

LOPFI

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

620 W. 3rd, Suite 200
 Little Rock, Arkansas 72201-2223
 Telephone: 501.682.1745
 Toll-Free: 866.859.1745
 email: info@lopfi-prb.com
 website: www.lopfi-prb.com

LOPFI Meeting Agenda
 Meeting to be held via Zoom (login details below)
 Thursday, June 11, 2020
 10:00 a.m.

1. Call to Order
 Recognition of a quorum and notification of news media Chairman Gaskill

2. Approve March 12, 2020 minutes
 Approve April 29, 2020 DAC minutes
 Approve May 7, 2020 Audit Committee minutes Chairman Gaskill

3. Old Business
 a) Disability Advisory Committee report Chairman Baxter
 b) 2021 Legislative Session Board

4. New Business
 a) Investment Consultant report Larry Middleton
 b) Audit Committee report Chairman Neal
 c) Summary of 2019 actuarial valuations David Hoffman
 d) ASC report Chairman Gaskill
 e) Board Rule 16 proposed amendments Staff
 f) March 2020 financial statements Chairman Gaskill

5. Adjourn Chairman Gaskill

To attend the meeting via the Zoom platform, follow the two (2) step process:

Step 1 – Registration – To be completed at any time prior to the meeting date.

To attend, click the link below to register for the meeting:

https://zoom.us/join/register/tJJvcuquqT0oHtb06UBN_fSt5QRiwUcfGdEQ

Step 2 – Join Meeting – To be completed the day of the meeting at least 10 minutes prior to the start time.

Once registration has been completed an email from LOPFI Staff at no-reply@zoom.us will be sent with the information needed to join the meeting. This email will have a *Click Here to Join* button that you will select to join the meeting. If you are joining using the Zoom app on a mobile device, the email will also provide the Meeting ID number.

There will be a break at the conclusion of the June 2020 LOPFI Quarterly Board Meeting. The Disability Appeal Hearings will begin immediately upon conclusion of the break.

We encourage those who are joining do so at least 10 minutes prior to the 10 am start time to ensure you have successfully joined the meeting.

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May 28, 2020

Arkansas Democrat-Gazette
PO Box 2221
Little Rock, AR 72203

Via Fax: 372-4765 and Email: mwickline@arkansasonline.com (2 pages)

Dear Ladies and Gentlemen:

The Arkansas Local Police and Fire Retirement System Board of Trustees will hold their quarterly meeting on June 11, 2020 at 10:00 am. The meeting will be held at 620 W. 3rd, Suite 200 in Little Rock. An agenda is included with this notice.

Respectfully,

LOPFI Staff

LOPFI

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May 28, 2020

Arkansas Business
PO Box 3686
Little Rock, AR 72203

Via Fax: 375-7933 (2 pages)

Dear Ladies and Gentlemen:

The Arkansas Local Police and Fire Retirement System Board of Trustees will hold their quarterly meeting on June 11, 2020 at 10:00 am. The meeting will be held at 620 W. 3rd, Suite 200 in Little Rock. An agenda is included with this notice.

Respectfully,

LOPFI Staff

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 12, 2020 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
Mayor Gary Baxter, Employer Trustee
Andrew Branch, Public Trustee

Excused Member: Tim Hill, Retired Police Employee 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. Chairman Gaskill advised Mr. Hill needed to be excused.

Approval of Minutes

Mr. Neal made a motion, seconded by Mr. J. S. Baxter, to approve the December 5, 2019 LOPFI meeting minutes. The motion passed unanimously. The Board also reviewed the December 12, 2019 Disability Advisory Committee minutes.

Disability Advisory Committee Report

Mr. J. S. Baxter, Chairman of the Disability Advisory Committee (DAC), stated the DAC met on December 12, 2019 and is scheduled to meet again on Wednesday, March 18, 2020. Mr. Clark advised staff researched comparable retirement systems for best practices and how other systems are managing their disability experiences per the DAC's request. Mr. Clark stated the DAC is researching the possibility of adding a disability load to the employer contribution rate that will not be funded by Premium Tax, for locations with greater instances of disabilities. A best practices model could be provided to employers to help promote healthy hiring practices and encourage healthy behaviors throughout a member's career. Chairman J. S. Baxter advised the DAC is working on recommendations to be presented to the Board at the June 2020 meeting.

Actuarial Assumptions Follow-Up

Mr. David Hoffman and Ms. Heidi Barry, actuaries with Gabriel, Roeder, Smith & Company (GRS) discussed confirming the investment return and wage growth assumptions and establishing the maximum LOPFI Paid Service employer contribution rate for calendar year 2021. The Board could choose whether to change the assumptions at this time or not; however, a decision is needed in order to perform the December 31, 2019 Actuarial Valuations. Mr. Clark asked if the Board needs to consider changing the maximum employer contribution rate of

23.5% by increasing it to 24% in order to maintain the current margin for adverse experience since changes to employer contribution rates cannot exceed 1% from year-to-year. Holding the current maximum rate as is means it will be calendar year 2022 before any increase could occur, if needed. Ms. Barry advised there is no urgency to increase the maximum employer contribution rate at this time. Mr. Hoffman agreed that the current rate of 23.5% is acceptable. After discussion from the Board, Mr. G. Baxter made a motion, seconded by Mr. Neal, to remain at a 7.50% assumed rate of return, a 3.25% wage inflation assumption, and a 23.5% maximum LOPFI Paid Service employer contribution rate for calendar year 2021. Mr. Branch opposed, with the remaining Board members voting for approval; the motion passed.

Investment Consultant Report

Mr. Larry Middleton, Stephens Inc., presented the fourth quarter investment report. Mr. Middleton stated the 2019 calendar year return was 19.00%. The one-year number should be helpful to the actuarial discussion that just occurred. However, Mr. Middleton advised that it is important to recognize the recent market volatility will make for a challenging time certainly in the near term. The total portfolio was down around an estimated 5.5% since the middle of February. At this stage we do not know how long this present environment will last. On a bright note, proceeds from one of the managers that was terminated during the fourth quarter of 2019 have been held in cash. While we generally do not maintain the level of cash that is on account, this action has protected approximately \$25 million from loss due to the market performance. The Board thanked Mr. Middleton for the report.

Investment Monitor Report

Mr. John McCann, AndCo Consulting, reviewed the Executive Summary report as of December 31, 2019. Mr. McCann stated that the year-to-date net return for 2019 was 19.00% versus the System's index of 19.72% (this number is a gross return); the three (3) year return was 9.89% versus the index of 9.46%; and the five (5) year return was 7.13% versus the index of 7.17%, which overall were good numbers. Mr. McCann briefly reviewed each of the individual managers' results including an equity analysis that showed the portfolio was broadly diversified and consistent with the mandates of policy. The Board thanked Mr. McCann for the reports.

Vesting

Chief Keith Humphrey of the Little Rock Police Department and Chief Delphone Hubbard of the Little Rock Fire Department presented a request that Public Safety Executives hired from outside the state of Arkansas at a minimum age of 50 be eligible for retirement benefits with 5-7 years of LOPFI service. Another option presented was to allow any person who is hired at a minimum age of 50 to use up to 5 years of transferable honorable service from their previous organization toward the 10-year vesting requirement. After discussion from the Board, Mr. Branch asked that a cost analysis be performed showing the cost of purchasing 5-7 years of service from a previous organization for a member at age 50 and that the analysis be presented at the June 2020 meeting. Mr. Clark advised that such a purchase will be very expensive, well into the six figures, for a member since the purchase would either make the member immediately eligible for retirement or move them much closer to eligibility. Mr. Clark advised that that comment was simply to ensure everyone was aware of that detail. Mr. Clark advised that the cost analysis would be provided at the June 2020 meeting and encouraged both Chief Humphrey and Chief Hubbard to access the June Board meeting packet from the website in order to see the results of that analysis.

Update Rules 32 and 35 and adopt new Resolution

Mr. Clark reviewed the proposed amendments to Board Rules 32 and 35. All proposed amendments were reviewed and approved by LOPFI legal counsel. Mr. Clark explained the amendments:

Rule 32: This Rule provides for the administration of the LOPFI DROP and DRDP accounts for Local Plans administered by LOPFI. The changes reflect a new federal provision signed into law in December 2019, which is named the Setting Every Community Up For Retirement Enhancement Act of 2019 (SECURE Act). The SECURE Act amended the age 70 ½ provision for a required minimum distribution (RMD). Anyone who turns age 70 ½ in 2020 or later can now defer an RMD as late as April 1st of the calendar year following the attainment of age 72.

Rule 35: This Rule provides details for compliance with the Internal Revenue Code regarding LOPFI's operation as a qualified plan. Like Rule 32, the changes in Rule 35 accommodate the age 72 aspect from the SECURE Act.

Mr. Clark went on to review the Resolution that the DAC passed. The DAC requests the Board to adopt the Resolution, which expresses:

- The desire to protect the retirement benefits from impairment for the career members of LOPFI, including the compound cost of living adjustment.
- The recognition that attractive retirement benefits are an important recruitment and retention tool for the LOPFI covered police and fire departments.
- The recognition that the covered employers receive significant funding assistance to defray part of their retirement contribution costs.
- A recognition that the contribution costs for the covered employers should be reasonable in relation to the benefits offered by LOPFI.
- The importance of achieving a fully funded status and maintaining that state over the long term, while holding the amortization period to as short of a timeline as possible.
- The covered employers should seek the most physically, mentally, and emotionally strong candidates as police officers and firefighters and to promote healthy habits throughout the entirety of their careers.

Mr. Branch made a motion, seconded by Mr. Reed, to approve the amendments to Board Rules 32 and 35 and to adopt the Resolution developed by the DAC. The motion passed unanimously.

2021 Legislative Session

Mr. Clark stated recommendations from the DAC will be provided to the Board at the June 2020 meeting along with any other items that may need to be presented.

December 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 December 2019 financial statements. The motion passed unanimously.

With no further business to discuss, the Board adjourned at 11:11 a.m.

Respectfully submitted,

Drafted 03/25/2020

Lesley Weaver
Secretary to the Board

DRAFT

Minutes
The Arkansas Local Police and Fire Retirement System
Disability Advisory Committee Meeting

The Disability Advisory Committee (DAC), composed of members of the Arkansas Local Police and Fire Retirement System (LOPFI) Board of Trustees and representatives from member and employer organizations met by teleconference on Wednesday, April 29, 2020 with the call originating from the LOPFI office at 620 W. 3rd, Suite 200, Little Rock, Arkansas.

Members Present: J. Scott Baxter, Police Employee Trustee, Chairman
Damon Reed, Fire Employee Trustee
Gary Sipes, Arkansas Association of Chiefs of Police
Brad Moore, Arkansas State Firefighters Association
Chad Mosby, Arkansas Fire Chief's Association
Kevin "Bart" Simpson, Arkansas State Fraternal Order of Police
Mark Fallis, Arkansas Municipal Police Association
Wade Marshall, Arkansas Professional Fire Fighters Association
Danny Bradley, Arkansas Municipal League

Excused Member: Mayor Gary Baxter, Employer Trustee, Vice-Chairman

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

Chairman J. S. Baxter called the meeting to order at 10:02 a.m. and recognized a quorum and notification of the news media. Chairman J. S. Baxter advised Mr. G. Baxter needed to be excused. (Mr. Mosby joined the meeting at 10:06 a.m.)

Approval of Minutes

Mr. Simpson made a motion, seconded by Mr. Mosby, to approve the December 12, 2019 DAC meeting minutes. Chairman J. S. Baxter called roll, with all members voting yes, the motion passed unanimously.

Results of Research Items

At the December 12, 2019 meeting, the DAC requested staff to provide additional information at the next meeting. Mr. Clark reviewed the results as follows:

1. Provide a summary of "best practices" that could be used by LOPFI-covered employers to create a wellness program for their employees.

Staff researched multiple organizations to obtain common components used in various wellness programs. The organizations included police and fire departments across the country and the International Association of Fire Fighters. Some common components included peer support, mental health/behavioral health, wellness/physical fitness, chaplaincy program, and deployed military support unit. Mr. Reed stated the common components listed were very accurate and asked that heart screenings be added to the wellness/physical aspect. (Mr. Marshall joined the meeting at 10:15 a.m.) Mr. Clark advised heart screenings would be added to the wellness/physical

aspect of the common components and stated if approved by the DAC and the LOPFI Board of Trustees, staff will issue the document to all covered employers and explain the importance of utilizing a best practices approach. Chairman J. S. Baxter stated the recommendation is to approve the Common Components of Wellness Programs with the addition of heart screenings and ask the LOPFI Board of Trustees to adopt it at their June meeting. Chairman J. S. Baxter called roll, with all members voting yes, the recommendation passed unanimously.

2. Develop a model for implementing a disability load to the employer contribution rate for locations with a high number of disabilities. LOPFI's actuaries worked with staff to develop the following disability model:
 - All departments would be allowed to experience one (1) disability (duty or non-duty) in any given five (5) year period.
 - Departments would be categorized into one of two groups: Large or Small.
 - Large departments are defined as having 100 or more members and small departments have fewer than 100 members.
 - Once a department experiences a second disability in the five-year measurement period a 1% load would be added to their employer contribution rate at the beginning of the next calendar year.
 - For a large department, the 1% load would remain in place for three (3) consecutive calendar years.
 - A small department would have the 1% load remain in place for five (5) consecutive calendar years.
 - If a third disability occurred within that five-year period, an additional 1% would be added to the employer contribution rate at the beginning of the next calendar year and remain in place three (3) or five (5) consecutive years depending on the large/small designation.
 - The DAC and Board may consider a cap on the disability load of 2%.
 - None of the 1% load(s) would be funded by Premium Tax.

