

MINUTES
Policemen's Pension and Trust Relief Fund
Thursday, July 8, 2004
9:00 a.m.

On Thursday, July 8, 2004, at 9:05 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 Board of Directors Conference Room at City Hall.

PRESENT:	Bruce Moore	-Chairman
	Farris Hensley	-Secretary
	Bob Biles	-Treasurer
	Brad Furlow	-Member
	Lee Harrod	-Member

ABSENT:	Jerry Best	-Member
	Dr. Marvin Leibovich	-Physician

Also present was Mr. Ed Adcock, legal counsel for the Fund, and Mr. Don W. Myers of the Municipal League, Ms. Lisa A. Whitworth of Metropolitan National Bank, Mr. Alex Jordan and Mr. Larry Middleton of Stephens, Inc., Mr. Roy Gutierrez, Mr. Henry Goodspeed, Mr. John Turbeville and Mr. Erin Eason of UBS/Payne Webber, Mr. Andy Taylor and Mr. Matt Robbins of Gerber/Taylor Associates, Inc., Mr. Kevin Tindle, Mr. David Goodson and Mr. Dennis Hutchins, Jr., of the Little Rock Police Department, and Mrs. Amber Johnson, the Pension Administrative Assistant of Mr. Farris Hensley

Mr. Bruce Moore called the meeting to order at 9:05 a.m., and certified that a quorum of the Board was present.

A letter of June 21, 2004, to the Arkansas Democrat-Gazette that notified them of the meeting was included in the monthly Board members meeting packet.

The selection process for investment advisor had begun several months ago with the issuance of Request for Qualifications (RFQ). After receiving sixteen (16) responses, a sub-committee consisting of three Board members – Mr. Bob Biles, Mr. Farris Hensley and Mr. Lee Harrod – was selected. The committee members reviewed all responses and completed individual ratings forms. The rating process resulted in narrowing the response list to three (3) finalists, who were Gerber/Taylor Associates, Inc., Stephens, Inc., and UBS/Payne Webber. It was determined at the June Pension meeting that the three (3) finalists would be interviewed by the full Board at the July meeting.

At the current meeting Mr. Biles informed the Board that representatives of the three (3) finalist organizations were present and recommended that each be allotted twenty (20) minutes to deliver their presentation and an additional ten (10) minutes to answer questions from the Board.

The interview process began with the above referenced representatives of Gerber/Taylor Associates, followed by representatives of Stephens, Inc., and concluding with representatives of UBS/Payne Webber. Each presented the Board with information packets concerning their respective

firms qualifications and returned question/answer forms previously given to them by the Board. During their presentations each group gave a brief overview of their firms history, experience, investment strategies, reporting procedures, fee structures and summary of services.

Upon conclusion of the interview process, the Board discussed various particular characteristics of each firm. Following a lengthy discussion the Board decided to table the final selection for at least thirty (30) days. During that time Board members may forward their follow-up questions to Mr. Biles who will submit them to the respective organization. If needed, representatives from any given firm may be asked to attend a future meeting to resolve any remaining issues.

The June minutes had previously been distributed to Board members. Following their review Mr. Harrod made a motion to approve them as submitted. Mr. Best seconded the motion and it passed unanimously.

Mr. Biles submitted copies of the un-audited balance sheet finance report, year-to-date through May 31, 2004 and reported that the total assets of the Fund was \$58,609,398.79. Also submitted were copies of the June expense and legal fee report. Following their review Mr. Hensley made a motion to approve the reports as submitted. Mr. Harrod seconded the motion and it passed unanimously.

During the June meeting, Mr. Adcock reported on the status of the Mr. Matthew Howell investigation, and informed the Board that the investigation by the Little Rock Police Department had been completed. In a memorandum to the Pension Board from Detective Christian Sterka, he had stated that no records could be found to indicate that Mr. Howell attended an institution of higher learning between June 13, 2003 to January 12, 2004 and that benefits paid to him during that time period totaled \$13,372.90.

Mr. Adcock had explained that Mr. Howell was clearly required by statute to attend an institution of higher learning on a full-time basis, and that information was relayed to his attorney Mr. Heuer in correspondence long before this matter developed.

A motion was passed that directed Mr. Adcock to correspond with Mr. Heuer, attorney of Mr. Howell, and inform him that the Board had set a deadline of July 8, 2004 for restitution in the amount of \$13,372.90 to be made in full and that if restitution was not received by that date, a standing recommendation by the Board was to immediately refer the matter to the Pulaski County Prosecutor, and that if full restitution was made, the Board would not recommend the matter be referred for prosecution.

Mr. Adcock reported that since the June meeting he had been in contact with Mr. Heuer, who reported that Mr. Howell's mother was continuing her efforts to secure a loan to repay the Pension Fund and asked for additional time.

During discussion that followed, consensus of the Board was to proceed with the matter as directed by the previous motion passed during the June meeting. The Board asked Mr. Adcock to encourage Mr. Heuer to continue their efforts to make restitution, but directed Mr. Adcock to prepare a letter to Detective Sterka asking for the matter to be referred for prosecution.

Mr. Adcock reported concerning the matter of Mr. Ralph Simon's Qualified Domestic Relation Order (QDRO). He (Mr. Adcock) said that the QDRO should now meet approval of the Board, but is awaiting signature of the judge and that no Board action should be taken until we have a file marked copy of the QDRO directing us on the distribution. The matter was tabled until August.

