



MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES  
ARKANSAS STATE POLICE RETIREMENT SYSTEM  
NOVEMBER 17, 2011

The regular meeting of the Board of Trustees of the Arkansas State Police Retirement System was held on Thursday, November 17, 2011 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. Kirk Bradshaw presided.

**QUORUM PRESENT:**

Mr. Bradshaw recognized the presence of a quorum.

**BOARD MEMBERS PRESENT:**

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

**BOARD MEMBERS ABSENT:**

Mr. John W. Allison, *State Police Commissioner*

**VISITORS PRESENT:**

Mr. Norm Jones, Gabriel Roeder Smith  
Mr. Mita Drazilov, Gabriel Roeder Smith  
Lt. Col. Tim K'Nuckles, ASP  
Major Cleve Barfield, ASP  
Capt. Myron Hall, ASP  
Capt. Rick Dickinson, ASP  
Cpl. Mike Sullivan, ASP  
Lt. Glenn Sligh, ASP  
Ms. Harmony Daniels, ASP  
Ms. Sherry Woods, ASP  
Mr. Mike Knapp, Bureau of Legislative Audit  
Ms. Janelle Evyan, Bureau of Legislative Research  
Mr. Mike Wickline, *Arkansas Democrat-Gazette*

**STAFF:**

Ms. Gail H. Stone, Executive Secretary, Arkansas State Police Retirement System  
Ms. Michele Williams, Deputy Director, APERS  
Mr. Jay Wills, Attorney Specialist, APERS  
Mr. Carlos Borromeo, Chief Investment Officer, APERS  
Mr. Bill Dull, Chief Fiscal Officer, 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 August 18, 2011 meeting of the ASPRS Board of Trustees was mailed to each member for review prior to the meeting. Mr. Miles motioned for the August Minutes to be approved; he was seconded by Lt. Tosh. The Minutes were approved as submitted.

**SUMMARY OF RETIREES:**

November 2011 – Diana Baughman, Beneficiary of Michael Baughman

**DROP PARTICIPANTS WHO ARE RETIRING:** *None at this time*

**APPROVAL OF DROP APPLICANTS:**

November 2011 – Barry E. Roy

On a motion by Cpl. Wilson and a second by Lt. Tosh, the Board voted unanimously to approve Mr. Roy's DROP application.

**REQUEST FOR DISABILITY:** TFC Jennifer Mittlestat (*effective January 1, 2012*)

After a brief review of the medical evaluations, Lt. Tosh motioned to approve TFC Mittlestat's request for medical disability. He was seconded by Mr. Underwood and the motion passed unanimously.

**QUARTERLY REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2011 – Presented by Ms. Gail Stone, ASPRS Executive Secretary**

Ms. Stone noted that the fund had enjoyed a 26% return for Fiscal Year 2011; however the first quarter of 2012 was not as generous, with the Fund being down just over 12%. This was largely due to the fear factor in Europe as countries' financial situations became more and more tenuous. The two, newly-hired GTAA (Global Tactical Asset Allocation) managers provided a bright spot in the portfolio. Unofficially, the month of October saw the Fund gain back between 6-7%; while the month of November-to-date has added a little more. The actual Asset Allocation is very close to the Target Allocation, with the slight differences being attributed to market movement.

Mr. Miles questioned the current Asset Allocation in light of the high percentage of Equity in the portfolio and Ms. Stone commented the APERS' Trustees had been working on that very issue at their board meeting the previous day. She explained the steps that the Board had taken to reduce their exposure in that area, culminating in adoption a new Target Asset Allocation.

	<u>Previously</u>	<u>Newly Adopted</u>
Domestic Equities	46%	37%
International Equities	16%	24%
Fixed Income	21%	18%
Diversified Strategies	2%	5%
Real Assets	15%	16%

She cautioned that the fund would not be at those levels overnight, but move towards those percentages over the next year, with an eye towards dampening volatility.

Relative to other public funds of similar size, APERS' return for the quarter ranked in the 75<sup>th</sup> percentile, but when the asset allocation was adjusted, the fund jumped up to the 30<sup>th</sup> percentile; this was an indication of how the APERS' managers had added value to the returns.