Mr. Clark reviewed the model that was developed for implementing a disability load to the employer contribution rate for locations with a high number of disabilities. After discussion by the DAC, Mr. Fallis made a motion, seconded by Mr. Marshall, requesting the model be presented to the LOPFI Board of Trustees at their June meeting but to show the number of disabilities as a percentage against the total number of employees at a department, a cap amount of \$300,000, and an exception for a tragic event. Chairman J. S. Baxter called roll, with all members voting yes, the motion passed unanimously.

3. Obtain feedback from LOPFI medical advisors to determine if a minimum length of treatment should be a basic requirement for applicants seeking a disability retirement based on psychological matters.

LOPFI's medical advisors suggested that at minimum the retirement system should:

- Require a disability applicant's treating professional(s) be a specialist in the field of PTSD. This would give more credibility to the opinions expressed by the applicant's physician(s) as to the total and permanent and duty/non-duty aspects of the application.
- LOPFI should require no less than six (6) consecutive months of treatment for PTSD, depression, etc. and have at least three (3) treatment/counseling sessions in each month. This is because such conditions are treatable and do not have to be totally and permanently disabling.
- LOPFI should conduct follow up reviews after a person has entered retirement. It is entirely possible that the person recovered from the psychological condition and would no longer be considered totally and permanently disabled. Current law allows LOPFI to review an approved disability at least one time each year during the first five (5) years after retirement and then at least one time in each three (3) year period thereafter for a person who has not yet attained age 55. Staff recommends requesting a legislative change to remove the "three-year period" aspect and permit follow-up reviews at least one time each year after retirement until the age of 55.

Chairman J. S. Baxter stated that with proper treatment in a timely manner, upwards of 80% of police officers and firefighters can be healed. The DAC agreed that everyone has an interest in members recovering and returning to work. After further discussion, Mr. Reed made a motion, seconded by Mr. Moore, to approve that a disability applicant's treating professional(s) must be a specialist in the field of PTSD, require no less than six (6) consecutive months of treatment for PTSD, depression, etc., including at least three treatment/counseling sessions in each month, and to request a legislative change to remove the three-year period aspect and permit follow-up reviews at least one time each year and asked that this be presented to the LOPFI Board of Trustees at their June meeting. Chairman J. S. Baxter called roll, with all members voting yes, the motion passed unanimously.

Mr. Clark briefly reviewed the option to categorize newly awarded duty disabilities as catastrophic or ordinary. Catastrophic duty disability cases would be restricted to a sudden/traumatic event such as a traffic accident, falling through a roof/floor at an active fire scene, being shot, and cancer cases that are covered in the "presumptive disability" section of code. This would require a legislative change; however, this structure may encourage members to seek robust rehabilitative measures and remain employed as a police officer/firefighter. Catastrophic duty disability cases would be awarded 65% of final average pay or higher amount if the accrued service credit produced a benefit greater than 65%. Ordinary duty disability would apply to all other cases such as psychological, degenerative disc disease, slip/fall while carrying an object, falling out of a recliner, injured playing basketball on-duty, knee failure attributable to morbid obesity, etc. Ordinary duty disability cases would be awarded 15% of final average pay or higher amount if the accrued service credit produced a benefit greater than 15%. After discussion by the DAC, Mr. Moore made a motion, seconded by Mr. Mosby, to not move forward with categorizing a duty disability as catastrophic or ordinary. Chairman J. S. Baxter called roll, with all members voting yes, the motion passed unanimously.

The DAC discussed how the comparative retirement systems apply an earnings limitation to disabilitants. Mr. Reed and Mr. Moore expressed their concerns regarding limiting other sources of income for LOPFI disabilitants since many police officers and firefighters own a private business or have a second job. After further discussion, Mr. Moore made a motion, seconded by Mr. Fallis, to not move forward with implementing an earnings limitation. Chairman J. S. Baxter called roll, with all members voting yes, the motion passed unanimously.

Mr. Clark reviewed the final area of enhancement in LOPFI's Board Rule 16. This rule has a provision that allows a disability application/case to be administratively closed if the applicant fails to provide all required items for the case to move forward. Currently, an administratively closed case can be reopened at any point in the future - even years later. The proposed change is to place a time limit of six (6) months after a case is administratively closed for it to be reopened. The reduced timeframe adds an element of protection for LOPFI by ensuring a disability case is medically/psychologically reviewed as close to the alleged disabling event as possible. After discussion by the DAC, Mr. Mosby made a motion, seconded by Mr. Reed, to request the Board to update Board Rule 16 to place a limit of six (6) months for an administratively closed case to be reopened. Chairman J. S. Baxter called roll, with all members voting yes, the motion passed unanimously.

In summary, the DAC directed staff to present the following to the LOPFI Board of Trustees at their June meeting:

- Common Components of Wellness Programs
- An employer load model showing the number of disabilities as a percentage of the total number of employees at a department, a cap amount of \$300,000, and an exception for a tragic event.
- A disability applicant's treating professional(s) are to be specialists in the field of PTSD, require no less than six (6) months of treatment for PTSD, depression, etc., including at least three treatment/counseling sessions in each month, and to pursue a legislative change to allow follow-up reviews at least one-time each year after retirement until the attainment of age fifty-five (55).
- Update Board Rule 16 to place a limit of six (6) months for an administratively closed case to be reopened.

Set Date/Time for Next Meeting

The DAC decided not to schedule another meeting at this time.

With no further business to discuss, the DAC adjourned at 12:04 p.m.

Respectfully submitted,

Drafted 5/14/2020

Lesley Weaver
Recording Secretary to the DAC

Minutes
The Arkansas Local Police and Fire Retirement System (LOPFI)
Audit Committee Meeting

The Audit Committee of the Arkansas Local Police and Fire Retirement System met by teleconference on Thursday, May 7, 2020, with the call originating from the LOPFI office at 620 W. 3rd, Suite 200, Little Rock, Arkansas.

Members Present: John Neal, Retired Fire Employee Trustee, Chairman
Tim Hill, Retired Police Employee Trustee
Mayor Gary Baxter, Employer Trustee

Staff Present: David Clark, Executive Director
Laura Nixon, Assistant Director
Denise Collins, Chief Financial Officer
Jen Sines, Accountant II
Lesley Weaver, Recording Secretary to the Committee

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

Chairman Neal recognized Kyle Elmore, BKD CPAs & Advisors, auditor for the Board, who presented the independent auditor's report for year ended December 31, 2019. Mr. Elmore advised effective January 1, 2019, the System adopted GASB 87, Leases. Mr. Elmore stated the System elected to early adopt this standard. It places leases as a liability or a receivable rather than paying them as payments come due. Mr. Elmore was pleased with the audit results and the cooperation received from staff. Mr. Elmore indicated that BKD issued an un-modified opinion of the System's financial statements, which is a clean opinion. Mr. Elmore reviewed the audit report:

Statement of Fiduciary Net Position: Mr. Elmore advised that this is a year-end snapshot of the assets and liabilities (the overall financial condition of the System). The Net Position Restricted for Pensions was \$2.079 billion in 2018 and increased to \$2.474 billion for 2019.

Statement of Changes in Fiduciary Net Position: Mr. Elmore stated that the Net Increase in Net Position Restricted for Pensions increased from \$5.2 million in 2018 to \$394.6 million in 2019. Net Investment Income was a loss of \$60.4 million in 2018 compared to a gain of \$390.8 million in 2019. The System's total additions were \$544.6 million in 2019 versus \$130.8 million in 2018. Mr. Elmore advised the Plan's fiduciary net position as a percentage of total pension liability was 73.03% in 2019 versus 65.84% in 2018, which is a strong percentage. Mr. Baxter asked Mr. Elmore to elaborate on the 73.03% being a strong percentage compared to other retirement systems nationwide. Mr. Elmore stated this was an observation based on his experience; however, he would provide more information to Mr. Baxter after today's meeting. Mr. Elmore concluded his comments.

Mr. Baxter commended staff for their efforts toward achieving a clean audit. Mr. Clark stated staff appreciates the recognition and the positive working relationship with Mr. Elmore and his team. Completing the audit work was certainly the result of the collective efforts of all.

Mr. Baxter made a motion, seconded by Mr. Hill, to accept the 2019 LOPFI audit and recommend this action to the LOPFI Board of Trustees at their June meeting. The motion passed unanimously.

With no other business to discuss, the Committee adjourned at 10:00 a.m.

Respectfully submitted,

Draft 05/19/2020

Lesley Weaver
Recording Secretary to the Committee

LOPFI

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

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website: www.lopfi-prb.com

To: Disability Advisory Committee (DAC)

From: David B. Clark
Executive Director

Re: Follow-up from December 2019 DAC Meeting

Date: March 2, 2020

At the DAC's December 12, 2019 meeting, items were developed for research and delivery at the March 18, 2020 meeting. Those items were:

1. Provide a summary of "best practices" for hiring/retention aspects that could be shared with the LOPFI-covered employers.
2. Develop a model for implementing a disability load to the employer contribution rate for locations with a high number of disabilities.
3. Obtain feedback from LOPFI medical advisors to determine if a minimum length of treatment should be a basic requirement for applicants seeking a disability retirement based on psychological matters.

In addition to the above, staff developed a benefit design change for possible introduction into LOPFI's disability section of law. This will be detailed in a moment.

Before moving ahead with the work items, we should review some of the highpoints from previous DAC meetings to help maintain context for this discussion. At December 31, 2018, a LOPFI duty disabilitant:

- On average was 51.1 years of age, which was 9.5 years younger than the average age of 61.6 years of a normal retiree.
- The average length of service was 10.3 years, which was 4.5 years less than the average 14.8 years of service for a normal retiree.
- The average annual benefit was \$33,108, which was about 40% greater than the average annual benefit of \$23,724 for a normal retiree.
- The actuaries use a current estimate that a duty disability benefit costs on average \$500,000 and \$300,000 for a non-duty disability. This translates into at least \$8,600,000.00 in added liabilities each year solely to account for new disability retirements.
- The actuaries currently project LOPFI will experience seven non-duty disabilities and 13 duty disabilities per year i.e. 20 total disability cases per year. LOPFI is experiencing about 33% more disabilities a year than the assumptions currently project. This means employer contributions will increase about 1% simply to account for this variance. Of course,

Disability Advisory Committee
 March 2, 2020
 Page 2 of 6

employer contribution rates will increase even more if the growth of approved disability cases does not materially reduce.

- The LOPFI Board of Trustees may need to adjust the economic assumptions used in the actuarial valuations that set the employer contribution rates. Such changes are expected to increase the calculated employer contribution rates for all paid service locations and would be in addition to the added costs from adverse disability experience.
- When comparing the total calculated employer contribution rate against the peer retirement systems, LOPFI is presently at the lower end of that scale. LOPFI's calculated employer contribution costs were higher than two systems, but less than the remaining 10 peer systems. This is a positive aspect for LOPFI and we should enact measures to maintain this standing.
- The total cost of LOPFI's benefit program will increase if disability retirements do not trend significantly lower over the next several years AND remain low for multiple years.

Now let's cover the research items from the December 2019 meeting.

1. Provide a summary of "best practices" for hiring/retention aspects that could be shared with the LOPFI-covered employers.

Staff contacted multiple organizations to obtain information on any best practices programs that they may utilize. The organizations included police departments from around the country and the International Association of Fire Fighters. Their feedback was compiled into the points shown on the attached document titled Common Components of Wellness Programs. The document is intended to be an overview of items that an employer/department could consider for implementation. Once approved by the DAC and the LOPFI Board of Trustees, staff will issue the document to all covered employers and explain the purpose and importance of utilizing a best practices approach.

2. Develop a model for implementing a disability load to the employer contribution rate for locations with a high number of disabilities.

Based on previous DAC discussions, staff worked with LOPFI's actuaries to develop the following disability load model. A memo from the actuaries dated February 4, 2020 is also enclosed. The process would be:

- a. All departments would be allowed to experience one (1) disability (duty or non-duty) in any given five (5) year period.
- b. Departments would be categorized into one of two groups: Large or Small.

Disability Advisory Committee
 March 2, 2020
 Page 3 of 6

- c. Large departments are defined as having 100 or more members and Small departments have fewer than 100 members.
- d. Once a department experiences a second disability in the five-year measurement period a 1% load would be added to their employer contribution rate at the beginning of the next calendar year.
- e. For a large department the 1% load would remain in place for three (3) consecutive calendar years.
- f. A small department would have the 1% load remain in place for five (5) consecutive calendar years.
- g. If a third disability occurred within that five-year period, an additional 1% would be added to the employer contribution rate at the beginning of the next calendar year and remain in place three (3) or five (5) consecutive years depending on the Large/Small designation.
- h. The DAC and Board may consider a cap on the disability load of 2%.
- i. None of the 1% load(s) would be funded by Premium Tax.

