

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 6, 2024 with the meeting originating from the LOPFI office 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  
*\*Attended in-person at the LOPFI office*

Excused Member: Andrew Branch, Public Trustee

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

Chairman Neal called the meeting to order at 10:00 a.m. and recognized a quorum and notification of the news media. Chairman Neal advised Mr. Branch would be excused.

Joint Resolution Honoring Bill Lundy

Chairman Neal advised that after Mr. Bill Lundy's passing on December 16, 2023, two fire Trustees stated it would be a great idea to adopt a resolution between LOPFI and the PRB recognizing Mr. Lundy's service on the PRB and how instrumental he was in the development of LOPFI. The Boardroom has since been named in remembrance of Mr. Lundy as The Bill Lundy Boardroom. The resolution will be retained permanently in LOPFI's Board Rules, in the Resolutions section. The Trustees agreed this was very fitting and a great tribute to Mr. Lundy given his dedicated service to the PRB and the police and fire retirement community. The Resolution is as follows:

**Joint Resolution  
Board of Trustees of the  
Local Police and Fire Retirement System (LOPFI)  
and  
Members of the Arkansas Fire and Police Pension Review Board (PRB)**

WHEREAS, the Local Police and Fire Retirement System (LOPFI) was created to provide retirement benefits for the covered police officers and firefighters of municipalities and rural fire departments across the state of Arkansas that join LOPFI, and;

WHEREAS, the Arkansas Fire and Police Pension Review Board (PRB) was established to enforce the laws governing the legal benefit payments of the local fire and police pension plans (Local Plans), and;

WHEREAS, Mr. Bill Lundy was one of the architects behind the formation of LOPFI during the 1981 General Assembly. Mr. Lundy envisioned a statewide retirement system for the covered police officers and firefighters that ensured secure lifetime retirement benefits after a career providing vital public safety to their local communities. His work has seen LOPFI evolve into a retirement system with over 35,000 active, inactive, and retired police officers, firefighters, and beneficiaries, paying more than \$200 million in annual benefits, with 771 covered police and fire departments and more than \$3 billion in assets as of December 31, 2023, and;

WHEREAS, Mr. Lundy recognized the importance of creating the PRB, during the 1983 General Assembly, to monitor the correct benefit payments, provide a standardized method to increase Local Plan benefits, and identify added funding for more than 290 Local Plans, and;

WHEREAS, Mr. Lundy began his service with the PRB at their first meeting on July 26, 1983 and continued until his untimely death on December 16, 2023. During his tenure on the PRB, which included decades as Chairman of the Board, Mr. Lundy worked with multiple legislatures to secure Premium Tax funding to help protect the benefits for the Local Plans' participants, and defray a significant portion of the employer contribution costs for LOPFI employers, and;

WHEREAS, Mr. Lundy championed professional development for LOPFI Trustees, PRB Members, and Agency staff. He encouraged Trustees, PRB Members, and staff to actively pursue educational opportunities such as those provided by the National Conference on Public Employee Retirement Systems (NCPERS), of which Mr. Lundy served on the Executive Board for many years, and;

WHEREAS, Mr. Lundy's dedication to LOPFI and the PRB will continue to be felt in the years ahead and he will be warmly remembered by those who loved and respected him.

BE IT RESOLVED, by the Board Members of the PRB and Trustees of LOPFI that this Joint Resolution be entered upon the minutes of the PRB's June 5, 2024 meeting, and the minutes of the June 6, 2024, LOPFI meeting, in recognition of the immense appreciation for the faithful service of Mr. Bill Lundy.

-LOPFI and PRB Joint Resolution concluded-

#### Approval of Minutes

Mr. J. S. Baxter made a motion, seconded by Mr. Reed, to approve the March 7, 2024 LOPFI meeting minutes. The motion passed unanimously. Mr. Reed made a motion, seconded by Mr. G. Baxter, to approve the May 2, 2024 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, 2024 through May 23, 2024 was three. There were two (2) duty related cases and one (1) non-duty case and there are currently two (2) disability applications in process. In addition, there are 24 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.

#### QDRO Update

At the September 2022 LOPFI Board meeting, the Board asked staff to explore the possibility of recouping the costs associated with processing QDROs. LOPFI staff began tracking the time spent on all QDRO activity beginning October 2022 through April 2024. Because the Board made improvements to the model QDRO and LOPFI Board Rule 6 in September 2022, these changes yielded favorable results and reduced the number of hours spent processing QDROs. After tracking QDRO activity for an 18-month period, it was noted staff spent roughly six hours a month on all QDRO activity. As long as the time consumed remains minimal each month, staff recommends not levying a fee to recover costs associated with processing QDROs at this time. Should time spent trend upward, then staff requests the latitude to ask the Board to consider a fee. The Board agreed and thanked Mr. Clark for the update.

