

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, December 1, 2022 with the meeting originating from the LOPFI office located at 620 W. 3rd, 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
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 advised Mr. Branch would be excused.

Approval of Minutes

Mr. G. Baxter made a motion, seconded by Mr. Reed, to approve the September 1, 2022 LOPFI meeting minutes. The motion passed unanimously. The Board also reviewed the November 3, 2022 Administrative Services Committee minutes.

Disability Load

Mr. Clark gave an update to the disability load discussion. At each quarterly meeting, a summary of approved disability cases will be provided to the Board with the intention of keeping the disability load topic under review. Mr. Clark noted the number of approved disability cases from January 1, 2022 through November 15, 2022 was 10. There were three (3) non-duty cases and seven (7) duty related cases. In addition, the total case count excludes two (2) non-duty disability cases approved in 2022 but with effective dates of retirement in 2021, i.e., the LOPFI-covered employment terminated prior to January 1, 2022. 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.

2023 Legislative Session

Mr. Clark stated at this time, there have been no changes from the September 2022 LOPFI meeting. No action is needed.

QDRO Expenses

Mr. Clark stated at the September 2022 LOPFI meeting, the Board asked for staff to explore the possibility of recouping costs from work associated with administering the division

of benefits under a Qualified Domestic Relations Order (QDRO). LOPFI legal counsel has advised LOPFI has the authority to implement a recovery fee for these expenses. Mr. Clark stated he visited with Mr. J.S. Baxter who agreed with holding off implementing a fee, so staff can track the actual hours spent on each QDRO case. This tracking has begun and will continue for several months. Once the hard data is obtained, a proposed fee structure will be presented to the Board for review and possible adoption. The Board thanked Mr. Clark for the update.

Legal Update

Mr. Ramsay, legal counsel for LOPFI, advised there were two (2) disability cases pending at the court of appeals level. Currently, no decisions have been made on either case. Mr. Ramsay stated there is also a case regarding a benefit recipient who passed way in Great Britain and the death was not reported to any United States based authority. Another person gained access to the benefit recipient's account and wrongly converted over \$73,000 in benefits. LOPFI has a filed a lawsuit against that person seeking full recovering of those monies. Mr. Ramsay will keep the Board advised as this case moves forward. The Board thanked Mr. Ramsay for the update.

Investment Consultant Report

Mr. Middleton presented the third quarter investment report. LOPFI's total portfolio value as of September 30, 2022 was \$2.593 billion. Mr. Middleton stated they continue to look at opportunistic strategies that will deliver real results. Mr. Middleton discussed a new investment in GoldenTree Asset Management's Private Credit fund and recommended allocating \$25 million. Mr. G. Baxter made a motion, seconded by Mr. Reed, to approve the recommendation. The motion passed unanimously. The Board thanked Mr. Middleton for the report.

Actuarial Funding

Ms. Heidi Barry and Mr. Casey Ahlbrandt-Rains, actuaries with Gabriel, Roeder, Smith & Company (GRS) gave a presentation regarding actuarial funding. Ms. Barry reviewed over the current actuarial funding policy and Mr. Ahlbrandt-Rains reviewed recent changes in the funding policy. The Board thanked GRS for their presentation.

September 2022 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. Clark advised monies were moved from the Travel/Prof./Education/Conf. line item to the Office Equipment-Leasing/Maintenance line item to fund cyber security costs. This type of change is permitted under the Board's guidelines. Mr. J. S. Baxter made a motion, seconded by Mr. G. Baxter, to approve the September 2022 financial statements. The motion passed unanimously.

ASC Report

Chairman Neal reviewed the actions of the Administrative Services Committee (ASC) from their November 3, 2022 meeting. Chairman Neal advised the ASC approved an 8.2% COLA for all staff. The COLA will be added January 1, 2023 to the salary ranges for the chief financial officer, accountant II, and all membership services positions and as a one-time lumpsum payment for the executive director and assistant director positions. The lumpsum method is necessary because the salary ranges for these two positions are at their top level. Mr.

J. S. Baxter made a motion, seconded by Mr. G. Baxter, to approve the ASC's recommendations. The motion passed unanimously. Mr. Clark thanked the Board.

Proposed 2023 Budget

Mr. Clark reviewed the proposed 2023 LOPFI budget, which totals \$16,840,449. Mr. Clark provided an overview of two (2) areas of the proposed 2023 budget: Computer Operations and Investment Monitor. Beginning with the 2023-year, the Agency will transition its document imaging platform from the existing vendor to Tegrit. The costs of the transition will be shared with the PRB using a 75%/25% ratio. LOPFI will fund the 75% factor and PRB will cover the remaining 25%. The total project cost is \$145,000, with LOPFI's portion budgeted at \$108,750. Secondly, beginning with the 2023 budget, LOPFI will have an additional service provided by AndCo, the Investment Monitor. AndCo will perform a monthly reconciliation of the third-party custodial transactions, which will offer an added layer of analysis. The cost for this service will total \$20,000/year. Mr. Clark noted the change between the 2022 budget versus the 2023 budget is attributable to money manager fees. Mr. G. Baxter made a motion, seconded by Mr. Reed, to approve the proposed budget as presented for 2023. The motion passed unanimously.

Set Dates/Times for 2023 Meetings

The Board agreed on the following dates/times for their 2023 meetings:

- March 2 – at 9:30 a.m. – Quarterly Meeting
- June 1 – at 9:30 a.m. – Administrative Services Committee
- June 1 – at 10:00 a.m. – Quarterly Meeting
- September 14 – at 9:30 a.m. – Quarterly Meeting
- December 7 – at 9:30 a.m. – Quarterly Meeting

Upcoming Board Appointments

Mr. Clark stated there is one (1) Trustee position up for re-appointment effective January 1st. Mr. Clark stated that Mr. Branch has respectively declined to have his name submitted for re-appointment due to his increased responsibilities associated with his career. A letter will be sent on behalf of the Board to Joint Retirement alerting them of this upcoming appointment.

With no further business to discuss, the Board adjourned at 10:50 a.m.

Respectfully submitted,

Approved 06/01/2023

Lesley Weaver
Secretary to the Board