

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

The Local Police and Fire Retirement System Board of Trustees met by videoconference on Thursday, September 14, 2023 with the meeting originating from the LOPFI office located at 620 W. 3<sup>rd</sup>, 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 via videoconference*

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

Chairman Neal called the meeting to order at 9:32 a.m. and recognized a quorum and notification of the news media.

Approval of Minutes

Mr. G. Baxter made a motion, seconded by Mr. J. S. Baxter, to approve the June 1, 2023 LOPFI meeting minutes. The motion passed unanimously.

Disability Load

Mr. Clark gave an update to the disability load discussion. The number of approved disability cases from January 1, 2023 through August 30, 2023 was six. Two disabilities were duty and four non-duty. In addition, there are two new duty disability cases moving through the application process, 26 members who have indicated they may apply for disability retirement, and two cases scheduled for a December 2023 appeal hearing. Also, LOPFI has opened reviews for three previously approved duty disability cases to determine if the retiree remains totally and permanently disabled. 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.

Legal Update

Mr. Richard Ramsay, legal counsel for LOPFI, gave a legal update. Mr. Ramsay advised that there are still two (2) disability appeal cases at the court of appeals level. Mr. Ramsay advised there has been no progress, however, he will provide an update at the December 2023 meeting. The Board thanked Mr. Ramsay for the update.

Investment Consultant Report

Mr. Middleton presented the second quarter investment report. LOPFI's total portfolio value as of June 30, 2023 was \$2.960 billion. Mr. Middleton stated the year-to-date for 2023 shows the account is up 9.10% which ranks LOPFI in the top 15% and advised the Board should

be proud of those results. Mr. Middleton advised he and Mr. Clark continue to be involved in the efforts to attract quality tenants for the building, noting there has been an increase in inquiries from potential tenants. The Board thanked Mr. Middleton for the report.

#### Actuarial Discussion

Ms. Heidi Barry and Mr. Casey T. Ahlbrandt-Rains, actuaries with Gabriel, Roeder, Smith & Company (GRS) presented the Actuarial Standards of Practice (ASOP) No. 4. Actuaries are required to follow ASOP standards in their work. ASOPs are revised periodically to reflect emerging actuarial practices, and recent revisions to ASOP 4 will require some new material in the Compiled Valuation beginning with 2023. After further discussion, the Board thanked GRS for their presentation.

#### Duty Disability Discussion

Chairman Neal opened the floor for discussion regarding duty disabilities and Board Rule 16. Currently duty disabilities are designated as Catastrophic, Hazardous, or Ordinary as outlined in Rule 16. Mr. J. S. Baxter stated that the Disability Advisory Committee outlined the designations for duty disabilities because each actuarial experience study that LOPFI had conducted over the last 20 years resulted in the disability assumptions being increased. Mr. J. S. Baxter stated in his opinion it is too soon to tell if any adjustments are needed as the designations have only been in place for just over two years. Mr. Reed and Mr. Hill both stated they believed that the Board missed the mark when designating duty disabilities and the Board should re-visit this item to see how it can be improved. Chairman Neal recognized Mr. Seth Rainwater, President of the Arkansas Professional Firefighters and Fayetteville Fire Chief Brad Hardin. Mr. Rainwater and Chief Hardin both spoke in favor of making amendments to Board Rule 16, specifically the descriptions under ordinary duty disability. Mr. Clark reminded everyone that while there are parameters within the designations, the Board retains the authority to make changes to them. Mr. Reed suggested adding clarifying language under the ordinary duty designation in Board Rule 16 to accommodate the concerns. After further discussion, the Board decided to have Mr. J. S. Baxter, Mr. Reed, and Mr. Clark develop draft language to update Board Rule 16 for presentation at the December 2023 meeting.

#### Information Systems Security Policy

Mr. Clark stated the Information Systems Security Policy was sent to the Board securely ahead of the meeting for review. Mr. Clark stated one of the requirements of the policy is for the Board to review the policy annually and consider/approve proposed amendments. After discussion, Mr. Reed made a motion, seconded by Mr. J. S. Baxter, to approve an amendment of not paying a ransom in the event of a breach. The motion passed unanimously.

#### Proposed Amendment to Board Rule 20

Mr. Clark reviewed the proposed amendments to Board Rule 20. All changes have been reviewed and approved by LOPFI legal counsel. Mr. Clark reminded the Board that at the June 2023 meeting, the Board increased the allocation for alternative investments from 15% to 20%. Staff and the investment consultant identified additional updates, which Mr. Clark reviewed. Mr. J. S. Baxter made a motion, seconded by Mr. G. Baxter, to approve the proposed amendments to Board Rule 20. The motion passed unanimously.

### Deceased Participants Monitoring

Mr. Clark stated that for approximately 20 years, LOPFI has used monitoring services to identify the deaths of benefit recipients, members, and former members. The services provided by Pension Benefit Information (PBI) and LifeStatus360 were instrumental in helping LOPFI learn of most deaths in a timely manner. Due to the recent PBI data breach, that has been communicated to the Board, membership, and others, LOPFI ceased using their platform. In addition, LOPFI terminated its agreement with LifeStatus360 because of their slowness responding to staff inquiries and inability to accommodate a security enhanced file submission process from LOPFI. LOPFI is now in a position without an ongoing death monitoring service and means it is likely there will be overpayments in the future. PBI's failure to keep an open line of communication with LOPFI and decision to not promptly activate credit monitoring for the affected participants, had LOPFI question if more delays rolling out their credit monitoring would occur, and what level of customer service the participants may experience when enrolling. LOPFI's goal was to make credit monitoring available to those who may not have it already in place, so staff identified MetLife + Aura Identity & Fraud Protection Program, vetted by the National Conference on Public Employee Retirement Systems (NCPERS) as a solution. Mr. Clark had visited with Chairman Neal and Vice-Chairman J. S. Baxter about the developments with PBI and both agreed with implementing this service. LOPFI will pay \$16,667 per month for a three-year period to help insulate the participants from identity theft associated with the PBI breach. Chairman Neal commended staff for handling the data breach in a superb manner. Mr. Clark thanked Chairman Neal for the feedback and requested guidance from the Board on the following:

1. Staff is researching death monitoring companies to identify a viable service, and if one is found and the contract/agreement is acceptable to LOPFI legal counsel, does the Board concur with resuming this type of monitoring.
2. Staff recommends the Board have legal counsel vigorously pursue recovery from PBI of LOPFI's expenses related to their data breach. LOPFI has spent \$12,444.48 (printing), \$21,529.97 (postage), and will incur the \$16,667/month credit monitoring costs for the MetLife + Aura product.

After further discussion by the Board, Mr. G. Baxter made a motion, seconded by Mr. J. S. Baxter, to approve retaining a new death monitoring company and for legal counsel to vigorously pursue recovery from PBI for LOPFI's expenses related to their data breach, including legal action if needed. The motion passed unanimously.

### June 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 June 2023 financial statements. The motion passed unanimously.

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

Respectfully submitted,

Approved 12/07/2023

Lesley Weaver  
Secretary to the Board