery seconded the motion, and meeting adjourned at approximately 10:06 a.m.

Respectfully Submitted,

Farris Hensley  
Board Secretary