A disability load provision would need to be placed in Arkansas code and the first opportunity for such a change is the 2021 Legislative Session. This would also permit time to communicate this change to the covered employers.

3. Obtain feedback from LOPFI medical advisors to determine if a minimum length of treatment should be a basic requirement for applicants seeking a disability retirement based on psychological matters.

LOPFI's medical advisors suggested that at a minimum the retirement system should:

- a. Require a disability applicant's treating professional(s) to be specialists in the field of PTSD. This would tend to give more credibility to the opinions expressed by the applicant's physician(s) as to the total and permanent and duty/non-duty aspects of the application.
- b. LOPFI should require no less than six (6) months of treatment for PTSD, depression, etc. This is because such conditions are treatable and do not have to be totally and permanently disabling.
- c. LOPFI should conduct follow up reviews after a person has entered retirement. It is entirely possible that the person recovered from the psychological condition and would no longer be considered totally and permanently disabled.
- d. Regarding item c., current law allows LOPFI to review an approved disablitant at least one time each year during the first five (5) years after retirement and then at least one time in each three (3) year period thereafter for a person who has not yet attained age 55. Staff recommends requesting a legislative change to remove the "three year period" aspect

Disability Advisory Committee
March 2, 2020
Page 4 of 6

and permit follow-up reviews at least one time each year after retirement until the age of 55. Note: The age 55 component is in place as that is considered the age for normal retirement eligibility—as long as the member has at least 20 years of accrued service credit.

The medical advisors also stated that it is not uncommon for people to be successfully treated from various psychological conditions. The person has to genuinely apply themselves during treatment and treatment should begin as early as possible in relation to the traumatic event/onset of the psychological problem(s). Further, it is reasonable to anticipate LOPFI members could resume their employment and continue on in their career. In other words, psychological conditions do not have to be totally and permanently disabling.

Earlier this memo mentioned a benefit design change for possible introduction into law. Consideration should be given to allow the LOPFI Board of Trustees to categorize newly awarded duty disabilities as catastrophic or ordinary. Catastrophic duty disability cases would be restricted to a sudden/traumatic event such as a traffic accident, falling through a roof/floor at an active fire scene, being shot, and cancer cases that are covered in the “presumptive disability” section of code. Catastrophic duty disability cases would be awarded 65% of final average pay or higher amount if the accrued service credit produced a benefit greater than 65%. This is how all duty disability benefits are handled under current law. Disabilities categorized under a catastrophic designation must be held to a narrow scope in order to ensure the concept described results in a reduction in the disability retirement applications.

Ordinary duty disability would apply to all other cases such as psychological, degenerative disc disease, slip/fall while carrying an object, falling out of a recliner, injured playing basketball on-duty, knee failure attributable to morbid obesity, etc. Ordinary duty disability cases would be awarded 15% of final average pay or higher amount if the accrued service credit produced a benefit greater than 15%. A 15% benefit is presently equal to about five years and one month of accrued paid service credit.

Using the Catastrophic/Ordinary duty disability method would refocus LOPFI’s disability program such that:

Catastrophic duty disability cases-

1. Will provide meaningful income for the remainder of the disabilitant’s lifetime.
2. Could be deemed non-taxable by the State of Arkansas under a current opinion from the Department of Finance and Administration.
3. Could be eligible for an award from the Arkansas Claims Commission.

Disability Advisory Committee
March 2, 2020
Page 5 of 6

4. Could be eligible for educational benefits from state and/or federal programs.

Ordinary duty disability cases-

1. Would recognize that disabilities under this designation should still permit the LOPFI retiree to seek gainful employment elsewhere i.e. move away from the position that this type of disability income should serve as a significant replacement of lifetime earnings.
2. Could have this type of benefit be deemed taxable by the State of Arkansas.
3. May not qualify for an award from the Arkansas Claims Commission.
4. Educational benefits may or may not be available from state/federal programs.

Given that LOPFI's actual disability experience is significantly greater than the comparative retirement systems, adjusting this area of the benefit program is appropriate. Allowing the number of disability cases to remain at their current levels, or more likely increase, will elevate costs further and potentially place other aspects of the benefit structure at risk of impairment.

Another item for consideration is one that the DAC has previously touched on—adding an income limitation for a disabilitant. The concept would be to reduce the LOPFI disability benefit (most duty and all non-duty cases) by the same dollar amount of any earnings above the monthly retirement benefit. Example: A disabilitant receives a \$1,000 monthly LOPFI benefit and also has other earnings totaling \$300 per month. In this scenario the LOPFI benefit would be reduced to \$700 per month ($\$1,000 - \$300 = \700). The DAC raised concerns as to how best to administer this provision since it is possible a person could have earnings that are not properly reported to the taxing authorities and/or a person may own a business that was in operation prior to the disability retirement. In this latter scenario the person already had earnings above what was being received from their LOPFI-covered employment. So the question is should the disability benefit be reduced in such a case?

In terms of the business owner situation (or other employment/earnings reflected in tax filings prior to the disability retirement), LOPFI could require copies of tax filings that showed the reported income over a certain period of time such as the previous three or five years. Those earnings would then form the base earnings from which a reduction in the LOPFI benefit could be determined. Example: Prior to disability retirement a member had monthly earnings above their LOPFI-based income that averaged \$500 per month. Once he/she has entered retirement as a LOPFI disabilitant, the earnings limitation could apply to any amounts that exceed the \$500 per month amount. There would likely need to be some type of escalator to account for changes in the consumer

Disability Advisory Committee
March 2, 2020
Page 6 of 6

price index (CPI), so that years down the road the \$500 base is more reflective of changes in the CPI. If this idea is supported by the DAC, the Board would ultimately need to determine the underlying details for the earnings aspect of this concept. A consideration, too, would be whether to limit the use of an income test to Ordinary duty disabilities i.e. not apply the income test to Catastrophic cases. If Catastrophic duty cases are truly held to a narrow list of allowed conditions, then the DAC may view such cases as not being subject to an earnings limitation and pass along such a recommendation to the Board.

The final area of enhancement is in LOPFI's Board Rule 16. This Rule has a provision that allows a disability application/case to be administratively closed if the applicant fails to provide all required items for the case to move forward. The closing process involves LOPFI formally advising the applicant in writing of the risk of an administrative closing and, if it is closed, how to reopen the case. These cases are reopened upon LOPFI's receipt of a written/signed request from the applicant asking for the case to be reopened. The written request must also include all previously requested items at the same time. At the present, though, an administratively closed case can be reopened at any point in the future—even years later. The proposed change is to place a time limit of six (6) months after a case is administratively closed for it to be reopened. This reduced timeframe adds an element of protection for LOPFI by ensuring a disability case is medically/psychologically reviewed as close to the alleged disabling event as possible. Allowing an unlimited/open-ended period for when an administratively closed case can be reopened should not be permitted to remain in place.

The above change and the minimum treatment topic discussed in Work Item 3 (on page 3 of this memo) could take place at the LOPFI Board's June 2020 quarterly meeting, assuming the DAC and the Board concur with the changes.

In closing, should you have any questions about the items in this memo, please feel free to contact me at your convenience. Thank you.

LOPFI

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

620 W. 3rd, Suite 200
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Toll-Free: 866.859.1745
email: info@lopfi-prb.com
website: www.lopfi-prb.com

To: LOPFI Employers

From: Arkansas Local Police and Fire Retirement System (LOPFI)

Re: Common Components of Wellness Programs – Best Practices

Date: June 2020

LOPFI encourages all employers to utilize vigorous hiring practices that seek out and attract the most physically, mentally, and emotionally strong candidates to join the ranks of their police and fire departments. After joining your police or fire department, it is vital to then support your employees throughout their career by promoting healthy habits and offering employee assistance programs, testing, and screening to ensure the satisfactory state of the employee's physical, mental, and emotional health.

With the above background, LOPFI has assembled an overview of common components of wellness programs that employers may consider. Wellness programs are intended to promote ongoing healthy habits throughout an employee's career. Such practices can improve employee productivity while reducing health care, workers' compensation, and disability retirement costs.

As you consider implementing a wellness program, LOPFI encourages you to work closely with your legal counsel to determine what is best for your department. We hope this information is helpful. Thank you.

Common Components of Wellness Programs

Peer Support

- Provides access to resources and tools for employees experiencing personal or professional issues
- Provides essential support through non-disciplinary procedures
- Can help identify at-risk behavior, stress indicators, and training deficiencies
- Guidance, coaching, counseling, education, and training from senior level firefighters/police officers

Mental Health/Behavioral Health

- Psychological services
 - On site/In-House psychologist
 - Off-site psychologist (provides greater level of anonymity and confidentiality)
 - Contract with facility/physician
- Stress management
 - Assists with retirement planning, debriefing after critical incidents, supporting the peer support team, and in-service trainings

Wellness/Physical Fitness

- Medical exams (typically annually)
 - Health risk assessment
 - Heart screening
 - Medical history questionnaire
 - Physical examination
 - Blood analysis
 - Urinalysis
 - Vision test
- Certified physical fitness training
 - Some allow on duty fitness training for individual and team exercise activity
- Exercise and nutrition programs
- Injury rehab
 - Diagnosis, treatment, duty modification, injury prevention program

Chaplaincy Program

- Ordained minister
- Several instances that chaplains are retired firefighter/police officer
- Training and experienced in peer support
- Spiritual guidance and counseling

Deployed Military Support Unit

- Provides support when a firefighter/police officer deploys, while they are on assignment, and when they return
- Helps firefighter/police officer get access to services they are eligible for through the VA upon their return to civilian life

The information provided above was compiled based on research of the Fire Service Joint Labor Management Wellness-Fitness Initiative and the Law Enforcement Mental Health and Wellness Programs Case Studies completed by the Community Oriented Policing Services (COPS) of the Bend Police Department, Indianapolis Metropolitan Police Department, Milwaukee Police Department, & Metropolitan Nashville Police Department.



Date: February 4, 2020
To: Arkansas Local Police and Fire Retirement System (LOPFI) Board
From: Heidi G. Barry, ASA, FCA, MAAA and David L. Hoffman – Gabriel, Roeder, Smith & Company
Re: **Disability Advisory Committee Request**

Staff has expressed concern with the increasing number of disabilities awarded each year. The total for 2019 is expected to be about 30 (including pending appeals) while the expectation from the valuation assumption is 20 disability awards in 2019 (duty and non-duty combined). Further, after review of peer Police and Fire Retirement Systems (see our report dated September 9, 2019) it is believed that LOPFI disability costs already occupy the upper portion of costs for these Systems before considering a potential 50% relative increase in cost if actual disability experience continues to exceed expected disability experience.

We have been asked to propose a system that would focus the cost of “excess” disabilities on the locations where they appear to occur to provide an incentive to adopt “best practices” that policy-makers believe will lower the incidence of disability overall in LOPFI.

Following review of valuation results and data and discussions with the Executive Director, we propose the following general procedure:

- All departments would be allowed to experience one (1) disability (duty or non-duty) in a given five (5) year period.
- Once a department experiences a second disability in the five-year period, a 1% load would be added to the employer contribution rate at the beginning of the next calendar year. This 1% charge would remain in place for a period of three (3) consecutive years for a large department (100 or more members) and five (5) consecutive years for a small department (fewer than 100 members).
- If a third or more disabilities occur within that same five-year period, then an additional 1% load would be added at the beginning of the next calendar year and remain in place three or five years, depending on the whether the department is designated as small or large. The Board may wish to implement a cap on the total additional charge allowable, perhaps 2% of payroll.
- Until the total disability experience is reduced, the Best Practices concept can be used as a mechanism to guide employers to implement changes that are expected to promote healthy behaviors. At that point, the Board may revisit the need for the 1% load (i.e., not apply the load for a department that has used the Best Practices for a stated period of time such as the most recent five consecutive years).