**FINAL ACTUARIAL RESULTS FOR 2011 – Presented by Mr. Norm Jones & Mr. Mita Drazilov of Gabriel Roeder Smith and Co.**

Mr. Jones outlined how the actuaries developed the computed contribution rate and the funded status of the plan. As of June 30, 2011 the Fund had just over \$343 million in Actuarial Accrued Liabilities. This is the amount of money needed to pay off all the expected future benefits for the current members in the plan. The assets of the plan are currently valued at \$208 million, leaving just over \$135 million in Unfunded Actuarial Accrued Liabilities. In order to cover those unfunded liabilities, the system needs to collect an employer contribution rate of 47.64% of payroll. This is calculated by using the weighted average of Tier One (73.84%) and Tier Two (21.88%). The Statutory Employer Contribution is 22%; the addition funds come from other various fees. Over the last ten years, the actual Employer Contribution Rate has ranged from 30.72% (2002) to 44.71% (2009).

Mr. Jones stated that the ASPRS Fund is currently 61% funded. This breaks down the \$280,000 in Active Member contributions (mostly Purchases of Service) being 100% funded and all monies due to current retirees and beneficiaries (\$205.4 million) are 100% funded. However, the remaining \$137.5 million in the fund is only 2% of the total amount that will be needed to pay future benefits for the current active members. This is compared to Fiscal Year 2002, when 77% of the active member's portion was covered.

Mr. Drazilov detailed how the Funding Value of Assets was developed, recognizing only a quarter of the volatile market value per year, thus creating a 4-year "smoothing" effect. The extraordinary 26% return from Fiscal Year 2011 will result in an additional \$7.5 million to be recognized each year over the next four years. This will be added to the \$1.5 million from last year and helps offset the \$9.9 and \$11.3 million losses experienced in the 2008-2009.

Ms. Stone pointed out that there were several factors with the actuaries could not yet value. These included the recently reported dramatic decrease in collected court fees, as well as the additional car title fees that had not been collected. She also added that with no new troopers being hired to replace the ones leaving, there would be fewer contributions paid into the system.

Mr. Drazilov explained the various assumptions that the actuaries used in order to calculate costs to the plan going forward. He then compared them to the actual costs from the previous year. He summed up the experience of the past year as "unfavorable", specifically the investment return (measured on a funding value basis). As a result, the funded status decreased to 61%. On a market value basis, the funded status is 65% (up from 55% last year).

Mr. Jones reminded the Trustees that there were two annual items that required Board action: approving the annual reserve transfers and approving the Annual Valuation. After a brief explanation of how the accounting transfers between the various funds had no effect on the total fund balance or contribution rate, Mr. Miles motioned to approve the transfers and was seconded by Mr. Underwood. The motion passed.

Cpl. Wilson motioned to approve the final Employer Contribution Rate of 47.64% that the actuaries were recommending for Fiscal Year 2013 and he was seconded by Mr. Miles. Motion carried.

#### **FINANCIAL STATEMENTS FOR THE QUARTER ENDING SEPTEMBER 30, 2011:**

At the end of Fiscal Year 2011, the ASPRS portion of the fund was valued at \$226.7 million however, after payouts for the first three months of Fiscal Year 2012, the value of the fund had decreased by over \$28.6 million to just over \$199 million. Payouts for the month of October drew the fund down an additional \$4.2 million.

#### **OTHER BUSINESS:**

##### **Litigation Update – Mr. Jay Wills, APERS Atty.**

The only active litigation was the on-going McLemore case. Mr. Wills stated that cross-motions for summary judgments have been filed and now both sides were awaiting the judge's resolution. He was still optimistic the case could be solved without going to trial and he would inform the Trustees as soon as any sort of decision was made.

