

**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
ARKANSAS STATE POLICE RETIREMENT SYSTEM
MAY 22, 2014**

The regular meeting of the Board of Trustees of the Arkansas State Police Retirement System was held on Thursday, May 22, 2014 at 10:00 a.m. in the Arkansas State Police Commission Room at the State Police Headquarters, #1 State Police Plaza Drive, Little Rock, Arkansas. Mr. Donny Underwood presided.

QUORUM ABSENT:

Mr. Underwood recognized they did not have a quorum, but would proceed with the meeting and any motions made at this meeting could be ratified at the August meeting.

BOARD MEMBERS PRESENT:

Mr. Donny Underwood, *Chair, Citizen at Large*
Lieutenant Brant Tosh, *Vice-Chair, ASP Tier II*
Corporal Blake Wilson, *ASP Tier I*
Dr. John Shelnett, *Designee for Mr. Richard Weiss, Director Dept. of Finance & Administration*

BOARD MEMBERS ABSENT:

Mr. John W. Allison, *State Police Commissioner*
Mr. Joe Miles, *Citizen at Large*
Mr. Carl "Ned" Hendrix, *Citizen at Large*

VISITORS PRESENT:

Ms. Sherry Woods, ASP
Ms. Janet Chappell, ASP
Mr. Les Brauns, ASP
Mr. Ed Armstrong, Attorney General's office
Mr. Blake Wilson, Jr.

STAFF:

Ms. Gail H. Stone, Executive Secretary, Arkansas State Police Retirement System
Mr. Carlos Borromeo, Chief Investment Officer, APERS
Ms. Susan Bowers, Associate Director of Investments, APERS
Mr. Jay Wills, Attorney Specialist, APERS
Ms. Linda McGrath, Administrative Specialist, APERS

NEWS MEDIA NOTIFIED:

A letter of notification of the Arkansas State Police Retirement System Board meeting was sent to the Arkansas Democrat-Gazette, the Associated Press, Television Station KLRT/FOX16, Radio Station KARN, and Radio Station KAAZ. This letter of notification is pursuant to A.C.A. 25-19-101 (Act 93 of 1967) as amended-The Freedom of Information Act.

MINUTES:

A copy of the Minutes from the February 20, 2014 meeting of the ASPRS Board of Trustees was mailed to each member for review prior to the meeting. Cpl. Wilson motioned for the Minutes to be approved. He was seconded by Lt. Tosh and the February Minutes were approved as submitted.

SUMMARY OF RETIREES & BENEFICIARIES:

March – Pamela Digman, beneficiary of Jerry O. Digman

Ms. Stone noted that Ms. Digman was under suspicion of killing her husband, but unless she is convicted, there was no procedure to stop or refuse her benefit payouts. She had been informed prior to the first payout that should she be convicted, under the Slayer Statute, ASPRS would seek to recoup all those funds.

April – Delores Yates, beneficiary of Herschel D. Yates
Darnell McClinton
Doris Cooksie

DROP PARTICIPANTS WHO ARE RETIRING:

March – Lester Hankins, Jr.
Robert Alcon
James Sullivan

April – Robert Batson

DROP APPLICANTS:

Theodore E. Grigson (July 2014)

REQUEST FOR DISABILITY:

Christopher Spurling (June 2014)

On a motion by Cpl. Wilson and a second by Lt. Tosh, the Board approved the disability request. Ms. Stone indicated that the vote would need to be ratified at the August meeting due to a lack of a quorum at today's meeting.

QUARTERLY REPORT FOR THE PERIOD ENDING MARCH 31, 2014 – Presented by Ms. Gail Stone, ASPRS Executive Secretary

Ms. Stone noted that it had been a good quarter and the fund was at a new, all-time high. As of the end of April the Market Value of the ASPRS fund sat at just over \$260.6 million due to the strong markets. This was up significantly from the \$158 million the system was valued at in 2009 with it was merged with APERS, even with record high DROP and beneficiary payouts. She detailed how the fund was currently slightly overweight equities, due to the Core Real Estate funds not being called up as quickly as anticipated. Callan had suggested hiring another Real Estate manager to put those monies to work faster. The APERS Board will be interviewing prospective managers in August.

Over the past year, the investments have grown by 15.26% and finished in the top 12% of similarly sized public funds. It has held this ranking or better for the past two, three, four and five years, out-performing its policy target in each of those categories. Active managers added over 65 basis points during the past year. Ms. Stone was optimistic that the fund might close out the fiscal year with double digit returns.

FINANCIAL STATEMENTS FOR THE QUARTER ENDING MARCH 31, 2013:

Ms. Stone pointed out that over the first nine months of fiscal year, there had been over \$18 million paid out in benefits. ASPRS was projected to pay out a record \$20+ million to retirees and beneficiaries for Fiscal Year 2014. Despite these numbers, the assets are at an all time high.

OTHER BUSINESS:

Litigation Update – Presented by Mr. Jay Wills, APERS Attorney

Ms. Tricia Bell, from the Attorney General's Office had informed Mr. Wills that she was still waiting for the cross-motions for summary judgment in the Sligh case to be filed. Mr. Wills commented that he'd spoken to Mr. Bert Newell, the plaintiff's lawyer recently and he didn't seem to be in a hurry to resolve this issue.

The McClemore case was not appealed and so that lawsuit has finally been resolved.

New Recruits Planned for ASPRS

Mr. Underwood remarked that there was quite a crowd of people in the building for recruitment. Major Les Brauns stated they were hoping for 26-30 new recruits who would be starting in August, but the numbers were not final.

Announcement By Cpl. Blake Wilson

Cpl. Wilson introduced his son, Blake Wilson, Jr. He would be graduating from Arkansas Technical College in August with a degree in Emergency Management and was currently doing an internship with the State Police.

Cpl. Wilson also announced that he would probably be retiring in December from ASP to accept a position with the Russellville/Pope County Sheriff's Department. He noted since his term on the ASPRS runs through July 2015, thought would be needed on finding his replacement.

NEXT QUARTERLY BOARD MEETING:

The next quarterly Board meeting of the Arkansas State Police Retirement System will be held on Thursday, August 21, 2014 beginning at 10:00 a.m. at State Police Headquarters in Little Rock, Arkansas.

ADJOURNMENT:

There being no other business the meeting was adjourned.

MR. DONNY UNDERWOOD
Chair, Arkansas State Police Board of Trustees

MS. GAIL H. STONE
Executive Secretary