Employer	Employer Name	Number of Active Members	Payroll	1% or Non-duty Disability		Non-duty As Percent of Pay	Duty As Percent of Pay	Expected # Non-duty Disabilities in 2019	Expected # Duty Disabilities in 2019	Total Expected # Disabilities in 2019	\$ Non-duty Disability		Total \$ Disability 2019	Total % of Payroll 2019	Rough Estimate of 10 Year Disability Total #
				Cost	Cost						2019	2019			
1160623	Little Rock Police	571	38,639,694	300,000	386,397	0.78%	1.00%	0.61	1.04	1.65	285,845	693,782	979,627	2.54%	17
1160633	Little Rock Fire	393	29,670,524	296,705	296,705	1.00%	1.00%	0.51	0.85	1.36	229,682	572,068	801,750	2.70%	14
1536923	North Little Rock Police	182	11,908,840	119,088	119,088	1.00%	1.00%	0.30	0.50	0.80	131,332	292,371	423,703	3.56%	8
1536933	North Little Rock Fire	158	9,226,885	92,269	92,269	1.00%	1.00%	0.17	0.28	0.45	58,140	146,930	205,070	2.22%	5
654833	Fort Smith Fire	168	9,133,656	91,337	91,337	1.00%	1.00%	0.13	0.25	0.38	22,993	146,883	169,876	1.86%	4
1803122	Springdale Police	143	8,216,595	82,166	82,166	1.00%	1.00%	0.18	0.31	0.49	61,385	169,711	231,096	2.81%	5
614937	Fayetteville Fire	122	8,075,700	80,757	80,757	1.00%	1.00%	0.12	0.21	0.33	53,141	135,139	188,280	2.33%	3
614927	Fayetteville Police	133	7,743,466	77,435	77,435	1.00%	1.00%	0.12	0.21	0.33	53,294	129,207	182,501	2.36%	3
1050223	Jonesboro Police	159	7,739,321	77,393	77,393	1.00%	1.00%	0.20	0.34	0.54	57,785	145,244	203,029	2.62%	5
1803133	Springdale Fire	120	7,456,969	74,570	74,570	1.00%	1.00%	0.10	0.19	0.29	42,925	114,084	157,009	2.11%	3
1724833	Rogers Fire	129	7,350,514	73,505	73,505	1.00%	1.00%	0.11	0.21	0.32	37,216	112,362	149,578	2.03%	3
654823	Fort Smith Police	151	7,265,395	72,654	72,654	1.00%	1.00%	0.13	0.27	0.40	14,294	124,607	138,901	1.91%	4
1050233	Jonesboro Fire	114	6,565,719	65,657	65,657	1.00%	1.00%	0.14	0.24	0.38	48,659	119,951	168,610	2.57%	4
378622	Conway Police	123	6,383,262	63,833	63,833	1.00%	1.00%	0.13	0.22	0.35	37,098	106,723	143,821	2.25%	4
1724822	Rogers Police	108	5,856,255	58,563	58,563	1.00%	1.00%	0.09	0.17	0.26	25,089	77,062	102,151	1.74%	3
378633	Conway Fire	108	5,835,040	58,350	58,350	1.00%	1.00%	0.10	0.18	0.28	36,397	87,840	124,237	2.13%	3
911327	Hot Springs Police	106	5,741,808	57,418	57,418	1.00%	1.00%	0.15	0.26	0.41	51,815	129,476	181,291	3.16%	4
1646223	Pine Bluff Police	128	5,360,160	53,602	53,602	1.00%	1.00%	0.17	0.29	0.46	43,453	115,673	159,126	2.97%	5
160033	Bentonville Fire	83	5,084,960	50,850	50,850	1.00%	1.00%	0.07	0.13	0.20	24,163	73,573	97,736	1.92%	2
1892923	Texarkana Police	82	4,753,437	47,534	47,534	1.00%	1.00%	0.08	0.14	0.22	29,190	75,151	104,341	2.20%	2
1646233	Pine Bluff Fire	92	4,538,360	45,384	45,384	1.00%	1.00%	0.07	0.12	0.19	18,704	52,689	71,393	1.57%	2
911337	Hot Springs Fire	89	4,502,977	45,030	45,030	1.00%	1.00%	0.06	0.11	0.17	24,110	57,024	81,134	1.80%	2
160022	Bentonville Police	68	4,353,429	43,534	43,534	1.00%	1.00%	0.09	0.15	0.24	24,786	86,280	111,066	2.55%	2
1778722	Sherwood Police	77	3,853,692	38,537	38,537	1.00%	1.00%	0.09	0.17	0.26	22,590	77,257	99,847	2.59%	3
2060522	West Memphis Police	83	3,704,328	37,043	37,043	1.00%	1.00%	0.08	0.15	0.23	17,867	67,256	85,123	2.30%	2
150333	Benton Fire	68	3,366,000	33,660	33,660	1.00%	1.00%	0.06	0.11	0.17	20,723	48,811	69,534	2.07%	2
1892933	Texarkana Fire	56	3,361,342	33,613	33,613	1.00%	1.00%	0.08	0.13	0.21	33,474	68,169	101,643	3.02%	2

The 50% increase in disability experience is expected to increase employer contributions rates by more than 1% of total LOPFI payroll. The policy proposed above will come nowhere near collecting that level of contributions and is not intended to. It is being offered as a tool to promote policies that may reduce the incidence of disability in LOPFI locations.

Above we have shown some results from 2018 and expectations for 2019 for larger locations. We believe this information will be useful in facilitating discussions of the Committee.

Heidi G. Barry is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries required to render the actuarial opinions contained herein.

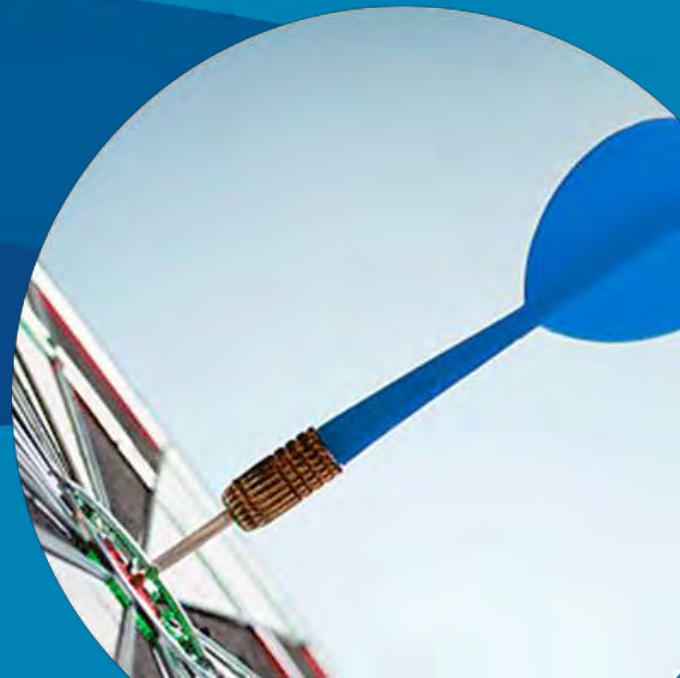




Arkansas Local Police and Fire Retirement System Disability Discussion

June 11, 2020 Board Meeting

Presented by: David L. Hoffman
Heidi G. Barry, ASA, FCA, MAAA
Casey T. Ahlbrandt-Rains, ASA, MAAA



Background

- Current LOPFI disability experience has been observed to be running at a rate 50% higher than expected (about 30 incidences per year rather than the 20 incidences expected)
- A Disability Committee has been established by the Board to suggest changes to dampen this experience, if possible
- The direction of the Committee is that a charge be established for excess disability incidences

Background (concluded)

- Our understanding is that the Board is considering the following:
 - examining the idea of generally allowing one (1) disability before an excess disability charge be made
 - that additional testing be applied over a rolling period of three to five years
 - that the maximum charge for each excess disability be 1% of department payroll with perhaps a maximum of 2% at any given time
 - that the additional excess charge would be in place for three to five years
 - that that maximum charge will not exceed the estimated average cost of the disability (\$300,000 for non-duty and \$500,00 for duty-disability)
- Today's discussion it intended to assist the Board in moving forward

Summary of Active Member Count and Payroll

Grouped by Number of Employees	Number of Departments	Number of Employees	Total Payroll	Average Payroll
More Than 200	2	982	\$ 71,215,411	\$ 35,607,706
101 to 200	16	2,147	\$ 123,706,925	\$ 7,731,683
51 to 100	19	1,291	\$ 67,470,843	\$ 3,551,097
21 to 50	36	1,189	\$ 54,523,207	\$ 1,514,534
11 to 20	37	562	\$ 23,338,413	\$ 630,768
6 to 10	51	390	\$ 15,398,948	\$ 301,940
5 or less	133	327	\$ 11,571,791	\$ 87,006

Summary of Expected Disabilities

Grouped by Number of Employees	Number of Departments	Number of Employees	Disability - Total Expected Annually	Disability - Per Employer Expected Annually	Disability - Per Employer Expected Over 5-Year Period
More Than 200	2	982	2.8	1.4	7.0
101 to 200	16	2,147	6.1	0.4	1.9
51 to 100	19	1,291	3.7	0.2	1.0
21 to 50	36	1,189	3.4	0.1	0.5
11 to 20	37	562	1.6	0.0	0.2
6 to 10	51	390	1.1	0.0	0.1
5 or less	133	327	0.9	0.0	0.0
Total	294	6,888	19.6		

Expected and Excess Disabilities

- The assumed number of disabilities in a year is about 20 and about 100 over five years
 - The plan is currently observing about 30 per year
- Only a few departments are expected to have one or more disabilities in any given year while the vast majority are expected to have less than one over a five-year period
- The Board's proposal of allowing one disability a year before incurring the excess charge seems reasonable
- Only about 40 departments are expected to have one or more disabilities over a five-year period
- We suggest a five-year testing period for all plans, with a charge resulting if the number of disabilities exceeds the number of expected disabilities over the five-year period

Expected and Excess Disabilities (continued)

- We have not differentiated between duty and non-duty disability in our counts
 - We suggest that be handled in the excess charge
- Note that the charge is only sufficient to pay the expected cost of the excess disabilities for only a portion of the departments (i.e., departments with higher payrolls)
 - Plans with small payrolls will pay nowhere near the full cost of the excess disabilities
 - Policy proposed will come nowhere near collecting a level of contributions to fully cover the costs and is not intended to
 - It is being offered as a tool to promote policies that may reduce the incidence of disability in LOPFI locations

Expected and Excess Disabilities (continued)

- A duty disability with an expected cost of \$500,000 and an additional charge of 1% of payroll per year over a five-year period requires a payroll of \$10 million to fully cover the costs
- A non-duty disability with an expected cost of \$300,000 and an additional charge of 1% of payroll per year over a five-year period requires a payroll of \$6 million to fully cover the costs
 - For plans that exceed \$10 million in payroll, this could instead be collected over three years, be 0.6% of payroll per year over five years or could have the contribution capped at \$300,000

Expected and Excess Disabilities (concluded)

- What will the outcome be? It depends
- If the higher disability experience is generally spread out among all LOPFI departments, little if any of the cost of the excess disability will be covered
 - Consider that for departments with 50 or fewer employees we expect fewer than seven disabilities in a year. If we had seventeen instead (ten extra disabilities) occurring within 17 different departments within the 250 departments in this category, no excess charges would result.
- If the higher disability experience is generally spread out among larger LOPFI departments, much but probably not all of the cost of the excess disability will be covered by the charge

OTHER QUESTIONS?

THANK YOU

Disclaimers

- This presentation is intended to be used in conjunction with the December 31, 2019 actuarial valuation report. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- Readers are cautioned to examine original source materials and to consult with subject matter experts before making decisions related to the subject matter of this presentation.
- If anything in this presentation appears to you to be incorrect or if you need additional information in order to make an informed decision on matters discussed herein, please contact the authors.
- This presentation expresses the views of the authors and does not necessarily express the views of Gabriel, Roeder, Smith & Company.



May 22, 2020

Mr. David B. Clark, Executive Director
Arkansas Local Police and Fire Retirement System
620 West 3rd, Suite 200
Little Rock, Arkansas 72201-2212

Re: Paid Employee Service Purchase for Select Members

Dear Mr. Clark:

You have asked us for our analysis of allowing certain paid employees the ability to purchase out of state service as it relates to the Arkansas Local Police and Fire Retirement System (LOPFI). Specifically, a person who is hired into paid LOPFI-covered employment at the minimum age of 50 may bring a maximum of five years of transferrable honorable service from their previous organization, for credit toward the 10 years vesting with LOPFI. No service credit that is or will be eligible for payment from another retirement plan is eligible for purchase.

Our calculations were based on the following information:

1. The member is 55 years old and has exactly five years of actual LOPFI paid service credit (the member is assumed to have entered LOPFI at age 50);
2. The member may purchase up to a maximum of five years (at the request of LOPFI staff, we have provided a maximum of seven years in the event that the Board wishes to modify the maximum);
3. The member's average Final Average Pay is \$10,000 per month;
4. The member will retire immediately at age 60;
5. The investment return assumption and wage inflation assumption are 4.0% and 3.0%, respectively;
6. A unisex blend of male and female mortality was used (90% male/10% female); and
7. All other assumptions are the same as those used in the December 31, 2019 actuarial valuation.

The chart on the following page summarizes our analysis of Benefit Program 1 service purchases. *The actual cost to the member will be based on the member's age, service, and payroll at the time of purchase and will be different than shown in this report.* However, the analysis should provide an idea of the range of the costs. We have shown the cost to the member in total – it is assumed that the member will pay the full cost of the service purchased. LOPFI is assumed to bear the risks associated with the purchase if the assumptions do not materialize as expected.

Mr. David B. Clark
 May 22, 2020
 Page 2

Age at time of Purchase--	Years of Actual LOPFI Service	Years of Service to Purchase	Department	Cost to Purchase
55	5	1	22/32	\$ 47,494
55	5	2	22/32	94,906
55	5	3	22/32	142,327
55	5	4	22/32	189,749
55	5	5	22/32	237,170
55	5	6	22/32	284,592
55	5	7	22/32	332,003
55	5	1	23/33	61,156
55	5	2	23/33	122,238
55	5	3	23/33	183,321
55	5	4	23/33	244,403
55	5	5	23/33	305,486
55	5	6	23/33	366,569
55	5	7	23/33	427,651

Please review this letter carefully to ensure that we have understood the request properly. The analysis in this letter should not be relied upon if there is doubt about our understanding of the request. If you have reason to believe that the information provided in this report is inaccurate, or is in any way incomplete, or if you need further information in order to make an informed decision on the subject matter of this report, please contact the authors of the report prior to making such decision.