##### **DROP Interest Appeal Continuation – Lt. Glenn Sligh**

*Mr. Wills:* OK. If I can just set the stage, then I'll turn it over to Glenn (Sligh). As you all recall from the previous meetings, we had a group of Tier 1 Troopers who entered the DROP prior to July 1, 2005. At the time they entered the DROP, there was a state statute that provided that the interest paid on that DROP would be 2% below the market, but no lower than the assumed Rate of Return - which was 7.75% at that time. That Statute was later changed to give this Board the authority to set the DROP rates itself, however there is fair group and I... Glenn would probably have a better idea how many there are, but there is a fair group of Troopers who entered the DROP "earlier than they might have otherwise entered it and to their financial detriment." Because, as you know, DROP is an act of retirement, so going in too early you get a reduction for your age at that time. They entered the DROP prior to July 1, 2005 in reliance on the statute giving that rate of return on their DROP accounts over their lifetime of participation in the DROP.

We had... we first hoped that this could be resolved by the Attorney General. As you all are aware, the Attorney General, in Opinion number 2010-022, that basically said "I can't make up my mind; in court it could go either way." So when we got that opinion, which was not particularly... didn't provide particularly specific direction on the thing, you all asked me to look at it. I have done a survey of every court case I can find that has risen across the country, principally within the last 4-5 years. Triggered by the economic dislocation, the stock market crash in 2008, many pension funds across the country now find themselves in a less healthy status as they were before that time. And so many States and local pension funds have tried to stem the bleeding by reducing such things as COLAs, DROP interest rates, interest rates on accounts for members. And many times they have been challenged.

Quite frankly, I have sent you all a memo, and Glenn has a copy of it too, those cases are all over the country... all over the map, excuse me. As I told Glenn, if we were living in Oregon right now, I could say conclusively that "Yes, it was a contract based on the way the Oregon Supreme Court views these things." On the other hand, if we were living in New Jersey right now, I could say conclusively "No" on this issue, because their Court has answered it. I have found no Arkansas Attorney General Opinion, nor any reported case that addresses this question in the context of retirement systems. So looking at it, it is my guess that a court could go either way - seeing what I've said, back and forth on the thing. So I imagine that this will be a question of law for some court to decide depending upon what the Board does today.

What we'll do... the way we'll precede today is that I have the packet of the information that Glenn was given when he entered the DROP. He's looked at and will pass out to you all. He may also have some papers that he wants you to look at and I have no objection. I don't really think the facts in this thing are an issue; there's no real argument over when somebody went into the DROP or this, that and the other. There is, I believe and I would so stipulate that Glenn and other similarly situated Troopers entered the DROP in anticipation of that higher interest rate lasting the lifetime of their participation. They only entered the DROP, or largely entered the DROP... Their decision to enter the DROP was largely influenced by that consideration. I think that Glenn and other similarly situated Troopers will say the same thing on that point, and I don't really dispute that, you know.

But with that, I'll be quiet and Glenn will make his presentation and be subject to questions from you, as well as from me. I'll have a very short response, I suspect. And then at that point, when Glenn has gotten everything that he would like in the record and I'll try to be short and sweet on mine, then you all will have to vote one way or the other, whether to allow those folks who entered the DROP prior to July 1, 2005 to have the benefit of the statute at that time, which again was market rate of interest for the first 5 years... 2% less than Market Rate of Interest and then the actuarially assumed for the last 2 years, which is 7.75% - if I remember correctly. If I may approach you all, I'll give you copies of the materials.

*(Aside to Lt. Sligh)* Do you have anything you want them to look at? If he has any papers that he wants you to look at, we'll get it up here to you and let you all... *(Mr. Wills distributes packets to the Trustees)*

Glenn, here's the packet I'm giving them... This is just the packet of information you requested from us in preparation for this hearing is just [Board Exhibit A]. Glenn, we talked earlier, we don't have any objections to your materials. And I'll put a packet over here in case anyone else wants to see the packet of it. The only alterations I've made on these documents is I have blacked-out the personal identifying information, such as Social Security numbers, home addresses, home phone numbers, beneficiary names, such as that - personal things. With that, unless you all have any questions, I'll turn it over to Glenn.

*Mr. Bradshaw:* Anybody need a second? Do we want to go ahead and start? I want to give everybody time to read whatever they like.

