

Firemen's Relief and Pension Fund Board Meeting
August 25, 2010
9:00 AM

The Board of Trustees of the Firemen's Relief and Pension Fund of the City of Little Rock, Arkansas, met at 9:00 AM in the Sister Cities Conference Room located at 500 West Markham Street, City Hall. Chair Bruce Moore called the meeting to order.

1. Roll Call:
Members Present: Havis Jacks; Johnny Reep; Butch Wright; Bruce Moore; and Susan Langley
Members Absent: Bernard Sherwood and Sam Snowden
Other Personnel Present: Sara Lenehan; Kathy Lindsey; Melinda Raley; Alex Jordan from The Stephens Group; and Bill Lindsey, Pension Review Board Chair
2. Approval of Minutes from the July 28, 2010, Meeting: Mr. Wright made the motion, seconded by Mr. Reep, to approve the minutes from the July 28, 2010, meeting. By unanimous voice vote of the Board Members present, the minutes were approved.
3. Stephens, Inc. Report (Copy of Financial Report filed in the Office of the City Clerk): Mr. Alex Jordan presented the report and reported that the Total Fund Balance as of July 31, 2010, was \$69,896,484; with a total DROP balance of \$10,338,936.31. The Fund was up 3.69% for the month of July, and 1.47% year-to-date.
4. Financial Reports (Copy of report is on file in the Fire Pension Office): Ms. Sara Lenehan presented the June and July Financial Reports. Mr. Reep made the motion, seconded by Mr. Wright, to approve the June and July Financial Reports. By unanimous voice vote of the Board Members present, the financial reports were approved.
5. Removal from Pension Rolls: Removal of Ronald Mann, Sr., effective August 4, 2010, with a benefit amount of \$3,011.43. Mr. Wright made the motion, seconded by Mr. Reep, to remove Ronald Mann, Sr., from the Pension Rolls. By unanimous voice vote of the Board Members present, Mr. Mann was removed from the Pension Rolls.
6. Addition to Pension Rolls: Addition of Jim D. Mills, effective August 6, 2010, with a benefit amount of \$3,409.72. Addition of Rebecca Mann, effective September 1, 2010, with a benefit amount of \$2,971.43. Mr. Wright made the motion, seconded by Mr. Reep, to add Jim D. Mills and Rebecca Mann to the Pension Rolls. By unanimous voice vote of the Board Members present, Mr. Mills and Mrs. Mann were added to the Pension Rolls.

7. Legal Update:

- A. Age 70½ Required Minimum Distribution: Ms. Melinda Raley stated that she had visited with Chief Massey regarding his options, and he indicated that he would visit with his accountant.
- B. Disability after DROP Issue: Ms. Raley stated that she was in the process of working on a draft memorandum regarding disability after DROP; however, she was not finished with it at the time.

8. Proposed Benefit Increase: Mr. Reep stated that he had a proposed resolution for the approval of cost-of-living increases. Mr. Reep stated that the resolution included four (4) options: 1) an annual compounded 3% cost-of-living adjustment; 2) an annual compounded 2½% cost-of-living adjustment; 3) an annual 2% cost-of-living adjustment; and 4) an annual 1½% cost-of-living adjustment.

Ms. Lenehan distributed handouts from the audit report that was related to the issue. Ms. Lenehan stated that in regards to the Firemen's Pension and Relief Fund (FPRF), the audit report stated that as of December 31, 2009, the most recent actuarial valuation date, the FPRF was 48% funded. Ms. Lenehan stated that in 2009, 40% of the Annual Pension Cost (APC) was contributed, and the APC was \$11,077,509. Ms. Lenehan stated that the revenues that come into the Fund are primarily from the mil Property Taxes and the Pension Turnback Funds; however, they have not grown to keep pace with the benefit increases and the cost-of-living adjustments. Due to the fact that the City has not been able to make supplemental contributions, the cost continues to grow; however, the revenue coming into the Fund does not. Ms. Lenehan stated that at a recent Pension Review Board Meeting, there was discussion regarding the assumed interest rate that would be utilized in the calculations and in the past with the plan, based on the earnings, the rate had been 7%. The rate was decreased due to the significant losses that were incurred in 2008; therefore, the assumed rate of return was decreased to 5%.

9. Other Business:

- A. Certified DROP Rate of Interest: Ms. Lenehan stated that on July 8, 2010, each of the pension funds received their certified DROP rate of interest from the PRB. Ms. Lenehan stated that when the rates were received, they were quite a bit less than what was expected. Ms. Lenehan stated that when Mr. Jody Carreiro completed the evaluation, he had utilized a five (5)-year "smoothing" in computing the rate; however, at the March 2009 PRB Meeting, the rules were clarified for calculation of interest in utilizing the certified rate, the minutes reflect that the previous market rate of return was to be utilized. Ms. Lenehan stated that subsequent to the initial letter that announced the DROP rate, staff received an additional letter stating that the issue would be discussed at the September 1, 2010, PRB Meeting. Ms. Lenehan stated that as of that moment, they did not have a certified rate for Fire Pension.

- B. Posting of Meeting Minutes: Mr. Moore stated that he had received correspondence from a Fire Pension Member regarding the meeting minutes posted on the City's website and that fact that in the past, the minutes were sent out to a distribution list. Ms. Langley stated that the standard practice was to not post the minutes on the website until the Board had approved them and that she was not aware of any type of list for the distribution of the minutes. After discussion, the Board stated that the minutes should be posted online following approval and that copies of the minutes should not be distributed before approval.

Mr. Reep made the motion, seconded by Mr. Jacks, to adjourn the meeting. By unanimous voice vote of the Board Members present, the meeting was adjourned at 9:35 AM.

Susan Langley
Secretary, Firemen's Relief and Pension Fund