Our analysis relates only to the plan changes described in this correspondence. In the event that other plan changes are being considered, it is very important to remember that the results of separate actuarial analyses cannot generally be added together to produce a total. The total can be considerably greater than the sum of the parts due to the interaction of various plan provisions with each other, and with the assumptions that must be used.

The reader of this report should keep in mind that actuarial calculations are mathematical estimates based on current data and assumptions about future events (which may or may not materialize).

No statement in this report is intended to be interpreted as a recommendation in favor of the changes, or in opposition to them.



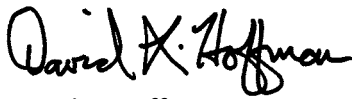
Mr. David B. Clark
May 22, 2020
Page 3

The calculations are based upon assumptions regarding future events, which may or may not materialize. They are also based upon present and proposed plan provisions that are outlined in the report. If you have reason to believe that the assumptions that were used are unreasonable, that the plan provisions are incorrectly described, that important plan provisions relevant to this proposal are not described, or that conditions have changed since the calculations were made, you should contact the authors of this report prior to relying on information in the report.

Heidi G. Barry and Casey T. Ahlbrandt-Rains are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

This communication shall not be construed to provide tax advice, legal advice or investment advice.

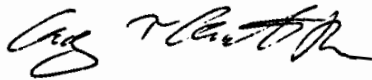
Respectfully submitted,



David L. Hoffman



Heidi G. Barry, ASA, FCA, MAAA



Casey T. Ahlbrandt-Rains, ASA, MAAA

DLH/HGB/CTA:dj



LOPFI

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

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To: LOPFI Board of Trustees

From: David B. Clark
Executive Director

Re: Proposed Legislative Changes for the 2021 Session

Date: May 21, 2020

This memo provides the explanation for proposed changes to six (6) sections of LOPFI's body of law. LOPFI legal counsel has reviewed and agrees with the changes.

24-10-405

This section of code explains the handling of employer contributions to LOPFI. Towards the lower part of the second page of this markup is new language to accommodate a recommendation by the Disability Advisory Committee (DAC): an employer contribution rate load for locations with high rates of disability retirements. A disability load would not be part of the existing 1% limitation on employer contribution increases or funded by Premium Tax. Also, the Board would retain the authority to frame the details to implement such a load.

24-10-503

This section of code explains how to handle member contributions and service credit for temporary disabilities. As the Board knows, LOPFI does not review disability cases that lack a "total and permanent" determination. LOPFI has not identified any instances that this section of code was used in more than 20 years—if ever; therefore, this entire section of code is not needed.

24-10-507

This section of code explains the manner LOPFI handles reciprocal service credit. Prior to 1999 LOPFI was not a reciprocal system under Arkansas law. Since becoming a reciprocal system, LOPFI has learned the following items need to be amended:

- Reciprocal service credit should be limited to statewide defined benefit plans. Currently defined contribution plans such as TIAA are required to be recognized as reciprocal with LOPFI. It is not uncommon for LOPFI to have difficulties obtaining contribution balances and/or service credit from such plans. Plus, LOPFI cannot adequately verify if member contributions were refunded. Refunded contributions remove service credit, yet without

LOPFI Board of Trustees
 May 21, 2020
 Page 2 of 3

firm validation LOPFI can inadvertently factor in service credit that is no longer present.

- Paragraph (b) introduces specific language that states the types of retirement that a terminated LOPFI member may use via reciprocal service credit: voluntary, early, and duty death (when the person dies in the performance of their duties at a reciprocal system). This is how LOPFI administers reciprocal service credit, so this language offers clarity. Paragraph (b) also states one of the conditions found in the definitions section of code—reciprocal service credit cannot be used as “actual service credit” under LOPFI. Actual service credit is necessary to attain a vested status.
- Paragraph (c) introduces language that will have LOPFI use the final average pay on record with LOPFI to calculate the LOPFI benefit. Currently, LOPFI is required to use the FAP at whichever system produces the highest amount. When a higher FAP occurs at a different system, this means LOPFI did not receive contributions on that higher amount. This is a poor plan design. Contributions based on the reported pay should always be received by a retirement system to properly fund the accrued benefits (in addition to investment earnings).

24-10-607

This section of code explains the disability retirement program for LOPFI.

- The amendments on the first page move what is known as “presumptive cancer” from the non-duty section to the duty section on page two of the markup. This movement also reorders the provisions in a logical manner.
- The word “probably” is struck from the non-duty section (paragraph (a)(1)(B)) and duty section (paragraph (c)(1)(B)) to match the rest of code i.e. a disability must be total and permanent for LOPFI purposes.
- In paragraph (d)(1)(B) the word “volunteer” is being introduced for clarification that a duty disability based on volunteer service shall use at least 25 years of service credit in the benefit calculation.
- In paragraph (e)(1) language is being removed so that LOPFI can review an approved disability at least one time every year up to the age of 55. (This is a recommendation of the DAC).
- In paragraph (e)(3) the duration for a disabilitant’s refusal to be reexamined is being reduced from one (1) year to 90 ninety days.
- In paragraph (f)(3) language is being introduced that ensures only provisions in LOPFI’s body of law and rules is used for disability retirement purposes.

LOPFI Board of Trustees
May 21, 2020
Page 3 of 3

24-10-616

This section explains the protections of the assets and benefits of LOPFI.

- In paragraph (a) language is being introduced to no longer have LOPFI accept and administer the division of benefits in a divorce i.e. a QDRO. This will produce an administrative savings for LOPFI of roughly \$2,000 per QDRO. Since LOPFI responds to around five QDROs a month, this change should yield an initial savings on the order of \$10,000 per month. Note: LOPFI-accepted QDROs on file will still be administered. This change is structured to be prospective in that no new QDROs would be reviewed or accepted.
- In paragraph (b) language is being introduced that stipulates lawsuits appealing a decision of the Board must be filed in Pulaski County. This, too, will result in savings for LOPFI.

24-10-706

This section is a part of the DROP law for LOPFI. Due to the federal SECURE Act enacted in December 2019, the age 70 ½ condition for distributions was moved out to age 72. The Board previously updated Rules 32 and 35 at the March 2020 Board meeting to accommodate this change, so this proposal will bring LOPFI's body of law current, too.

In the event you have any questions, please feel free to let me know. Thank you.

24-10-405. Employer accumulation account — Contributions.

(a) The employer accumulation account as created by this section shall be the account into which contributions made by employers for annuities shall be accumulated and from which transfers shall be made as provided in this chapter.

(b) Employer contributions paid to the Arkansas Local Police and Fire Retirement System provided for in this section shall be credited to the employer accumulation fund account of the employer making the contributions.

(c) When an annuity becomes due and payable to or on behalf of a member, there shall be transferred to the retirement reserve account from his or her employer's account in the employer accumulation account the difference between the reserve for the annuity and the accumulated contributions standing to his or her credit in the members' deposit account at the time the annuity first becomes due and payable.

(d) An employer accumulation account shall be maintained to receive and hold employer contributions.

(e) Paid service employer contributions to the system shall be the total of the contribution amounts provided for in subsections (f) and (g) of this section, and the contributions shall be subject to the provisions of subsection (h) of this section.

(f) (1) For paid service employers, the actuary shall annually compute the rate of contributions, expressed as a percent of active member pays, which will cover the benefit costs of paid service employees participating in the system.

(2) The Board of Trustees of the Arkansas Local Police and Fire Retirement System in consultation with the actuary shall establish, based upon their financial assumptions, the actuarial valuation determining the contribution rate.

(3) The board shall certify annually to the governing body of each employer the contribution rate so determined, and each employer shall pay contributions based on that rate to the system during the employer's next fiscal year, which begins six (6) months or more after the date of the board certification.

(4) The payments shall be made in such manner and form, and in such frequency, and shall be accompanied by such supporting data, as the board shall determine.

(5) When received, the payments shall be credited to the employer accumulation account.

(g) Each employer shall provide its share as determined by the board of the administrative expenses of the system and shall pay that amount to the system to be credited to the income-expense account.

(h)(1) Except under subdivision (h)(2) of this section, the paid service employer's total contributions to the system, expressed as a percentage of active member pays, in any employer fiscal year beginning with the second fiscal year that the political subdivision is an employer shall not exceed its total contributions for the immediately preceding fiscal year, expressed as a percent of active member pays, by more than one percent (1%).

(2) However, an increase in the paid service employer's contributions to the system may exceed the limit of one percent (1%) per year imposed under subdivision (h)(1) of this section if the board certifies to the governing body of each paid service employer that the increase in the paid service employer's contribution rate is the direct result of increased benefit costs mandated by changes in the law made by the General Assembly.

(i)(1) For volunteer service employers, the actuary shall annually compute the rate of contributions that will cover the benefit costs of volunteer service employees participating in the system as determined by policy established by the board.

(2) The actuarial valuation determination of the contribution rate shall be based upon financial assumptions established by the board following consultation with the actuary.

(3) The board shall certify annually to the governing body of each employer the determined contribution rate, and each employer shall pay contributions based on the determined rate to the system during the employer's next fiscal year that begins six (6) months or more from the date of the board certification.

(4) The board shall determine required supporting data and the manner, form, and frequency in which payments shall be made.

(5) The board shall establish necessary additional policies regarding volunteer service employers that are required to meet the financial objective of the system under this subchapter.

(j) Beginning in fiscal year 2012, for each paid service employer the actuary shall annually compute the rate of contributions that will cover the benefit costs of its employees participating in the system as determined by policy established by the board.

(k) Beginning January 1, 2022 the board may add additional amounts to a paid service employer contributions to account for the costs of disability benefits for their employees under § 24-10-607.

(1) An employer shall remit to the system, in a time and manner prescribed by the system, the employer contributions charged to the employer.

(2) The employer contributions and applicable penalties under this subdivision shall not be subject to the limitation of subdivisions (f) and (h) of this section.

(3) The employer contributions and applicable penalties charged or assessed under this subdivision shall not be eligible for participation in funding with or the receipt of premium tax revenues provided under § 24-11-214.

(4) The board may establish rules necessary to implement the additional employer contributions under this subdivision.

History.

Acts 1981, No. 364, § 6; A.S.A. 1947, § 12-3806; Acts 2003, No. 1368, § 1; 2007, No. 610, § 1; 2011, No. 979, § 1; 2013, No. 40, § 3.

24-10-503. Disability.

~~(a) In the event a member in covered employment becomes totally physically or mentally incapacitated for his or her duty as an employee as the natural and proximate result of a personal injury or disease which has arisen out of and in the course of his or her actual performance of duty as an employee, in the event the disability will probably not be permanent, and in the event periodic payments are payable under any workers' compensation or similar law on account of the same disability, then the disability time shall be credited as service under this subchapter upon proper application filed with the Board of Trustees of the Arkansas Local Police and Fire Retirement System by or on behalf of the member.~~

~~(b) All determinations concerning the nature of the disability shall be made by the board.~~

~~(c) During the period of disability, his or her contributions based on reportable pays to the Arkansas Local Police and Fire Retirement System shall continue, and any balance remaining to his or her credit in the system shall continue to accrue regular interest.~~

~~(d) Service credit granted under this section shall not be considered as credited service for the purpose of determining the member's final average pay.~~

~~(e) Should the member die while so disabled, he or she shall be considered a member in covered employment at the time of death.~~

History.

Acts 1981, No. 364, § 4; A.S.A. 1947, § 12-3804; Acts 2013, No. 40, § 6.

24-10-507. Reciprocal system.

- (a) The Arkansas Local Police and Fire Retirement System is a reciprocal system under the provisions of §§ 24-2-401 — 24-2-405. For purposes of reciprocal service credit under this system, only Arkansas statewide defined benefit retirement systems that are qualified under the Internal Revenue Code are eligible
- (b) In establishing eligibility for a voluntary retirement, early retirement, or duty death benefit from the Arkansas Local Police and Fire Retirement System, the credited service under all reciprocal systems shall be totaled and the total credited service shall be used in determining eligibility for a system benefit, once the member has attained a vested status in this system.
- (c) In determining the amount of a benefit from this system, there shall be used only the credited service under this system ~~and~~, the benefit formula of this system, and the final average pay of this system.
- ~~(d) The final average compensation used shall be that of the reciprocal system which furnishes the highest final salary at the time of retirement.~~
- ~~(e) Wherever this system provides a benefit amount which is not dependent on length of credited service, the benefit amount shall be reduced to the proportion that system credited service bears to total reciprocal system credited service.~~

History.

Acts 1999, No. 537, § 4.

24-10-607. Disability retirement — Definition.

(a)(1)(A)(i) An active member with five (5) years of credited service, including credited service for seventy-five percent (75%) of the two (2) years immediately preceding his or her disability, who while an active member becomes totally and permanently physically or mentally incapacitated for any suitable duty as an employee as a result of a personal injury or disease, may be retired by the Board of Trustees of the Arkansas Local Police and Fire Retirement System upon proper application filed with the board by or on behalf of the member or former member.

(ii) A member hired on or after July 1, 2013, shall accrue ten (10) years of actual service in order to be eligible for retirement.

