

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, March 7, 2024 with the meeting originating from the LOPFI office located at 620 W. 3<sup>rd</sup> Street, Suite 200, Little Rock, Arkansas.

Members Present: John Neal\*, Retired Fire Employee Trustee, Chairman  
J. Scott Baxter\*, Police Employee Trustee, Vice-Chairman  
Damon Reed\*, Fire Employee Trustee  
Tim Hill, Retired Police Employee Trustee  
Mayor Gary Baxter, Employer Trustee  
Andrew Branch, Public 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.

Approval of Minutes

Mr. J. S. Baxter made a motion, seconded by Mr. Reed, to approve the December 7, 2023 LOPFI meeting minutes. The motion passed unanimously.

Disability Load

Mr. Clark gave an update on the disability load discussion. The number of approved disability cases for the 2023-year was seven (7). There were four (4) non-duty cases and three (3) duty related cases. There is currently one disability application being processed and as of yesterday, the case had been approved. In addition, there are 25 members who have indicated they may apply for disability retirement. Mr. Clark reminded the Board that if the total case count remains low, it is possible a disability load may not have to be implemented. The initial review period will continue through December 31, 2026. The Board thanked Mr. Clark for the update.

Board Rule 16 Update

Mr. Clark reviewed the proposed amendment to Board Rule 16 as requested by the Board at the December 7, 2023 meeting. The proposed amendment was reviewed and approved by LOPFI legal counsel. Below is the new proposed language located under the Duty Disability designation boxes on page six (6) of the Rule:

- This authority allows assigning a different designation from the one selected on the member's disability application i.e., Ordinary Duty to a Hazardous Duty, Catastrophic Duty to an Ordinary Duty, etc., and will be dependent upon the nature of the member's activity at the time of the declared disabling incident and severity of the injury(ies). For clarification, this paragraph shall not relieve the member from the requirements to select the appropriate duty disability designation on the application and fully support that selection with objective medical evidence.

Chairman Neal recognized Mr. Seth Rainwater, President of the Arkansas Professional Firefighters, Fayetteville Fire Chief Brad Hardin, and Fayetteville Firefighter, Mr. Jimmy Vinyard. Mr. Rainwater, Chief Hardin, and Mr. Vinyard all spoke in favor of removing the verbiage of “training” from the Ordinary Disability category. Chief Hardin stated a survey was taken and showed that a large number of the membership were scared of the “training” verbiage in Board Rule 16. Mr. Clark asked Mr. Rainwater, Chief Hardin, and Mr. Vinyard to help educate the membership on disability retirement and to reinforce that the LOPFI Board and staff are committed to the members and will administer the program exactly as the Board has directed by the guidelines in Rule 16 and by law. Mr. G. Baxter made a motion, seconded by Mr. J. S. Baxter, to approve the amendments to Board Rule 16. The motion passed unanimously.

#### Legal Update

Mr. Richard Ramsay, legal counsel for LOPFI, gave an update to the two (2) disability appeals. One case is pending at the court of appeals and the other at the circuit court level. One of the appeals will have oral arguments in the coming week and should have a decision soon. Mr. Ramsay advised there have been some overpayment cases where someone who was receiving a benefit passed away, and because of lack of notification to LOPFI, the benefit continued to be issued. Most are de minimis amounts; however, one is fairly significant and may be difficult to recover because the individual lives in California. Mr. Ramsay assured the Board that the overpayments will be pursued vigorously. Mr. Ramsay then gave an update on the PBI data breach and the recovery of LOPFI’s costs. The case was brought to the state court in Arkansas and for jurisdictional purposes, the defendant (PBI) moved the case to the Federal District Court. Since there have been several lawsuits brought against the software company that PBI used that had the data breach, LOPFI could potentially be included in the multi district litigation; although LOPFI may be removed and have its own individual cause of action because the case isn’t with the security breach but more so with how it was handled post-breach by PBI. The Board thanked Mr. Ramsay for the update.

#### Investment Consultant Report

Mr. Larry Middleton, Stephens Inc., presented the fourth quarter investment report. LOPFI’s total portfolio value as of December 31, 2023, was \$3.1567 billion. Mr. Middleton stated it was a good year and is hopeful of having an investment committee meeting soon to allocate funds to new managers. The Board thanked Mr. Middleton for the report.

#### Proxy Voting Report

Mr. Bo Brister, Stephens Inc., presented the proxy voting report. Mr. Brister stated that LOPFI is following Act 498 of 2023 and there was 100% compliance from the investment managers. The Board thanked Mr. Brister for the report.

#### Investment Monitor Report

Mr. Brendon Vavrica, AndCo Consulting, reviewed the Executive Summary report as of December 31, 2023. Mr. Vavrica stated that the 2023 net return was 15.90% versus the System’s index of 16.11%; the three (3) year return was 5.02% versus the index of 3.16%; and the five (5) year return was 9.32% versus the index of 8.50%, which overall were good numbers. Mr. Vavrica stated the fund outperformed 89% of public funds around the country for the 2023-year. Mr. Vavrica briefly reviewed each of the individual managers’ results, including an equity analysis that showed the portfolio was broadly diversified and consistent with the Board’s policy. Mr. Vavrica advised that effective April 2, 2024, AndCo is merging with Mariner, LLC. While there will be a new company name, the team assigned to LOPFI will not change. The Board thanked Mr. Vavrica for the report. (Mr. Branch had to depart the meeting at 10:50 a.m.)

#### Actuarial Discussion

Ms. Heidi Barry and Mr. Casey Ahlbrandt-Rains, actuaries with Gabriel, Roeder, Smith & Company (GRS) discussed establishing the maximum LOPFI Paid Service and Volunteer Service employer contribution rates for calendar year 2025. Ms. Barry and Mr. Ahlbrandt-Rains stated the current maximum LOPFI paid service employer rate of 24% and the current volunteer service employer rate of \$6.00 per member per month (after allocation of Premium Tax money), are both acceptable to continue into 2025, if the Board so chooses. Mr. J. S. Baxter made a motion, seconded by Mr. G. Baxter, to not change the maximum contribution rate; rather, the rates will remain at 24% and \$6.00 per member per month for the 2025-year. The motion passed unanimously.

#### Replacement 1099-R

Mr. Clark stated that Mr. Norman Moseley, who had requested to be on the agenda, was not present. Chairman Neal briefly reviewed the letter Mr. Moseley provided stating he did not receive his 1099-R. Mr. Clark advised Mr. Moseley has since received his replacement 1099-R because he provided an updated address, so there is no action needed.

#### December 2023 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. Reed made a motion, seconded by Mr. G. Baxter, to approve the December 2023 financial statements. The motion passed unanimously.

With no further business to discuss, the Board adjourned at 11:18 a.m.

Respectfully submitted,

Approved 06/06/2024

Lesley Weaver  
Secretary to the Board