Mr. Adcock told the Board that there were two issues involving Mr. Jimmy Evans. The first is a file marked QDRO that has been submitted. Based upon a recommendation from Mr. Adcock, Mr. Hensley made a motion to approve the QDRO and distribution per terms of the order. Mr. Furlow seconded the motion and it passed unanimously.

The second matter dealt with what had been discussed during the June meeting. A DROP beneficiary form had been received from Mr. Jimmy Evans that designated his mother to receive his DROP funds "for the benefit of a surviving child" in the event of his (Mr. Evans') death. Mr. Adcock had explained that he would correspond with Mr. Evans and explain that the Pension Fund cannot govern or assure how the money will be sent and that a trust should be established to make such an assurance.

During current discussion of the matter Mr. Adcock distributed copies of a letter that he had sent to Mr. Evans that outlined the previously referenced limitations that the Pension Fund has in such matters. Although Mr. Adcock told the Board that no action needed to be taken on the matter, he did tell the Board that when and if a specific issue of this nature actually arises in the future, he (Mr. Adcock) will probably advise the Board to require even a custodial parent to establish a guardianship for purposes of administering money, thereby avoiding any claim in the future that the board failed in its duty to the beneficiary.

Mr. Harrod reported concerning the issue of address verification on Ms. Maxine Brooks. He said that address and eligibility verification had been made for Ms. Brooks.

Mr. Hensley reported concerning the election process for Trustee Position number three. He said that on June 22, 2004, ballots were mailed to two hundred-seventy two (272) members who were traditionally retired. Although he (Mr. Hensley) thought that his instructions were clear that ballots should be mailed to all groups of members, he learned on June 30, 2004, that ballots were in fact not mailed to sixty-eight (68) members who are currently on DROP. Mr. Hensley told the Board that he immediately contacted Mr. Adcock who recommended immediately mailing ballots to those members who had initially not been included and extending their deadline to vote until July 22, 2004. Ballots were mailed the same day, June 30, 2004, to all DROP members. Mr. Hensley explained that he thought the matter had been resolved in a manner that ensured all members had an adequate time for voting and neither candidate would be adversely affected. However, on July 7, 2004, Mrs. Amber Johnson, his administrative assistant, informed him that seven (7) members who remained employed after their ten (10) years on DROP were not mailed ballots. He reported that this particular problem had occurred because the Pension Administrative Office had failed to provide mailing labels for them.

Mr. Hensley told the Board that much of the confusion arose because there are currently a total of seven (7) groups or categories of individuals who receives benefits and only four (4) groups are members and therefore, eligible to vote. An additional issue that contributed to the complexity of the matter was that an additional group of individuals who were not eligible to vote, had just been included in the monthly mailing of the Pension minutes.

During discussion and based upon a recommendation from Mr. Hensley, Mr. Harrod made a motion to immediately mail ballots to the remaining members and extend their deadline for voting until July 29, 2004. Mr. Biles seconded the motion. During additional discussion, Mr. David Goodson, who is a candidate and was present at the meeting, indicated that the recommendation met with his approval. A vote was taken and the motion passed unanimously.

Mr. Hensley made a motion to remove Mr. Michael Middleton who passed away June 7, 2004 and Mr. Billy Sanford who passed away on June 20, 2004, and Mr. Kenneth Williams who passed away on June 23, 2004, from the Pension rolls and approve the surviving spouse benefits of Ms. Dolores Middleton. Additionally, to approve a \$4000 funeral benefit on behalf of the three (3) above referenced members. Mr. Biles seconded the motion and it passed unanimously. Members of the Board extended their condolences to families of the three (3) members.

Mr. Furlow made a motion to remove Ms. Karen Williams who was an alternate payee of Mr. Kenneth Williams from the Pension rolls. Mr. Biles seconded the motion and it passed unanimously.

Mr. Adcock informed the Board that an application for surviving spouse benefits had been received from Ms. Donna Williams, however he said that he needed to research the matter concerning an eligibility question and asked that the matter be tabled until August.

Mr. Biles provided for Board members a copy of the 2003 actuarial valuation that certifies the DROP interest rate that will be paid effective August 1, 2004. He explained that the minimum rate of six percent (6%) was certified for members who are in their first five (5) years of DROP. The Funds overall rate of return based on a five (5) year average was 3.8%, therefore a 1.8% interest rate was certified for members who are in their second five (5) years on DROP.

Mr. Furlow made a motion to approve the above referenced certified DROP interest rates. Mr. Biles seconded the motion and it passed unanimously.

Mr. Moore presented a letter from Ms. Martha M. (Marty) Murphee, widow of Mr. Doyle Robert Murphee. In the letter, Ms. Murphee notified the Board that effective July 17, 2004, she will be remarrying and no longer qualify for a surviving spouse benefit. Ms. Murphee expressed her "sincere appreciation to the Police Pension Board for their consideration and care that has been given in many ways to the recipients of the Police Pension and Widow's Fund."

Upon conclusion of Pension Board business, Mr. Harrod made a motion to adjourn the meeting. Mr. Hensley seconded the motion and the meeting was adjourned at 12:00 p.m.

Respectfully submitted,

Farris Hensley, Secretary