~~**(iii)(a)** As used in subdivision (a)(1)(A)(i) of this section, “disease” includes without limitation cancer that a member or volunteer member is diagnosed with while he or she is in the line of duty.~~

~~—**(b)** A finding that a member or volunteer member was diagnosed with cancer while he or she was in the line of duty may be rebutted by a preponderance of the evidence.~~

~~—**(iv)** As used in subdivision (a)(1)(A)(iii) of this section, “cancer” means:~~

~~—**(a)** Leukemia, lymphoma, mesothelioma, or multiple myeloma;~~

~~—**(b)** Cancer of the brain, urinary tract, liver, skin, breast, cervix, thyroid, prostate, testicle, colon, or digestive tract; or~~

~~—**(c)** A cancer that has been found by research and statistics to show higher instances of occurrence in firefighters than in the general population, if the firefighter was exposed to a known carcinogen, as determined by the Department of Health with consideration to the findings of the International Agency for Research on Cancer, while in the official line of duty.~~

(B) The employee shall be retired only if, after a medical examination of the member or former member made by or under the direction of a physician or physicians designated by the board, the physician reports to the board in a manner prescribed by the board that the member or former member is physically or mentally totally incapacitated for the further performance of any suitable duty, that the incapacity will probably be permanent, and that the member or former member should be retired.

(2) A proper application to the board by the member or former member or on behalf of the member shall be filed with the board not later than thirty (30) calendar days after the termination of active membership.

(3) The disability annuity shall be effective the first day of the calendar month next following his or her termination of active membership and filing of the proper application with the board.

(b)(1)(A) Upon disability retirement as provided in subsection (a) of this section, a member shall receive an annuity provided for in § 24-10-602.

(B)(i) For purposes of calculating the amount of an annuity for disability retirement, a member's final average pay shall include workers' compensation benefits received by the member as set forth under § 24-10-102(17)(D).

(ii) Disability benefits awarded to members before July 16, 2003, shall be adjusted to include workers' compensation benefits in calculating final average pay upon application to the system by the affected member.

(iii) An adjustment shall not be made in monthly benefits paid before January 1, 2003.

(2) The member shall have the right to elect an option provided for in § 24-10-603.

(3) The member's disability retirement and annuity shall be subject to the provisions of subsection (e) of this section and to the provisions of § 24-10-610.

(c)(1)(A) Any active member who while an active member becomes totally and permanently physically or mentally incapacitated for any suitable duty as an employee as the result of a personal injury or disease that the board finds to have arisen out of and in the course of his or her actual performance of duty as an employee may be retired by the board upon proper application filed with the board by or on behalf of the member or former member.

(B) The employee shall be retired only if, after a medical examination of the member or former member made by or under the direction of a physician or physicians designated by the board, the physician reports to the plan in a manner prescribed by the board that the member or former member is physically or mentally totally incapacitated for the further performance of any suitable duty, that the incapacity will ~~probably~~ be permanent, and that the member or former member should be retired.

(2) A proper application to the board by the member or former member or on behalf of the member shall be filed with the board not later than thirty (30) calendar days after the termination of active membership.

(3) The disability annuity shall be effective the first day of the calendar month next following his or her termination of active membership and filing of the proper application with the board.

(4) A member hired on or after July 1, 2013, shall accrue ten (10) years of actual service in order to be eligible for retirement as described in subdivision (c)(4) of this section.

(a) As used in subdivision (c)(1)(A) of this section, "disease" includes without limitation cancer that a member is diagnosed with while he or she is in the line of duty.

(b) As used in subdivision (c)(4)(a) of this section, "cancer" means:

(i) Leukemia, lymphoma, mesothelioma, or multiple myeloma;

(ii) Cancer of the brain, urinary tract, liver, skin, breast, cervix, thyroid, prostate, testicle, colon, or digestive tract; or

(iii) A cancer that has been found by research and statistics to show higher instances of occurrence in firefighters than in the general population, if the firefighter was exposed to a known carcinogen, as determined by the Department of Health with consideration to the findings of the International Agency for Research on Cancer, while in the official line of duty.

(c) A finding that a member was diagnosed with cancer while he or she was in the line of duty may be rebutted by a preponderance of the evidence.

(d)(1)(A) Upon disability retirement as provided in subsection (c) of this section, a member shall receive an annuity provided for in § 24-10-602.

(B) However, for the sole purpose of computing the amount of the annuity from volunteer service for such a retirant who does not have twenty-five (25) years of volunteer credited service in force at the beginning of the disability retirement, volunteer credited service shall be granted for the period from the date of disability retirement to the date the retirant would have completed twenty-five (25) years of volunteer credited service.

(2)(A) Upon disability retirement as provided in subsection (c) of this section for members in paid service, a member shall receive an annuity provided for in § 24-10-602.

(B) However, for determining the amount of the annuity the retirant's annuity amount shall either be equal to sixty-five percent (65%) of the final average ~~salary~~ pay of the member or shall be equal to the annuity paid to retirants for each year of paid service resulting from employment as provided for in § 24-10-602, whichever is greater.

(3) The retirant shall have the right to elect an option provided for in § 24-10-603.

(4) The retirant's disability retirement and annuity shall be subject to the provisions of subsection (e) of this section and to the provisions of § 24-10-610.

(e)(1) At least one (1) time each year ~~during the first five (5) years~~ following a member's retirement on account of disability ~~and at least one (1) time in each three-year period thereafter,~~

the board may require any disability retiree who has not attained age fifty-five (55) to undergo a medical examination to be made by or under the direction of a physician or physicians designated by the board.

(2) If the retiree refuses to submit to the medical examination ~~in any period~~, his or her disability annuity may be suspended by the board until his or her withdrawal of his or her refusal.

(3) If ~~his or her~~ the retiree's refusal continues for ~~one (1) year~~ ninety (90) calendar days, all ~~his or her~~ rights of the retiree in and to a disability annuity may be revoked by the board.

(4) If, upon the medical examination of the retiree, the physician reports to the board that the retiree is physically and mentally able and capable of resuming suitable duty as an employee, his or her disability retirement shall terminate.

(5) If the former disability retiree does not immediately again become an employee, then, for the purpose of determining his or her eligibility for any other system benefit, he or she shall be considered to have terminated active membership as of the time of disability retirement, but for a reason other than disability or death.

(6)(A) If the former disability retiree immediately again becomes an employee, he or she shall immediately again become a member of the system, and his or her credited service at the time of his or her disability retirement shall be restored to his or her credit.

(B) He or she shall be given service credit for the period he or she was in receipt of the disability annuity.

(C) Should the former disability retiree again become totally and permanently disabled within two (2) years immediately following his or her return to membership, the seventy-five percent (75%) credited service requirement specified in subsection (a) of this section shall be waived.

(f)(1) Beginning July 1, 2003, subdivision (d)(2) of this section shall apply retroactively to allow members of the Arkansas Local Police and Fire Retirement System who received a disability retirement before July 1, 2001, to receive the greater benefit of sixty-five percent (65%) of the final average ~~salary~~ pay of the member or an amount equal to the annuity paid to retirees for each year of paid service resulting from employment.

(2) However, the system shall not be responsible for making benefit payments retroactive to the effective date of the disability.

(3) When determining eligibility to apply for or receive any benefits under this section, workers' compensation laws, workers' compensation rules, opinions regarding workers' compensation, or determinations shall not be considered.

History.

Acts 1981, No. 364, § 5; A.S.A. 1947, § 12-3805; Acts 1989, No. 9, §§ 1, 2; 1993, No. 1199, § 1; 1995, No. 643, § 1; 2001, No. 1132, § 1; 2003, No. 481, §§ 1, 2; 2003, No. 507, § 2; 2003, No. 1367, §§ 3, 4; 2013, No. 40, § 10; 2013, No. 1065, § 7; 2019, No. 178, §§ 4-7; 2019, No. 638, § 2.

24-10-616. Subjection of benefit rights to legal process.

(a) The right of a person to an annuity, the return of accumulated contributions, the annuity itself, any annuity option, any other right accrued or accruing under the provisions of this chapter, and all moneys belonging to a plan shall not be subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency laws, ~~or any other~~ any qualified domestic relations order including as defined in the Internal Revenue Code of 1986, 26 U.S.C. Section 414, or to any claim or process of law whatsoever and shall be unassignable, except as is specifically provided in this chapter. However, an employer shall have the right of setoff for any claim arising from embezzlement by, or fraud of, a member, retirant, or beneficiary.

(b) An appeal of a final administrative decision of the Board of Trustees of the Arkansas Local Police and Fire Retirement System may occur by filing a complaint in the Pulaski County Circuit Court.

History.

Acts 1981, No. 364, § 5; A.S.A. 1947, § 12-3805.

24-10-706. Duration.

(a) The duration of participation in the Local Police and Fire Deferred Retirement Option Plan for active paid service police officers and firefighters shall not exceed seven (7) years.

(b) At the conclusion of a member's participation in the plan, the member shall terminate employment with the employer and shall start receiving the member's monthly retirement benefit that would have been received if the member had retired at the time the member elected to participate in the plan.

(c) (1) At the conclusion of a member's participation in the plan, the member may defer receiving payment of the participant's account and continue with the funds deposited in the plan.

(2) Interest credited under subdivision (c)(1) of this section shall be calculated in the same manner as § 24-10-704(b), except the interest shall be credited at a rate of two percent (2%) per annum.

(d) (1) The payment of funds accumulated in the plan may be deferred one (1) time.

(2) All funds in the plan shall be distributed in a manner prescribed by the Board of Trustees of the Arkansas Local Police and Fire Retirement System no later than ~~December 31 of the year the participant attains the age of seventy and one half (70 1/2) years.~~ April 1 of the year following the calendar year the participant attains age seventy-two (72).

History.

Acts 2003, No. 1734, § 1; 2013, No. 1065, § 13; 2017, No. 608, § 1.

LOPFI PORTFOLIO

1ST QUARTER 2020 INVESTMENT REVIEW

PRESENTED BY LARRY MIDDLETON



Member NYSE, SIPC

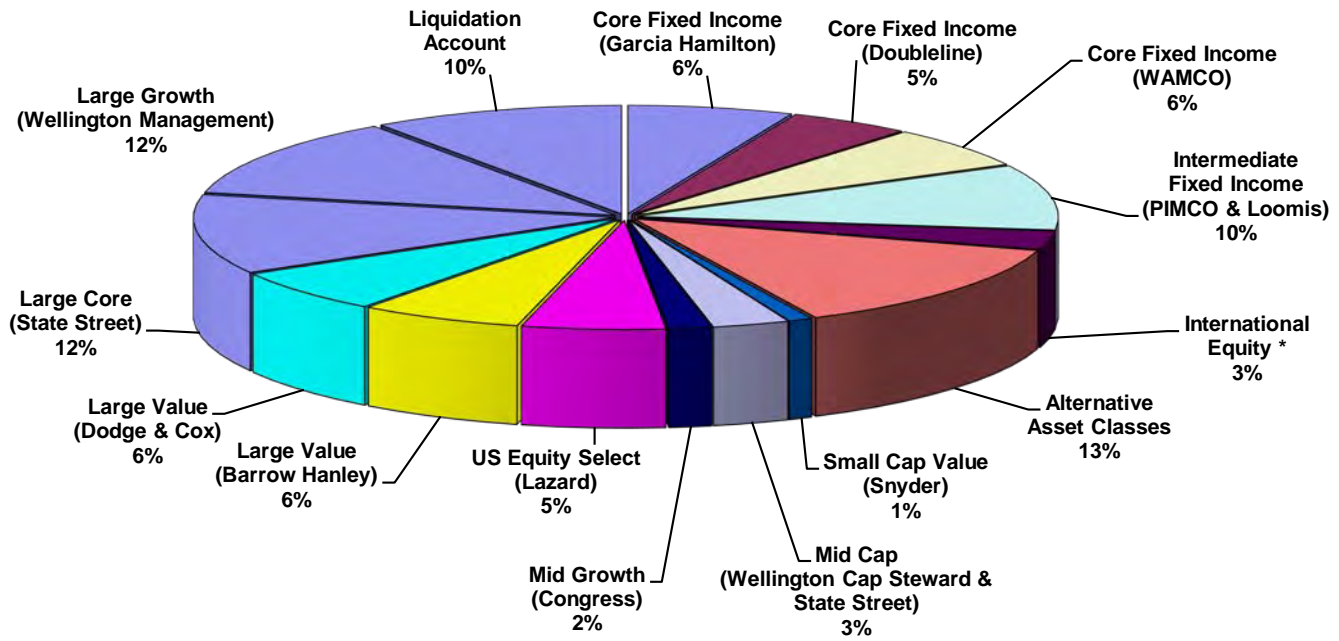
STEPHENS

CAPITAL
MANAGEMENT

STEPHENS INC.

