

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 by video conference on Thursday, January 7, 2021 with the meeting originating from the LOPFI office located at 620 W. 3rd, Suite 200, Little Rock, Arkansas.

Members Present: John Neal*, Retired Fire Employee Trustee, Chairman
Damon Reed*, Fire Employee Trustee
Andrew Branch, Public Trustee
Mayor Gary Baxter, Employer Trustee
**Attended in-person at the LOPFI office*

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

Chairman Neal called the meeting to order at 8:45 a.m. and recognized a quorum and notification of the news media.

Investment Consultant Comments

Chairman Neal recognized Mr. Larry Middleton, Stephens Inc. Mr. Middleton in an effort to reduce investment manager fees and broaden equity diversification, there have been extensive conversations with our current money manager, State Street Global Advisors (SSGA). Mr. Middleton recommended consolidating the current S&P500 index strategy, SSGA Russell 1000 Value Index strategy, and SSGA S&P MidCap 400 Index strategy into the SSGA Russell 3000 index strategy which would reduce the number of investment mandates and thus optimize the fee structure. Mr. Baxter made a motion, seconded by Mr. Branch, to approve Mr. Middleton's recommendation. The motion passed unanimously.

Next, Mr. Middleton discussed the Emerging Market Fund managed by Wellington Management Company. Mr. Middleton stated now is a good time to add an additional position with Wellington as the manager is well known to LOPFI, they have a thematic approach to investments, and their relative performance versus the index is impressive. After responding to questions/comments from the Committee, Chairman Neal thanked Mr. Middleton.

Manager Presentation

Next, Mr. Middleton introduced Michael Kahn, Vice President, and Colbert Cannon, Managing Director with HPS Investment Partners. Mr. Kahn provided introductory comments about their firm. Mr. Cannon presented the HPS Specialty Loan Fund V, which seeks to outperform broad emerging market equity indices over a three-to-five-year cycle while maintaining lower risk. After responding to questions/comments from the Committee, Chairman Neal thanked Mr. Kahn and Mr. Cannon for their presentation.

Mr. Middleton recommended allocating:

- \$50 million to the Wellington Emerging Market Fund. After discussion, Mr. Baxter made a motion, seconded by Mr. Branch, to accept Mr. Middleton's recommendation. The motion passed unanimously.

- \$30 million to HPS Investment Partners Specialty Loan Fund V. After discussion, Mr. Reed made a motion, seconded by Mr. Baxter, to accept Mr. Middleton's recommendation. The motion passed unanimously.

The Committee adjourned at 9:19 a.m.

Respectfully submitted,

Approved 03/04/2021

Lesley Weaver,
Recording Secretary for the Committee