

Minutes
Local Police and Fire Retirement System Board of Trustees
Quarterly Meeting

The Local Police and Fire Retirement System Board of Trustees met by video conference on Thursday, June 12, 2025 with the meeting originating from the LOPFI office at 620 W. 3rd Street, Suite 200, Little Rock, Arkansas.

Members Present: John Neal*, Retired Fire Employee Trustee, Chairman
J. Scott Baxter*, Police Employee Trustee, Vice-Chairman
Tim Hill, Retired Police Employee Trustee
Mayor Gary Baxter, Employer Trustee
Jared Zeiser, Public Trustee
Brad Moore*, Fire Employee Trustee
**Attended in-person at the LOPFI office*

Staff Present: David Clark, Executive Director
Laura Nixon, Assistant Director
Lesley Weaver, Secretary to the Board

Chairman Neal called the meeting to order at 9:30 a.m. and recognized a quorum and notification of the news media. Chairman Neal stated that today's meeting will operate on a compressed time frame to ensure the Board maintains a legal quorum.

Approval of Minutes

Mr. J. S. Baxter made a motion, seconded by Mr. Moore, to approve the March 6, 2025 LOPFI meeting minutes. The motion passed unanimously. Mr. Moore made a motion, seconded by Mr. J. S. Baxter, to approve the May 8, 2025 Audit Committee meeting minutes. The motion passed unanimously.

Disability Load

Mr. Clark gave an update on the disability load discussion. The number of approved disability cases from January 1, 2025 through May 27, 2025 was six (6). There were four (4) duty related cases and two (2) non-duty cases. Presently, there are no active applications or appeals; however, there are 17 members who have indicated they may apply for disability retirement. The initial review period will continue through December 31, 2026. The Board thanked Mr. Clark for the update.

2025 Legislative Session

Mr. Clark stated the Acts of the 2025 Legislative Session that may be of interest to LOPFI participants were described in a summary provided in the Board meeting packet and posted on LOPFI's website. The effective date for Acts without a stated effective date or an emergency clause will be August 5, 2025. Act 152 of 2025, a Board-requested item, updates the factors for delinquent reporting locations. Proposed changes to two Board Rules to accommodate this act will be presented under new business. There were no questions from the Board.

Legal Update

Mr. Ben Honaker, legal counsel for LOPFI, gave an update on the current legal activity by advising he continues to work diligently to recover overpayments on cases where someone receiving a benefit passed away, and because of lack of notification to LOPFI, the benefit continued to be issued. In addition, Mr. Honaker stated there is a disability appeal at the circuit court level that is set for a hearing in September 2025; the PBI data breach case continues; there is a case regarding the adverse decision by staff on survivor benefits that is at the circuit court level, however, a solution is being discussed at the city level; and we are awaiting a date for oral arguments at the appellate level for the lawsuit filed by the City of Bauxite. The city did not prevail at the circuit court level, so they have lodged an appeal. The Board thanked Mr. Honaker for the update.

Investment Consultant Report

Mr. Larry Middleton, Stephens Inc., presented the first quarter investment report. Mr. Middleton reviewed his report and advised LOPFI's total portfolio value as of March 31, 2025 was \$3.522 billion. The Board thanked Mr. Middleton for the report.

Audit Committee Report

Chairman Neal stated that the Audit Committee met on May 8, 2025, and Forvis Mazars stated that the December 31, 2024 audit was clean (an un-modified opinion), and the Committee recommends accepting the audit. Chairman Neal expressed gratitude towards staff for their efforts and cooperation with the auditors for a clean audit. Mr. Moore made a motion, seconded by Mr. J. S. Baxter, to accept the audit. The motion passed unanimously. Mr. Clark thanked the Board.

Summary of 2024 Actuarial Valuations

Mr. Casey Ahlbrandt-Rains, actuary with Gabriel, Roeder, Smith & Company (GRS) presented the December 31, 2024 Summary of Valuations. Mr. Ahlbrandt-Rains' overview included the following employer contribution rates for the 2026 calendar year:

- Uniform paid service rate will increase from the current 23.93% to 24.50%, making the uniform rate and the maximum paid service rate the same.
- Volunteer employer contribution rate will be \$75.00 per member per month, which is an increase from the current \$60.00 per member per month. The required employer contribution rate will be \$6.50, which is an increase from the current \$6.00 per member per month.
- For the Benefit Program 2 (BP2) employers covered by Social Security, there is a 2.5% surcharge added to the employer contribution rate. This surcharge was implemented in 2011 when all paid service employers began the transition to a uniform rate, with the intention to avoid shifting the cost of the enhanced benefit program from one employer to another. The BP2 members in a Social Security covered department have the same benefit level as Benefit Program 1 (BP1) members at a non-Social Security covered department. In addition, the member contribution rate for the social security covered department with BP2 increases from 3.5% to 9.5%, which is the same contribution level as BP1 members not covered by Social Security. We no longer see that a risk margin is necessary and

recommend the Board consider removing the 2.5% surcharge for the BP2 employers with Social Security effective January 1, 2026.

Mr. J. S. Baxter made a motion, seconded by Mr. Hill, to approve removal of the 2.5% surcharge for the BP2 employers with Social Security effective January 1, 2026. The motion passed unanimously.

Proposed Updates to Board Rules 3 and 14

Mr. Clark reviewed the proposed amendments to LOPFI Board Rules 3 and 14 outlined in the Board meeting packet as a result of Act 152 of 2025. All proposed amendments were reviewed and approved by LOPFI legal counsel.

- Rule 3: This Rule explains the remittance process used by employers to complete enrollment of new members, submitting the monthly Payroll Report, and use of electronic payments. The substantive changes include adding the word “calendar” when referencing a specific day in the month, and stating an employer becomes delinquent at the end of the fifteenth (15th) calendar day of a month if they fail to correctly handle any reporting or payment process.
- Rule 14: This Rule describes how and when an employer becomes delinquent, and the actions required of staff for the certification of the delinquency to the Treasurer of State.

Mr. J. S. Baxter made a motion, seconded by Mr. Moore, to approve the proposed amendments to Board Rules 3 and 14. The motion passed unanimously.

ASC Report

Chairman Neal stated that due to scheduling limitations, the Administrative Services Committee (ASC) was unable to have their June meeting; however, all ASC members completed a written review of Mr. Clark, which reflected another year of very solid performance. The ASC recommends to award Mr. Clark a 6% Career Service Award. Mr. J. S. Baxter made a motion, seconded by Mr. Hill, to approve the ASC’s recommendation of a 6% Career Service Award to Mr. Clark. The motion passed unanimously. Mr. Clark thanked the Board.

March 2025 Financial Statements

Chairman Neal stated the financial statements have been available in the Board packet for review and shows current assets and liabilities and that the System is in good shape. Mr. Zeiser made a motion, seconded by Mr. G. Baxter, to approve the March 2025 financial statements. The motion passed unanimously.

With no further business to discuss, the Board adjourned at 9:49 a.m.

Respectfully submitted,

Approved 09/11/2025

Lesley Weaver
Secretary to the Board