

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, September 2, 2021 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 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. G. Baxter, to approve the June 10, 2021 LOPFI meeting minutes. The motion passed unanimously.

North Parking Lot Renovation Update

Mr. Clark gave an update on the north parking lot renovations. Mr. Clark stated the project has been moving forward, despite setbacks due to COVID. The general contractor, East Harding, has been able to work on other aspects of the project and the expected completion is mid-November 2021. There was soft soil that was unstable and had to be excavated; therefore, some reserve monies had to be used, which is for scenarios as such. Currently, Entergy still needs to remove a utility pole in order for the retaining wall to be constructed. With concerns regarding the retaining wall and not knowing what may be uncovered, Mr. Clark and Mr. Larry Middleton, Stephens Inc. is asking the Board to consider allowing an additional \$10,000.00 to be added to the reserve balance, which presently stands at roughly \$14,000.00. This should ensure that if other issues arise, there would be funding available, and the Board would not have to call a separate meeting. Mr. J. S. Baxter made a motion, seconded by Mr. Reed, to approve adding \$10,000.00 to the reserve and authorize Mr. Clark and Mr. Middleton to use these monies as needed. The motion passed unanimously.

Disability Load

Chairman Neal advised at the June 10, 2021 Board meeting an initial framework was discussed for the disability load authorized in Act 72 of 2021. Subsequent to that meeting, the actuaries provided information and staff drafted a revised structure that was provided in the Board packet for today's meeting. Mr. Reed stated he has received a lot of feedback from the firefighters at larger locations and suggested to start tracking disability numbers beginning

January 1, 2022. Mr. Branch stated the goal is not to penalize a specific location for excess disabilities; however, someone is paying for each disability and that someone is the membership. Mr. Branch went on to state, if departments do not implement appropriate positive actions to protect their employees, it should not be the responsibility of other departments to pay for those disabilities. The following attendees spoke against the current draft design and expressed their concern regarding treatment with the different size departments:

- Ms. Stacey Witherell, Chief People Officer at the City of Little Rock
- Mr. Brad Hardin, Fire Chief, City of Fayetteville
- Mr. Jeremy Criner, Fire Chief, City of Siloam Springs
- Mr. Wade Marshall, Arkansas Professional Fire Fighters Association
- Mr. Phil Christensen, Fire Chief, City of Fort Smith

The Board directed staff and the actuaries to revisit the proposed disability load design and bring back options for the Board's consideration. Mr. Clark stated this would be done, including Mr. Reed's feedback about tracking disability experience beginning January 1, 2022.

#### Legal Update

Mr. Richard Ramsay, legal counsel for LOPFI, gave a legal update. Mr. Ramsay advised at the June 2021 Board Meeting, there were three (3) cases appealing the Board's determination concerning disability applications and two (2) other cases that were pending. Since the last meeting, two (2) lawsuits have been dismissed. Mr. Ramsay advised the case for the recovery of benefit payments received by a person who was not lawfully entitled to them has since been paid back in full to LOPFI. Mr. Ramsay advised a hearing for one (1) of the cases at the circuit court level is expected before the next Board meeting and he will provide an update at the December 2021 Board meeting. The Board thanked Mr. Ramsay for the update.

#### Legislative Audit

Mr. Clark stated the Legislative Audit is moving ahead. The auditors have made multiple requests for information that staff and LOPFI's professional service providers have responded to. Mr. Clark stated there is a positive working relationship and currently all aspects look good with no indication that any information is lacking. The audit appears to be on track to be finished in October/November 2021. The Board thanked Mr. Clark for the update.

#### Investment Consultant Report

Mr. Middleton presented the second quarter investment report. LOPFI's total portfolio value as of the morning of September 2, 2021 was \$3.109 billion. Mr. Middleton stated the year-to-date for 2021 shows the account is up 11.24% which ranks LOPFI in the top 5% in the country among public plans. For the trailing twelve months, the account is up 28.27%. The Board thanked Mr. Middleton for the report.

#### Actuarial Experience Report

Ms. Heidi Barry, Mr. David Hoffman, and Mr. Casey T. Ahlbrandt-Rains, actuaries with Gabriel, Roeder, Smith & Company (GRS) presented the Actuarial Experience Report. Ms. Barry and Mr. Ahlbrandt-Rains explained how demographics were used in the actuarial process. Ms. Barry gave a variety of proposed revisions to the demographic and economic assumptions for both paid and volunteer groups. Ms. Barry also proposed an investment return assumption range from 6.15% to 7.00% for both paid and volunteer service. Mr. Hoffman reviewed the Deferred Retirement Option Plan (DROP) analysis stating the Board could consider scaling back the extent to which DROP accruals are reduced. After further discussion, Mr. Reed asked the

actuaries to provide additional options using a 7.25% and a 7.375% investment return assumption. Ms. Barry stated this information would be provided at the December 2021 meeting at which time the Board will be asked to adopt the revised assumptions. Mr. Hoffman advised GRS will examine the DROP accrual percentages, annuity factors used for DROP, and the Cost-of-Living Adjustment eligibility for DROP participants and provide that analysis to the Board. The Board thanked GRS for their report.

#### June 2021 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 that along the financial statement discussion, staff will present in the 2022 budget proposal a request for the Board to approve costs associated with BKD conducting a cyber security assessment of the system. BKD has proven to be an excellent audit firm and they may identify aspects that we can improve within the technology side of the operation. The Board stated they appreciated this information. Mr. G. Baxter made a motion, seconded by Mr. Reed, to approve the June 2021 financial statements. The motion passed unanimously.

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

Respectfully submitted,

Approved 12/02/2021

Lesley Weaver  
Secretary to the Board