*Mr. Wills:* Just so you know, you will have two... Glenn is participating in both the APERS' DROP and the ASPRS' DROP and that is why there's two packets in there. The first one, I think is APERS, and the second one is ASPRS. Generally speaking, only the ASPRS one is relevant to what we're doing today, but I just wanted to give you everything we'd given Glenn so we're all looking at the same piece of paper.

*Mr. Bradshaw:* Give us a second to see what's in here. (*Whispering and pages turning*)

*Mr. Wills:* Also, we will supplement the record... Glenn has asked me to do so. We sent some information to Major Sparks of the list of people that would be in this category. I frankly thought Major Sparks would be here, but I should have brought it with me. Do you remember the number of people on that list... roughly, Gail?

*Ms. Stone:* The first number that jumps in my head is 44... 43?

*Lt. Sligh:* That was the assumption the first time we met.

*Ms. Stone:* I don't think it's changed...

*Mr. Wills:* I don't think it's changed and we gave a list of names to Kathy (Major Sparks).

*Mr. Bradshaw:* Ready? Please go right ahead.

*Lt. Sligh:* Mr. Chairman. I am already on the record as the one this appeal is over and the background into it. I'll not bore you too much with that again. It's just been a question that's been out there for quite some time. The way we were instructed... trained... advised on the DROP program, its parameters, its benefits... and we as a group in this, especially the ones in 2005, you go back and there is some argument as to the ones in 2007, up to 2007 also, in my opinion, they ultimately used the same language in the new law, adding the two years to the DROP program that this law had. So they really didn't change anything except adding the two years to it. And in each of our cases, I've got a memorandum here, from Capt. Miles Davis, couldn't be here today. Capt. Davis, his experience which is just like my own. State Police Retirement Board meeting, George Harp used to be on the Board for many years and he would always send out an e-mail letting us know, kinda keeping us up to date on the Board's actions and what was going on. And on May 4, 2006, this was after the fact, but to give you a mindset of what we were all being told out there over the years... He says he's gotten a lot of phone calls from other Board members, he's sure other Board members knew about Act 1024, that made the maximum rate of return 7.75% regardless of the return rate on our fund and Act 1969 that extended the DROP by two years. This is after I've already gone in, so this is a continuing thing; this was still being discussed then and this is some of the reasons that we all got into the DROP when we did. It was explained, I'm sure after being advised by parties here, that because Act 1969 was signed after Act 1024, the Arkansas Code Revision Commission and the Arkansas Attorney General's Office both ruled that Act 1969 takes precedence over Act 1024. What this means is anyone going into the DROP at this time, and until additional legislation is passed, will earn 7.75% interest or 2% below the market rate of return, whichever is greater. This will occur for the first five years of a seven-year DROP and the last two years, you will earn 7.75%. That's the advice, that's the training, that's the information we were given.

*Mr. Wills:* I'm going to mark this as "Sligh - Exhibit 1" and pass it up to you all so you can see this.

*Lt. Sligh:* That's fine. Also in the original Act, you know, even if the original Act that was passed back in 1995, which was originally House Bill 1629, while it doesn't specify the 7.75% rate in the language, what it does specify is the 2% below market rate, below market rate of return. That's statutory... that's in the law. And in my opinion, this is just my opinion and those of others, we haven't be doing that either. The Board changed all of the terms of our retirement; we actually retired when we went in the DROP and this is what we were told we would get, because we had retired then. Anybody retiring after that, those terms could be changed. You know, it's like any other law - it has a date of effective... We deal with that criminally all the time. If the law was changed for capital murder on May 1, and the month before somebody committed capital murder, they would be charged under that statute, not the new one. So even though the statute changed, we felt that we were being brought into the DROP Program under the existing law which protected us, so we made those decisions for our families, our futures, our investments and everything else, based on that advice. And it was advice from the Board, there was advice from APERS, and advice from everybody we talked to and most of us took it. In our line of business we don't take things at face value, we do a lot of talking and asking questions

and things like that. We were getting the same answer everywhere we turned, so we made those decisions based on those answers and they didn't turn out to be correct.

