

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 Thursday, January 21, 2016 in the LOPFI office at 620 W. 3<sup>rd</sup>, Suite 200, Little Rock, Arkansas.

Members Present:     Bev Lambert, Public Trustee, Chairman  
                              Mayor Mike Gaskill, Employer Trustee (teleconference)  
                              Terry Henson, Fire Employee Trustee

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

Chairman Lambert called the meeting to order at 9:31 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 today we will hear from four (4) alternative asset managers. These managers were vetted and determined to be considered as viable candidates for allocations.

Manager Interviews

Brigade Capital Management: presented by Andrew Clerico, VP of Marketing and Gregory Soeder, Partner, Head of Portfolio Strategy. Brigade is a fundamental bottom up credit investment structure that manages \$16.5 billion assets in credit strategies. Brigade seeks to offer credit solutions with centralized portfolio management and a consistent investment process. The Opportunistic Credit Strategy seeks to achieve long-term capital growth by investing in debt securities across multiple fixed-income asset classes, and seeks to generate superior risk-adjusted returns relative to benchmarks through credit selection and tactical portfolio rotation. Chairman Lambert thanked Brigade for their presentation.

GoldenTree Asset Management: presented by Marina Mekhlis, Director, Brendan McDonough, Partner and Public Fund Manager and Lee Kruter, Partner and Senior Portfolio Manager. GoldenTree is one of the largest independently owned asset managers focused on credit markets with assets under management of \$25 billion. GoldenTree is marked by stability and asset depth. The Master Fund is GoldenTree's flagship strategy that is flexible across asset classes to capture the best value bonds, loans, distressed, structured products and equities. Chairman Lambert thanked GoldenTree for their presentation.

The Committee recessed at 10:30 a.m. and reconvened at 10:33 a.m.

Wellington Management: presented by Alexander Grant, Relationship Manager, Michael McElroy, CFA Investment Director, Grace Le, CFA Portfolio Specialist and George von Metzsch, Commodities Research Analyst. Mr. Grant stated that Wellington has had a long term relationship with LOPFI since 1994 and has managed a portion of its plan assets in a Growth Portfolio since November 1997. Mr. McElroy discussed the attributes of International Quality Growth platform. Wellington's investment process consists of predictive power of quality, growth, valuation and capital return. Ms. Le and Mr. von Metzsch discussed the importance of investing in Commodities. The Commodities market benchmark consists of four (4) sectors: Energy, Industrial metals, Precious metals and Agricultural & Livestock. Wellington believes in a long-term, fundamental and valuation-driven approach to active commodity management. Chairman Lambert thanked Wellington for their presentation.

Alternative Investment Management (AIM): presented by Jonathan Harris, Bill Brown, Ryan Quinn and Susan Mays. Mr. Middleton asked about the performance and rate of return year to date. Mr. Harris stated the rate of return was about 22% since initial investment of the \$15 million, which created a profit of \$3.3 million. AIM's principal emphasis is the preservation of capital which allows AIM to compound investor capital successfully over the long term. Thirteen Partners Private Equity A (13PEA) was created solely for LOPFI. 13PEA provides exposure to hard-to-access investments such as: Private equity, Hedge funds, and Co-investments. AIM presented Thirteen Partners Private Equity 4 and Warlander, a global opportunistic mandate as potential investment opportunities to add on to LOPFI's existing structure with AIM. Chairman Lambert thanked AIM for their presentation.

Mr. Middleton recommended the following actions:

- Move \$50 million from Wellington Management– *current mandate* – and allocate:
- \$15 million to Wellington Management– *new mandate* – International Quality Growth
- \$5 million to Wellington Management– *new mandate* – Commodities
- \$10 million to Alternative Investment Management (AIM) – *new mandate* – 13PE4 fund and \$5 million to Warlander, a global opportunistic investment– *new mandate* – both are new investments with AIM inside of the current 13PEA fund
- \$15 million to GoldenTree Asset Management – *new mandate* – Master Fund

After a lengthy discussion, Mr. Henson made a motion, seconded by Mr. Gaskill to accept Mr. Middleton's recommendations to move \$50 million from the current mandate with Wellington and allocate to the respective mandates described above and recommend this action to the LOPFI Board of Trustees. The motion passed unanimously.

Mr. Henson made a motion, seconded by Mr. Gaskill to adjourn the meeting. The Committee adjourned at 11:28 a.m.

Respectfully submitted,

Approved 3/10/16

Tiffiney Lewis,  
Recording Secretary for the Committee