

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

The Arkansas Local Police and Fire Retirement System Board of Trustees met on Thursday, June 2, 2016 in the LOPFI office located at 620 W. 3rd, Suite 200, Little Rock, Arkansas.

Members Present: Mayor Mike Gaskill, Employer Trustee, Chairman
John Neal, Retired Fire Employee Trustee, Vice-Chairman
Catherine Cook, Employer Trustee
Bev Lambert, Public Trustee
J. Scott Baxter, Police Employee Trustee
Tim Hill, Retired Police Employee Trustee
Damon Reed, Fire Employee Trustee

Staff Present: David Clark, Executive Director
Tracy Warfe, Assistant Director
Tiffiney Lewis, Secretary to the Board

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

Approval of minutes

Mr. Neal made a motion, seconded by Ms. Cook, to approve the March 10, 2016 minutes and the May 25, 2016 Audit Committee minutes. The motion passed unanimously.

2017 Legislative session

Mr. Clark provided a follow up to the discussion at the March 10, 2016 Board meeting regarding technical changes to section ACA 24-10-206. The changes are intended to aid the retirement system in its work towards meeting the requirements for a Determination Letter issued by the Internal Revenue Service. Rick Ramsay, LOPFI legal counsel, reviewed and agreed with the changes. Mr. Neal made a motion, seconded by Mr. Lambert, to approve the submission of the technical changes at the 2017 Legislative session. The motion passed unanimously.

Investment Consultant report

Mr. Larry Middleton, Stephens Inc., presented the first quarter investment report. LOPFI's total portfolio value as of March 31, 2016, was \$1.601 billion. Funds invested over the last 45 days are up nearly 3%, which is a reflection of the market improvements.

Mr. Middleton commented that Stephens Inc., The Bogdahn Group, and Regions work well together to manage the process of interfacing with managers and getting accounts established. Going forward, Stephens Inc., and The Bogdahn Group will present more consolidated and consistent reports to the Board.

Audit Committee Report

Mr. Neal, Chairman of the Audit Committee, stated that the Audit Committee met on May 25, 2016. Mr. Neal confirmed that BKD CPAs & Advisors stated that the December 31, 2015 audit was clean (an un-modified opinion) and everything was in order and the Audit Committee recommends accepting the audit. Mr. Lambert made a motion, seconded by Mr. Baxter, to accept the audit. The motion passed unanimously.

Summary of 2015 actuarial valuations

Ms. Heidi Barry and Mr. David Hoffman, actuaries with Gabriel, Roeder, Smith, presented a Summary of Valuations as of December 31, 2015. Ms. Barry stated LOPFI assets increased from \$1.3 billion to \$1.46 billion; liabilities increased from \$1.7 billion to \$1.89 billion; and the funded percent increased from 77% to 78% for LOPFI-only. In 2015, the Investment Return Assumption changed from 8.0% to 7.75% and caused liabilities to increase to \$1.9 billion and the funded percent to decrease to 76%.

Ms. Barry provided the employer contribution rates for the calendar year 2017:

- Paid uniform service rate will be 21.04%, an increase from 20.12%
- Maximum rate for BP1 employers will be 23%, which is a 1% increase
- Volunteer employer contribution rate will be \$54.13 per member per month due to price inflation. Mr. Clark recommended leaving the required employer contribution rate at \$5.60 per member per month. This would provide some buffering in the event of poor performance and keep the approximate 90/10 split with Premium Tax.

Mr. Neal made a motion, seconded by Ms. Cook, to hold the required volunteer employer contribution rate at \$5.60 per member per month for calendar year 2017. The motion passed unanimously.

ASC report

Chairman Gaskill stated that the Administrative Service Committee (ASC) met this morning, June 2, 2016, at 9:00 a.m. Chairman Gaskill stated that the Executive Director received a very good review. The ASC recommended approval of a 1.5% Career Service Award for the Executive Director. Mr. Lambert made a motion, seconded by Ms. Cook, to approve the ASC's recommendation. The motion passed unanimously. Mr. Clark thanked the Board.

March 2016 financial statements

Chairman Gaskill 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. Neal made a motion, seconded by Mr. Hill, to approve the March 2016 financial statements. The motion passed unanimously.

With no other business to discuss, the Board adjourned at 10:45 a.m.

Respectfully submitted,

Approved 09/08/16

Tiffiney Lewis

Secretary to the Board