I believe the Board can make a determination on the 2% below market rate now. If there's a question we need to go to court over... let a court of law decide if this is a contract. That's fine - 7.75%, I understand that. I understand that and I think everyone else does, too. But again, that's what was advertised, that's what we were told. If you went to APERS and you asked them when you were signing up, like I did, "I don't know if I'm doing the right thing." And they advised "You're doing the right thing; this will lock you in." That's when I made my decision to step across the line, because, you know me, I just wasn't sure. That's kinda where we're at today; Mr. Wills and Blake approached me about being the face of this appeal and I was glad to do so. And I mean no harm to the (Retirement) System or anybody else, but it is a question... you know, I'll put it another way, if the System found out they overpaid us, they would be taking that back. They would be getting reimbursed for it, if they made a mistake. So if we made a mistake here, then we'd like to rectify and get it back.

*Mr. Bradshaw:* Thank you. I especially appreciate your patience. This is my fourth meeting and you've been here in the back for quite some time. It's taken a while for us to work through the process.

*Lt. Sligh:* No problem.

*Mr. Bradshaw:* I think one thing we can all agree on is it's time for us to make a decision so we can all move forward. We only sit up here a little while and we sort of run through the process and we make the best financial decisions so we can make this thing last 20 years... long after I'm gone. So are there other comments from APERS or from Jay? Let's start this process.

*Mr. Wills:* I would just like to ask Glenn a couple of questions. I don't really dispute anything that he told you, as far as what his understanding was or the information he received from past members of this Board. However, in the written information that he got, and that's the packet that is [Exhibit A] - Glenn, if you would turn to page A8... actually, let's turn back to A7 just to identify somebody who knows what they are talking about. That's the... I'm going to lead you, please stop me if I misstate something. That's the June 22 letter from Pam Stroud to you talking about your entry to the DROP and what your projected interest rates and so forth...

*Lt. Sligh:* Yes.

*Mr. Wills:* And the second to last paragraph reads... Would you just read that second to last paragraph? The two sentences in there in the document that you received before you entered the DROP.

*Lt. Sligh:* Says "The projection of the State Police DROP, based on seven years and a recurring interest rate of 7.75% interest is enclosed. Please note interest in the first five years will vary per current regulations and will be set at 7.75% for year six and seven."

*Mr. Wills:* Now to clarify that, the "as per current regulation" we're talking about is 2% below Market Value. We're not talking about... OK.

*Lt. Sligh:* Yes, 2% below Market Value... That was my impression.

*Mr. Wills:* That's my interpretation, yes. Now turn over to the next page, where she actually runs the calculations for you. There are two paragraphs at the bottom of the page, would you read the second-to-last sentence in the first paragraph for us please, Sir.

*Lt. Sligh:* The interest is subject to change by future laws and Board policy.

*Mr. Wills:* Alright, did you read that part of it when you got this packet?

*Lt. Sligh:* (Nods)

*Mr. Wills:* OK. And then would you just read the entire last paragraph of that thing; it's like three sentences long.

*Lt. Sligh:* All information contained on this sheet is expressly subject to audit, verification and recomputation. It is provided as an estimate of your DROP earnings, but it is in no way intended to constitute a representation binding upon the Arkansas State Police Retirement System and any error contained on this sheet is subject to correction in accordance with the policies of the Arkansas State Police Retirement System.

*Mr. Wills:* And you read that part as well?

*Lt. Sligh:* I did.

*Mr. Wills:* Matter of fact, the first part of this exhibit, which is your APERS DROP... I am now looking particularly at pages A3 and A4, that identical information is contained in that, as well.

*Lt. Sligh:* Like it's just a standard disclaimer.

*Mr. Wills:* Yes Sir, it is. Alright... the Board may have some questions for you.

*Mr. Bradshaw:* I'll open it up to you guys... Questions? *(pause)* So Jay, Like on A8 or A6, where it talks about interest is subject to change by future law or Board policy...

*Mr. Wills:* Yes Sir.

*Mr. Bradshaw:* This is the first time I've seen this, so I'm just going to ask the question. So it is in there?

