

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, March 8, 2018 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
Lesley Weaver, Secretary to the Board

Chairman Gaskill called the meeting to order at 9:37 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 December 7, 2017 LOPFI meeting minutes. The motion passed unanimously.

Legal update

Mr. Richard Ramsay, legal counsel for LOPFI, gave an update to the request to obtain a favorable Determination Letter from the Internal Revenue Service (IRS). Mr. Ramsay advised the application was filed on January 5, 2018 and was on the IRS docket as of January 29, 2018. There is a 60-day period in which the public has a right to file any comments; therefore, nothing will occur for 60 days. Mr. Ramsay stated everything that was required has been completed and expects a favorable letter. We can expect a final determination between April 1, 2018 and July 1, 2018. There were no questions from the Board.

Investment Consultant Report

Mr. Larry Middleton, Stephens Inc., presented the fourth quarter investment report. Mr. Middleton stated the System exceeded \$2 billion in assets. LOPFI's total portfolio value as of December 31, 2017, was \$2.037 billion. As of close of business on March 7, 2018, the unaudited total portfolio value was \$2.084 billion. The portfolio earned on a net basis 3.9% for the fourth quarter, with the majority from equities and the result of a strong market. The Board thanked Mr. Middleton for this report.

Investment Monitor Report

Mr. John McCann, AndCo Consulting, reviewed the Executive Summary report as of December 31, 2017. Mr. McCann stated that the year-to-date net return for 2017 was 14.48% which exceeded the fund's policy index of 13.94%. The three (3) year rate of return was 6.78% and the five (5) year rate of return was 9.18%, which overall were good numbers. Mr. McCann

briefly reviewed each of the individual managers' results, which revealed the portfolio is very broadly diversified. The Board thanked Mr. McCann for the report.

Actuary Report

Mr. David Hoffman and Ms. Heidi Barry, actuaries with Gabriel, Roeder, Smith & Company (GRS) discussed setting the maximum LOPFI paid service employer contribution rate for calendar year 2019. Mr. Hoffman stated, given the favorable return for 2017, the current maximum LOPFI paid service employer contribution rate of 23.5% is acceptable for the next four (4) years. The Board could choose whether or not to increase the rate at this time; however, a decision is needed in order to perform the December 31, 2017 Actuarial Valuations. Chairman Gaskill and Mr. Neal expressed their concern for raising the maximum employer contribution rate above 23.5% for cities who have been at the maximum for several years versus cities that have not been paying the maximum employer contribution rate i.e. those locations that are incrementally increasing each year towards a uniform rate. Ms. Cook made a motion, seconded by Mr. Neal, for the maximum employer contribution rate to remain at 23.5% for the 2019-year. The motion passed unanimously.

NCPERS Identity Guard

Mr. Clark presented an identity theft monitoring service for participants of the retirement system. The Identity Theft Protection program is endorsed by the National Conference on Public Employee Retirement Systems (NCPERS) and LOPFI would partner with NCPERS to offer this program to the membership. LOPFI would neither administer this program nor incur costs. LOPFI would place a link on the agency's website for participants to explore this program. If a participant chooses to use it, enrollment and payment activity would happen between the participant and the vendor. In addition, if this program is implemented, a declaration will be on the website that states LOPFI does not guarantee protection and include waiver language to help protect the System from liability in case someone has a problem despite the offered protection. LOPFI's legal counsel has reviewed the agreement for this program and does not see any issues. Mr. Neal made a motion, seconded by Mr. Reed, to approve partnering with NCPERS to offer the identity theft monitoring service to the active and retired population of the retirement system. The motion passed unanimously.

December 2017 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. Baxter made a motion, seconded by Mr. Lambert, to approve the December 2017 financial statements. The motion passed unanimously.

With no further business to discuss, the Board adjourned at 10:41 a.m.

Respectfully submitted,

Approved 06/07/18

Lesley Weaver
Secretary to the Board