#### Legal Update

Mr. Richard Ramsay, legal counsel for LOPFI, gave an update on the current legal activity by advising work continues on a few cases of overpayment where someone receiving a benefit passed away, and because of the lack of notification to LOPFI, the benefit continued to be issued. In addition, Mr. Ramsay stated there is a disability appeal at the circuit court level that is in the briefing process; the PBI data breach case continues; and we are awaiting a decision on a motion to dismiss the lawsuit filed by the City of Bauxite. The Board thanked Mr. Ramsay for the update.

#### Investment Consultant Report

Mr. Larry Middleton, Stephens Inc., presented the first quarter investment report. LOPFI's total portfolio value as of March 31, 2024, was \$3.345 billion. Mr. Middleton stated that year to date, the portfolio is up 18.41% and for the quarter, the portfolio is up 6.35%, which ranks LOPFI in the top 4% in the country for the quarter. Mr. Middleton advised there will be adjustments in rebalancing some existing managers. Below are the recommended allocations:

- Redeem/full liquidation of \$32 million from Wellington Enduring Assets
- Redeem/full liquidation of \$38 million from Wellington Emerging Markets
- Reduce \$15 million from Wellington Growth
- Allocate \$10 million to Peppertree Capital
- Allocate \$10 million to Lovell Minnick Partners
- Allocate \$30 million to HPS Specialty Loan Fund VI
- Allocate \$10 million to Blue Owl Strategic Equity
- Allocate \$5 million to EnCap
- Allocate \$10 million to Goldentree Master Fund

Mr. Middleton introduced Jim Burns, Partner, and Sean Gallagher, Relationship Manager, with KKR. Mr. Burns and Mr. Gallagher thanked the Board for the current relationship and looked forward to growing it through the offerings in today's presentation. After responding to questions/comments from the Board, Chairman Neal thanked Mr. Burns and Mr. Gallagher for their presentation. Mr. Middleton recommended allocating \$20 million to KKR Infrastructure Fund, \$20 million to KKR Ascendant Fund, and \$10 million to KKR Asset

Based Fund. After further discussion, Mr. J. S. Baxter made a motion, seconded by Mr. G. Baxter, to accept Mr. Middleton's recommendations. The motion passed unanimously.

#### Audit Committee Report

Mr. Neal, Chairman of the Audit Committee, stated that the Audit Committee met on May 2, 2024, and FORVIS stated that the December 31, 2023 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. Reed made a motion, seconded by Mr. G. Baxter, to accept the audit. The motion passed unanimously. Mr. Clark thanked the Board.

#### Summary of 2023 Actuarial Valuations

Ms. Heidi Barry, actuary with Gabriel, Roeder, Smith & Company (GRS) presented the December 31, 2023 Summary of Valuations. Ms. Barry's overview included the following employer contribution rates for the 2025 calendar year:

- Uniform paid service rate will be 23.93%; an increase from 23.83%
- Maximum rate for BP1 paid employers will remain the same as the previous year at 24.00%
- Volunteer employer contribution rate will be \$60.00 per member per month. Leaving the required employer contribution rate at \$6.00 per member per month, maintains the approximate 90/10 split with Premium Tax.

The Board thanked Ms. Barry for the report.

#### 2025 Legislative Session

Mr. Clark explained the proposed amendments to ACA 24-10-410 that addresses delinquent payments. The proposed changes are intended to aid LOPFI when late payment(s) and/or reporting occurs and the changes have been reviewed and approved by LOPFI counsel. The proposed changes are as follows:

- Add "reporting" to clarify that this essential function falls within the "delinquent" designation when not handled correctly.
- Reduce the number of days from 10 to five that a location has to timely pay and/or report to LOPFI.
- Clarify that the certification of a delinquent location to the state treasurer's office shall be handled by rules established by the Board. Since delinquencies generally do not coincide with a regularly scheduled Board meeting, this change will ensure timely handling of the certification process without having to convene a meeting.

If the proposed changes are enacted in the 2025 session, LOPFI Board Rule 14 will need updates to align with the amendments. Mr. G. Baxter made a motion, seconded by Mr. J. S. Baxter, to approve the proposed legislative change. The motion passed unanimously.

#### ASC Report

Chairman Neal stated that the Administrative Services Committee (ASC) met this morning, June 6, 2024, at 9:30 a.m. Chairman Neal stated the Executive Director received a very good review and the ASC recommended approval of a 4% Career Service Award for the Executive Director. Mr. G. Baxter made a motion, seconded by Mr. J. S. Baxter, to approve the ASC's recommendation. The motion passed unanimously. Mr. Clark thanked the Board.

March 2024 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. Hill, to approve the March 2024 financial statements. The motion passed unanimously.

With no further business to discuss, the Board adjourned at 11:35 a.m.

Respectfully submitted,

Approved 12/5/2024

Lesley Weaver  
Secretary to the Board