*Mr. Wills:* Yes Sir. And that is what we tell all our DROP participants because we have no way of predicting what the Legislature is going to do. *(chuckles)* You all know that better than I do.

*Mr. Miles:* I go back two meetings ago, Lt. Sligh, when you first appealed the situation and the request was then made, you know, about the contractual relationship that you had with APERS and the DROP rate of return. I want to commend you for bringing this to the Board's attention and for legal council's reflective research that's been done over the past six months, relative to the time you made this appeal and to properly address your appeal. And in recognition of the information... evidence that we have available to us at this time, I'm going to look at what I think is our fiduciary duty on this Board: to protect the integrity of the fund and to assure some semblance of equitable payout to participants in the coming years, that we deny your appeal at this time. And hold true to the situation where we have established a rate return that is commensurate with the economic and interest rate environment that we find ourselves in. That's what's necessary, so I'll make that in the form of a motion.

*Mr. Underwood:* I'll second.

*Mr. Bradshaw:* I have a motion and a second on the denial of appeal; all those in favor? *(aves)* Opposed? *(silence)* Motion passed.

Mr. Wills then explained what he would do as a follow up, the procedure Lt. Sligh should follow if he decided to appeal the decision and what the deadline/time lines were. Mr. Bradshaw thanked all the parties for their hard work and patience in preparing for this hearing.

Ms. Stone concluded the hearing by confirming that DROP is an act of retirement and the member's core benefit is locked in at that time and will not change. She acknowledged that APERS current DROP interest rate is 3% and many of those members have also vocalized their displeasure over this reduction. She hastened to tell them that many legislators would like to do away with Defined Benefit plans in order to "save the taxpayer's money" so the actions that the various retirement boards have done to "trim on the sides" in order to ensure core benefits remain, have become extremely important in preserving these plans.

#### APPROVAL OF 2012 MEETING DATES:

The Trustees noted the dates of the usual ASPRS Board Meetings without any comments.

**NEXT QUARTERLY BOARD MEETING:**

The next quarterly Board meeting of the Arkansas State Police Retirement System will be held on February 16, 2012 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. KIRK BRADSHAW  
Chair, Arkansas State Police Board of Trustees



GAIL H. STONE  
Executive Secretary





## SLIGH – EXHIBIT 1

### MEMORANDUM

**TO:** Lt. Glenn Sligh/ ASP Retirement Board members

**FROM:** Captain Mike Davidson *MD*

**RE:** Requested statement surrounding DROP participation enrollment on 1-1-05

**DATE:** November 14, 2011

I received an email from Lt. Sligh stating that it had been suggested by an APERs attorney that other DROP participants present testimony regarding their decision to enter the DROP system and the understanding that we were given regarding the interest accrual. It is my understanding that this is being done in an effort to clear up confusion and issues regarding DROP interest accrual. Due to me being on leave, I will not be able to attend the November 17, 2011 retirement board meeting, instead I am submitting this signed and notarized statement for consideration by the ASP Retirement board.

I entered the ASP-DROP on January 1, 2005, along with Major Kathy Sparks. This was 6 months earlier than was first planned but due to a lot of talk in legislative circles, it was widely believed that the 2005 legislature would change the current retirement law and lower the promised interest accrual rate of not less than 7 3/4%. Before entering the DROP, I spoke with a counselor at APERs and ASP Retirement board member, Capt. G.B. Harp, both told me that the retirement law that I would retire under would pay 2% points less than the system's annual investment performance but that it would not be less than 7 3/4% annually. I entered the DROP on 1-1-05, prior to the beginning of the legislative session in order to preserve the minimum interest promised by law.

I am attaching a copy of the retirement board report from May 2006 that was sent out to ASP personnel by Capt. Harp. In this report, he again states that the minimum interest on the DROP will be 7 3/4%.

Pg 2 Memo to Lt. Sligh/ ASP Retirement Board

I respectfully submit this information to the retirement board for their consideration in hopes that this issue can be resolved.

Sincerely,

A handwritten signature in cursive script that reads "Capt. M.D. Davidson".

Captain M.D. Davidson