

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, September 12, 2019 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
J. Scott Baxter, Police Employee Trustee
Damon Reed, Fire Employee Trustee
Tim Hill, Retired Police Employee Trustee
Mayor Gary Baxter, Employer Trustee
Andrew Branch, Public Trustee

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

Chairman Gaskill called the meeting to order at 9:30 a.m. and recognized a quorum and notification of the news media.

Approval of Minutes

Mr. Neal made a motion, seconded by Mr. J. S. Baxter, to approve the June 11, 2019 LOPFI meeting minutes. The motion passed unanimously.

Fiduciary Matters

Mr. Richard Ramsay, legal counsel for LOPFI, gave a presentation regarding fiduciary duties as it relates to the Board of Trustees. Mr. Ramsay stated that the Board serves as an oversight body of the retirement system and is to act in the best interest of the members. Mr. Ramsay advised that by some statutory schemes, Trustees are required to consult with professionals. Although professionals are consulted, there is no duty to follow what is advised. However, the information provided should be taken into consideration when making decisions. Mr. Ramsay continued on to review the business judgement rule. This rule is a part of the common law of the state of Arkansas that traditionally operates as a shield to protect Trustees from liability for their decisions. The import is, that if challenged, courts should take the position that the Board is better informed to make decisions rather than the court second guessing a decision reached by the Board. The Board thanked Mr. Ramsay for his presentation.

Disability Advisory Committee

Mr. Clark stated the Disability Advisory Committee will hold their first meeting on Monday, September 16, 2019 and the meeting packet is currently on the website. Mr. Clark advised a Chairman and Vice-Chairman should be appointed in advance of the meeting. Chairman Gaskill selected Mr. J. S. Baxter as Chairman and Mr. G. Baxter as Vice-Chairman. Mr. J. S. Baxter and Mr. G. Baxter thanked Chairman Gaskill.

Investment Consultant Report

Mr. Larry Middleton, Stephens Inc., presented the second quarter investment report. LOPFI's total portfolio value as of June 30, 2019 was \$2.287 billion. Mr. Middleton stated the portfolio is up 11.71% for the first half of this year. As of close of business on September 11, 2019, the market value was \$2.321 billion and we should continue to see momentum. The Board thanked Mr. Middleton for the report.

Actuarial Report

Mr. David Hoffman and Ms. Heidi Barry, actuaries with Gabriel, Roeder, Smith & Company (GRS) presented the Actuarial Report. Mr. Hoffman explained how demographics were used in the actuarial process. Ms. Barry gave a variety of proposed revisions to the economic assumptions for both paid and volunteer groups. Ms. Barry suggested a price inflation assumption of 2.25%, a wage inflation assumption of 3.00%, and a decrease in the investment return assumption ranging from 7.00% to 6.25% should be considered. After further discussion, the Board asked that Mr. Hoffman and Ms. Barry provide the following if the suggested assumptions were adopted:

- Show what the near term effect on employer contribution rates would be
- The effect to the current amortization period, funding ratio, and unfunded liability.

Mr. Hoffman stated this information will be provided to the Board at the December 2019 meeting.

June 2019 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. G. Baxter made a motion, seconded by Mr. Branch, to approve the June 2019 financial statements. The motion passed unanimously.

With no further business to discuss, the Board adjourned at 10:57 a.m.

Respectfully submitted,

Approved 12/05/19

Lesley Weaver
Secretary to the Board