

Minutes
The Arkansas Local Police and Fire Retirement System
Board of Trustees
Investment Committee Meeting

The Arkansas Local Police and Fire Retirement System Investment Committee met on Tuesday, August 30, 2016 in the LOPFI office at 620 W. 3rd, Suite 200, Little Rock, Arkansas.

Members Present: Bev Lambert, Public Trustee, Chairman
 Mayor Mike Gaskill, Employer Trustee
 John Neal, Retired Fire Employee Trustee

Staff Present: David Clark, Executive Director
 Tiffiney Lewis, Secretary to the Committee

Chairman Lambert called the meeting to order at 10:00 a.m. and recognized a quorum and notification of the news media.

Investment Consultant report

Chairman Lambert recognized Mr. Larry Middleton, Stephens Inc. Mr. Middleton stated that LOPFI had good results over the last 90 days. LOPFI's unaudited total portfolio value was \$1.708 billion, a \$65 million increase from December 31, 2015. Mr. Middleton recommended that the Committee allow LOPFI to convert from a separately managed account into a co-mingled trust with Western Asset Management Company (WAMCO) if the fee structure could be maintained. The current platform is overly complex in terms of reconciliation work. Mr. Neal made a motion, seconded by Mr. Gaskill, to approve the recommendation from Mr. Middleton. The motion passed unanimously.

Manager Interviews

Mr. Middleton made introductions and the Committee heard from the following alternative asset managers.

Owl Rock Capital Corporation: presented by Douglas Ostrover, CEO and Marc Lipschultz, President. Owl Rock Capital Corporation is structured as a private business development company. Owl Rock Capital aims to meet the distinct and underserved financing needs of the middle-market companies through tailored "one-stop" financing solutions across the capital structure. Direct lenders are well positioned with the abilities to directly underwrite, to provide certainty on terms and to consummate deals with no required marketing process. After responding to questions/comments from the Committee, Chairman Lambert thanked Owl Rock Capital Corporation for their presentation.

PIMCO: presented by Chloe Kelley, VP, Nelson Yuan, SVP and Kent Smith, EVP. PIMCO has current mandates with LOPFI and is a global investment management firm with a singular focus on preserving and enhancing investors' assets. PIMCO's investment process is designed to apply rigorous analysis of inputs to identify investment opportunities and risks. The Bravo Fund III is a private equity-style opportunistic fund with an emphasis on markets influenced by regulatory reform and a focus on achieving attractive risk-adjusted returns. After responding to questions from the Committee, Chairman Lambert thanked PIMCO for their

presentation.

Mr. Middleton recommended allocating:

- \$20 million to Owl Rock Capital Corporation
- \$10 million to PIMCO Bravo III

After discussion, Mr. Neal made a motion, seconded by Mr. Gaskill to accept Mr. Middleton's recommendations and to fund the allocations from LOPFI's current cash position and recommend this action to the LOPFI Board of Trustees. The motion passed unanimously.

The Committee adjourned at 11:22 a.m.

Respectfully submitted,

Approved 09/08/16

Tiffiney Lewis,
Recording Secretary for the Committee