Portfolio Allocations

As of March 31, 2020



NEUBERGER BERMAN - Crossroads	0.03%	
NEUBERGER BERMAN - Private Debt	0.20%	
RIVERSTONE - Private Equity	0.62%	
CHICKASAW	0.54%	
CITIGROUP/STEPSTONE	0.08%	
MACQUARIE	0.17%	
KKR - Mezz	0.11%	
KKR - Direct Lending	0.05%	
KKR - Energy & Income	0.57%	
CITCO / CANDLEWOOD	0.01%	
WELLINGTON - Commodity	1.03%	
GOLDEN TREE	1.93%	
GOLDMAN SACHS VINTAGE	0.49%	
PIMCO BRAVO I	0.01%	
PIMCO BRAVO II	0.22%	
PIMCO BRAVO III	0.42%	
OWL ROCK	1.33%	
AIM - 13 Ptnrs	1.66%	
AIM - Private Equity	2.04%	
JP MORGAN INFRASTRUCTURE	0.40%	
JP MORGAN	1.32%	
TOTAL ALTERNATIVES	13.22%	
		WELLINGTON - Enduring 1.06%
		WELLINGTON - Int'l 1.65%
		TOTAL INT'L EQUITY 2.71%

Balances & Performance

As of:
March 31, 2020

	1st Qtr 2020
Alerian MLP Index	-57.2
Bloomberg Commodity Index	-23.3
HFRI RV Corporate	-8.3
LPX Private Equity ETF Index	-38.4
S&P / LSTA Leveraged Loan	-13.1
HFRX Global Hedge Fund Index	-6.9
IGF Global Infrastructure Index	-29.3
NCREIF Property Index	0.7

Manager	Beginning of Period Assets (\$M)	End of Period Assets (\$M)	1st Quarter* Return (%)
EQUITIES:			
Barrow Hanley Mewhinney & Strauss	189.6	132.4	-30.2
Dodge & Cox Large Value	190.3	134.8	-29.2
<i>Russell 1000 Value</i>			-26.7
Congress	43.3	34.7	-19.8
<i>Russell Mid Cap Growth</i>			-20.0
Wellington - Capital Stewards	27.4	18.9	-31.2
State Street - Mid Cap	52.0	43.6	-29.7
<i>Russell Mid Cap</i>			-27.1
Snyder	21.5	19.2	-27.6
<i>Russell Small Value</i>			-35.7
Wellington Large Growth	285.0	251.4	-11.9
<i>Russell 1000 Growth</i>			-14.1
Lazard	144.4	116.4	-19.4
State Street	309.0	248.7	-19.6
<i>S&P 500</i>			-19.6
Wellington - Int'l	42.5	34.8	-18.4
Wellington - Enduring	21.6	22.4	-15.9
<i>MSCI:EAFE US\$</i>			-22.7
LOPFI Total Equity	1,326.6	1,057.3	-20.9
<i>S&P 500</i>			-19.6
FIXED INCOME:			
Garcia Hamilton	135.0	135.1	0.5
WAMCO	132.1	129.8	-1.7
Doubleline	101.8	100.3	-1.6
<i>Barclays Aggregate Bond Index</i>			3.2
LOOMIS SAYLES CREDIT ASSET	51.5	47.6	-7.6
<i>** Custom Blend</i>			-8.2
PIMCO	153.9	157.2	2.2
<i>Barclays Aggregate Bond Index</i>			3.2
LOPFI Total Fixed	574.3	570.0	-0.6
<i>Barclays Gov't/Credit Intermediate Bond</i>			2.4
ALTERNATIVES: (LIQUID)			
Chickasaw	26.1	11.4	-56.5
<i>Alerian MLP Index</i>			-57.2
Wellington - Commodity	27.1	21.7	-20.4
<i>Bloomberg Commodity Index</i>			-23.3
Golden Tree	39.7	40.7	2.5
<i>HFRI RV Corporate</i>			-8.3
(ILLIQUID)			
Private Equity			
NB - Crossroads	1.0	0.7	-5.0
AIM - Private Equity	43.0	43.0	0.0
Citigroup	1.8	1.7	-1.8
Goldman Sachs Vintage	10.5	10.4	0.1
<i>LPX Private Equity ETF Index</i>			-38.4
Private Debt/Lending			
NB - Private Debt	4.3	4.2	4.2
KKR - Direct Lending	1.0	1.0	6.8
KKR - Mezzanine	2.3	2.4	1.2
Owl Rock	28.0	28.2	2.3
Riverstone - Private Equity	12.1	13.1	-0.4
Citco/Candlewood	0.2	0.2	0.0
<i>S&P / LSTA Leveraged Loan</i>			-13.1
Hedge Fund & Special Situations			
AIM - 13 Partners	34.1	35.0	2.5
PIMCO Bravo I	0.2	0.1	-18.1
PIMCO Bravo II	4.6	4.6	4.2
PIMCO Bravo III	8.2	9.0	7.8
<i>HFRX Global Hedge Fund Index</i>			-6.9
Real Assets			
KKR - Energy & Income	12.9	11.9	-6.9
JP Morgan Infrastructure	7.8	8.4	7.8
Macquarie	5.6	3.6	-35.9
<i>IGF Global Infrastructure Index</i>			-29.3
JP Morgan	27.6	28.0	1.6
<i>NCREIF Property Index</i>			0.7
LOPFI Total Alternatives	298.1	279.3	-3.0
Liquidation Account	245.8	205.8	-
LOPFI Total Portfolio	2,444.8	2,112.4	-12.2
<i>60% S&P 500 / 40% Barclays IntG/C</i>			-10.8

** 50% Barclays Corporate Index / 25% Barclays 2% Capped High Yield Issuer Index / 25% S&P LSTA Leveraged Loan Index

*Periods less than one year are not annualized. Note that liquidation account is not included in Total Portfolio Return calculations. Past performance is no guarantee of future results. See appendix for additional information.

Performance Disclosure Information

The investment returns, comparisons and account balances set forth in this report are based on information obtained by Stephens from the custodian, from investment managers, from other service providers or from publicly available sources, which may include subscription services. Stephens believes these sources to be reliable, but the information has not been independently verified.

This is a working document. It should be understood that some values reflected in the report may not yet be final or may be subject to adjustments. Information in this report should not be relied upon for actuarial calculations.

It should be understood that LOPFI utilizes and relies on the services of outside third parties for reports of its investment transactions and holdings and for investment performance reports and comparisons which serve as the primary source for its investment, statistical, performance and return records.

Unless otherwise stated below, investment results do not reflect the deduction of management fees and custodial fees, both of which will reduce returns. Specific management fees for each firm are disclosed in Part 2A of Stephens Form ADV, as filed by that firm with the Securities and Exchange Commission. For example, a hypothetical \$10 million portfolio with a 10% return each year would appreciate to \$25.94 million at the end of 10 years when compounded annually. If the same hypothetical account were subjected to an annual management fee of 1.00%, the portfolio would be worth \$23.67 million at the end of 10 years. Management fees will vary with both the product being considered and the account size.

Liquid Alternative Investments:

Provide liquid exposure to lower correlated asset classes that must have at a minimum monthly liquidity, pricing and comparable benchmark/ index.

Illiquid Alternative Investments:

Provide unique opportunities to invest in non-traded asset classes that offer the potential of low correlation and enhanced return. These assets are not readily marketable and are subject to annual pricing in many cases. Prices reported reflect the latest prices on each illiquid alternative investment which was reported to Stephens. Therefore prices and performance shown will be "as of" a different date from the current period being reported to you, but benchmark performance reflects the current period being reported to you. Benchmark and Index performance does not provide an accurate comparison due to timing of reporting and the unique nature of the underlying investments.

Investment Performance Review
Period Ending March 31, 2020

Arkansas Local Police & Fire Retirement System



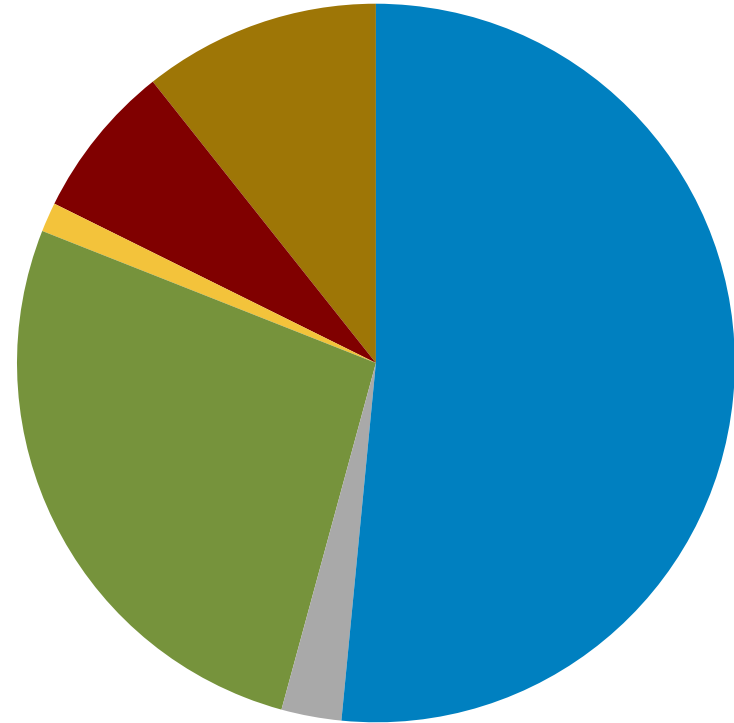
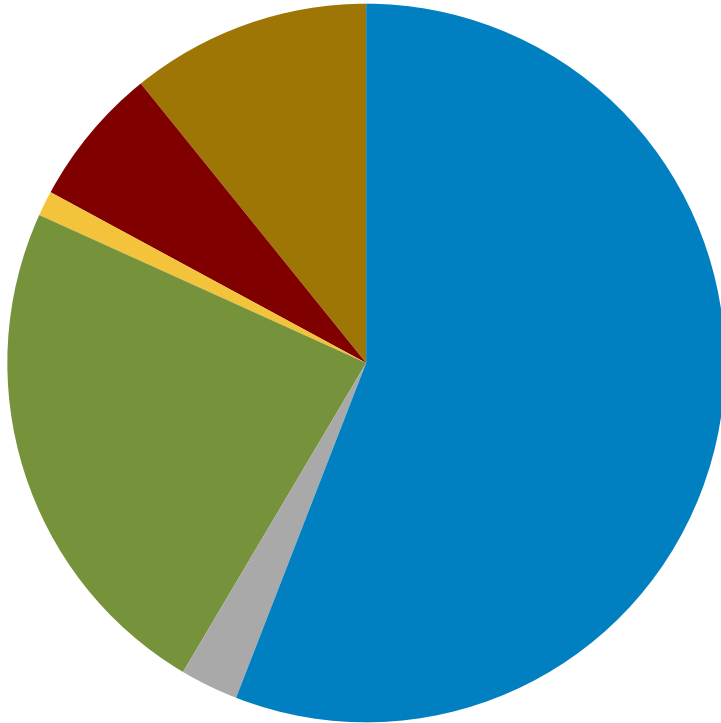
Table Of Contents

1	Asset Allocation Pie Chart	Page 1
2	Asset Allocation & Performance Trailing Periods (net)	Page 3
3	Asset Allocation & Performance Trailing Periods (gross)	Page 7
4	Asset Allocation & Performance Calendar Periods (net)	Page 13
5	Asset Allocation & Performance Calendar Periods (gross)	Page 17
6	Historical Rolling Performance Total Fund	Page 22
7	Historical Rolling Performance Total Fund Policy	Page 23
8	Total Fund Composite Returns Based Analysis	Page 24
9	Historical Risk Statistics Total Fund	Page 26
10	Benchmark History	Page 27
11	Definitions & Disclosure Pages	Page 31



Asset Allocation By Segment as of
 December 31, 2019 : \$2,445,644,932

Asset Allocation By Segment as of
 March 31, 2020 : \$2,113,325,505



Allocation			Allocation		
Segments	Market Value	Allocation	Segments	Market Value	Allocation
Domestic Equity	1,367,280,923	55.9	Domestic Equity	1,089,138,118	51.5
International Equity	64,096,918	2.6	International Equity	57,218,550	2.7
Domestic Fixed Income	568,063,685	23.2	Domestic Fixed Income	565,193,053	26.7
Real Estate	27,618,071	1.1	Real Estate	27,982,666	1.3
Private Equity	154,172,404	6.3	Private Equity	147,986,198	7.0
Cash Equivalent	264,412,930	10.8	Cash Equivalent	225,806,919	10.7



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
State Street Flagship Index Fd	309,441,313	12.7	Wellington Equity	251,391,484	11.9
Wellington Equity	285,017,479	11.7	State Street Flagship Index Fd	248,735,224	11.8
Liquidation (Cash)	245,969,543	10.1	Liquidation (Cash)	205,974,560	9.7
Dodge & Cox Stock Fund	190,268,066	7.8	PIMCO Total Return	157,235,572	7.4
Barrow LCV	189,656,093	7.8	GHA Fixed Income	135,309,397	6.4
PIMCO Total Return	153,864,141	6.3	Dodge & Cox Stock Fund	134,781,671	6.4
Lazard Equity	144,357,769	5.9	Barrow LCV	132,688,660	6.3
GHA Fixed Income	134,952,160	5.5	WAMCO US CORE	129,842,287	6.1
WAMCO US CORE	132,052,037	5.4	Lazard Equity	116,538,002	5.5
Doubleline Total Return	101,835,664	4.2	Doubleline Total Return	100,262,238	4.7
SSGA S&P Mid-Cap 400 Index	51,971,240	2.1	Loomis Sayles Credit Asset	47,561,515	2.3
Loomis Sayles Credit Asset	51,549,200	2.1	SSGA S&P Mid-Cap 400 Index	43,574,269	2.1
Congress Equity	43,274,115	1.8	AIM Thirteen Partners Equity	43,038,635	2.0
AIM Thirteen Partners Equity	43,038,635	1.8	Goldentree Select Offshore	40,703,829	1.9
Wellington International Growth	42,488,591	1.7	AIM Thirteen Partners Equity Offshore	34,963,398	1.7
Goldentree Select Offshore	39,716,312	1.6	Wellington International Growth	34,795,978	1.6
AIM Thirteen Partners Equity Offshore	34,120,529	1.4	Congress Equity	34,706,707	1.6
Owl Rock Direct Lending	28,003,133	1.1	Owl Rock Direct Lending	28,190,080	1.3
JP Morgan RE	27,618,071	1.1	JP Morgan RE	27,982,666	1.3
Wellington Capital Stewards	27,410,296	1.1	Wellington Enduring Assets CTF	22,422,622	1.1
Wellington Commodities	27,148,709	1.1	Wellington Commodities	21,691,969	1.0
Chickasaw Capital	26,139,371	1.1	Snyder Capital Mngmnt Small Cap Value	19,268,486	0.9
Wellington Enduring Assets CTF	21,608,327	0.9	Wellington Capital Stewards	18,901,600	0.9
Snyder Capital Mngmnt Small Cap Value	21,546,823	0.9	Riverstone Credit Partners	13,084,992	0.6
KKR Energy Income & Growth	12,917,274	0.5	KKR Energy Income & Growth	11,938,561	0.6
Riverstone Credit Partners	12,100,083	0.5	Chickasaw Capital	11,352,810	0.5
Goldman Sachs Vintage VII	10,477,662	0.4	Goldman Sachs Vintage VII	10,371,965	0.5
PIMCO Bravo III	8,194,897	0.3	PIMCO Bravo III	8,971,866	0.4
JP Morgan Infrastructure	7,778,072	0.3	JP Morgan Infrastructure	8,361,740	0.4
Macquarie Infrastructure	5,632,551	0.2	PIMCO Bravo II	4,647,844	0.2
PIMCO Bravo II	4,627,529	0.2	NB Private Debt	4,200,056	0.2
NB Private Debt	4,314,295	0.2	Macquarie Infrastructure	3,648,926	0.2
KKR Mezzanine	2,337,569	0.1	KKR Mezzanine	2,373,310	0.1
Citigroup-StepStone Private Equity	1,754,493	0.1	Citigroup-StepStone Private Equity	1,723,189	0.1
KKR Direct Lending	1,034,230	0.0	KKR Direct Lending	1,001,925	0.0
NB Crossroads	958,170	0.0	NB Crossroads	695,670	0.0
Citco	248,202	0.0	Citco	248,118	0.0
PIMCO Bravo I	175,442	0.0	PIMCO Bravo I	143,685	0.0
Fisher Intl Eq	46,843	0.0	Fisher Intl Eq	-	0.0



Asset Allocation & Performance

	Allocation		Performance(%)						
	Market Value \$	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Total Fund Composite	2,113,325,505	100.0	-12.78	-12.78	-3.77	3.57	3.96	4.72	01/01/2001
Total Fund Policy Index			-12.52	-12.52	-3.66	3.39	4.01	4.93	
Total Equity Composite	1,057,804,701	50.1	-21.50	-21.50	-10.08	3.60	4.98	6.58	01/01/1998
Total Equity Policy Index			-23.48	-23.48	-13.14	1.56	4.00	6.28	
Domestic Equity									
Barrow LCV	132,688,660	6.3	-30.04	-30.04	-19.86	-2.29	1.54	5.02	01/01/2006
Russell 1000 Value Index			-26.73	-26.73	-17.17	-2.18	1.90	5.21	
Lazard Equity	116,538,002	5.5	-19.27	-19.27	-6.15	3.94	5.59	8.63	07/01/2013
S&P 500 Index			-19.60	-19.60	-6.98	5.10	6.73	9.53	
State Street Flagship Index Fd	248,735,224	11.8	-19.62	-19.62	-7.00	5.09	6.74	7.04	04/01/2005
S&P 500 Index			-19.60	-19.60	-6.98	5.10	6.73	7.58	
Dodge & Cox Stock Fund	134,781,671	6.4	-29.16	-29.16	-19.82	-2.52	2.65	5.17	01/01/2006
Russell 1000 Value Index			-26.73	-26.73	-17.17	-2.18	1.90	5.21	
Wellington Equity	251,391,484	11.9	-11.88	-11.88	4.97	15.99	12.65	8.07	01/01/1998
Russell 1000 Growth Index			-14.10	-14.10	0.91	11.32	10.36	6.84	
Wellington Capital Stewards	18,901,600	0.9	-31.04	-31.04	-22.38	N/A	N/A	-13.81	07/01/2018
Russell Midcap Index			-27.07	-27.07	-18.31	-0.81	1.85	-9.12	
Congress Equity	34,706,707	1.6	-19.80	-19.80	-7.80	4.24	5.77	9.93	07/01/2013
Russell Midcap Growth Index			-20.04	-20.04	-9.45	6.53	5.61	9.40	
SSGA S&P Mid-Cap 400 Index	43,574,269	2.1	-29.70	-29.70	-22.45	N/A	N/A	-15.88	08/01/2018
S&P MidCap 400 Index			-29.70	-29.70	-22.51	-4.09	0.56	-15.92	
Snyder Capital Mngmnt Small Cap Value	19,268,486	0.9	-27.42	-27.42	N/A	N/A	N/A	-21.81	07/01/2019
Russell 2000 Value Index			-35.66	-35.66	-29.64	-9.51	-2.42	-30.60	



	Allocation		Performance(%)						
	Market Value \$	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
International Equity									
Wellington Enduring Assets CTF	22,422,622	1.1	-15.88	-15.88	N/A	N/A	N/A	-9.11	07/01/2019
MSCI EAFE Index			-22.72	-22.72	-13.92	-1.33	-0.13	-17.21	
Wellington International Growth	34,795,978	1.6	-18.40	-18.40	-7.59	4.50	N/A	5.35	04/01/2016
MSCI AC World Index Growth			-15.64	-15.64	-1.96	7.36	6.44	8.84	
Total Fixed Income Composite									
Total Fixed Income Policy Index	570,211,009	27.0	-0.75	-0.75	4.35	3.46	2.60	4.48	01/01/1998
PIMCO Total Return	157,235,572	7.4	2.19	2.19	7.63	4.50	3.24	4.67	10/01/2002
Blmbg. Barc. U.S. Aggregate Index			3.15	3.15	8.93	4.82	3.36	4.32	
WAMCO Fixed Income	129,842,287	6.1	-1.86	-1.86	4.61	3.77	3.01	4.06	10/01/2002
Blmbg. Barc. U.S. Aggregate Index			3.15	3.15	8.93	4.82	3.36	4.32	
GHA Fixed Income	135,309,397	6.4	0.26	0.26	4.15	2.84	2.40	4.51	04/01/2005
Blmbg. Barc. U.S. Aggregate Index			3.15	3.15	8.93	4.82	3.36	4.40	
Doubleline Total Return	100,262,238	4.7	-1.55	-1.55	N/A	N/A	N/A	0.26	07/01/2019
Blmbg. Barc. U.S. Aggregate Index			3.15	3.15	8.93	4.82	3.36	5.68	
Loomis Sayles Credit Asset	47,561,515	2.3	-7.74	-7.74	N/A	N/A	N/A	-4.88	07/01/2019
L.S. Credit Asset Index			-6.87	-6.87	N/A	N/A	N/A	-3.54	



	Allocation		Performance(%)						
	Market Value \$	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
Alternatives									
JP Morgan RE NCREIF Property Index	27,982,666	1.3	1.32 0.71	1.32 0.71	4.52 5.28	5.37 6.41	7.03 7.65	4.85 6.24	10/01/2007
Chickasaw Capital Alerian MLP Index	11,352,810	0.5	-56.57 -57.19	-56.57 -57.19	-61.07 -60.95	-30.76 -28.91	-22.63 -20.66	-1.65 -5.47	07/01/2010
Citco HFRI Event-Driven (Total) Index	248,118	0.0	0.00 -14.79	0.00 -14.79	-62.38 -12.06	-29.69 -1.99	-21.44 0.20	-10.20 1.96	04/01/2011
Citigroup-StepStone Private Equity LPX MM Private Equity Index	1,723,189	0.1	-1.78 -33.64	-1.78 -33.64	-20.44 -21.66	-4.81 -3.81	-6.09 0.10	2.99 -2.55	10/01/2007
Wellington Commodities Bloomberg Commodity Index Total Return	21,691,969	1.0	-20.40 -23.29	-20.40 -23.29	-17.00 -22.31	-5.25 -8.61	N/A -7.76	-1.05 -4.55	04/01/2016
JP Morgan Infrastructure S&P Global Infrastructure	8,361,740	0.4	7.50 -29.18	7.50 -29.18	8.23 -21.14	9.53 -3.24	6.59 -0.38	4.70 5.71	01/01/2009
Macquarie Infrastructure S&P Global Infrastructure	3,648,926	0.2	-35.22 -29.18	-35.22 -29.18	3.35 -21.14	5.59 -3.24	6.12 -0.38	4.77 5.71	01/01/2009
NB Crossroads LPX MM Private Equity Index	695,670	0.0	0.00 -33.64	0.00 -33.64	-6.94 -21.66	1.27 -3.81	N/A 0.10	2.63 0.94	05/01/2016
NB Private Debt S&P/LSTA Leveraged Loan Index	4,200,056	0.2	4.15 -13.05	4.15 -13.05	16.68 -9.16	0.55 -0.78	8.11 1.14	7.04 3.25	07/01/2007
PIMCO Bravo I S&P/LSTA Leveraged Loan Index	143,685	0.0	-18.10 -13.05	-18.10 -13.05	-46.60 -9.16	-18.10 -0.78	N/A 1.14	-15.73 1.27	05/01/2016
PIMCO Bravo II S&P/LSTA Leveraged Loan Index	4,647,844	0.2	3.98 -13.05	3.98 -13.05	1.05 -9.16	4.65 -0.78	5.55 1.14	11.12 2.57	04/01/2011
PIMCO Bravo III S&P/LSTA Leveraged Loan Index	8,971,866	0.4	7.74 -13.05	7.74 -13.05	37.67 -9.16	12.27 -0.78	N/A 1.14	10.07 0.06	11/01/2016
KKR Mezzanine S&P/LSTA Leveraged Loan Index	2,373,310	0.1	1.19 -13.05	1.19 -13.05	-3.16 -9.16	8.85 -0.78	7.24 1.14	-5.14 3.03	10/01/2010
KKR Direct Lending S&P/LSTA Leveraged Loan Index	1,001,925	0.0	7.04 -13.05	7.04 -13.05	-12.81 -9.16	-10.68 -0.78	N/A 1.14	-6.87 1.27	05/01/2016



	Allocation		Performance(%)						
	Market Value \$	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
KKR Energy Income & Growth LPX MM Private Equity Index	11,938,561	0.6	-6.92 -33.64	-6.92 -33.64	-16.82 -21.66	-0.24 -3.81	N/A 0.10	-6.08 0.94	05/01/2016
AIM Thirteen Partners Equity Offshore HFRX Global Hedge Fund Index	34,963,398	1.7	2.47 -6.85	2.47 -6.85	17.02 -1.39	7.22 -0.54	9.20 -0.65	5.44 0.64	04/01/2012
AIM Thirteen Partners Equity LPX MM Private Equity Index	43,038,635	2.0	0.00 -33.64	0.00 -33.64	25.45 -21.66	18.11 -3.81	N/A 0.10	7.53 0.65	06/01/2016
Goldentree Select Offshore HFRI RV: Fixed Income-Corporate Index	40,703,829	1.9	2.49 -10.28	2.49 -10.28	3.26 -6.52	6.10 0.40	N/A 2.21	6.84 2.96	05/01/2016
Owl Rock Direct Lending S&P/LSTA Leveraged Loan Index	28,190,080	1.3	2.24 -13.05	2.24 -13.05	22.85 -9.16	7.16 -0.78	N/A 1.14	6.58 0.53	09/01/2016
Goldman Sachs Vintage VII LPX MM Private Equity Index	10,371,965	0.5	0.00 -33.64	0.00 -33.64	17.05 -21.66	N/A -3.81	N/A 0.10	12.20 -8.47	08/01/2017
Riverstone Credit Partners S&P/LSTA Leveraged Loan Index	13,084,992	0.6	-0.36 -13.05	-0.36 -13.05	-9.77 -9.16	N/A -0.78	N/A 1.14	10.08 -4.75	08/01/2018
Liquidation (Cash)	205,974,560	9.7							



Asset Allocation & Performance	Allocation		Performance(%)												
	Market Value \$	%	QTR		FYTD		1 YR		3 YR		5 YR		Inception		Inception Date
Total Fund Composite	2,113,325,505	100.0	-12.72	(43)	-12.72	(43)	-3.57	(31)	3.82	(23)	4.20	(21)	5.08	(66)	01/01/2001
Total Fund Policy Index			-12.52	(39)	-12.52	(39)	-3.66	(32)	3.39	(33)	4.01	(29)	4.93	(72)	
All Public Plans-Total Fund Median			-13.08		-13.08		-4.73		2.84		3.54		5.31		
Total Equity Composite	1,057,804,701	50.1	-21.44		-21.44		-9.86		3.88		5.28		7.04		01/01/1998
Total Equity Policy Index			-23.48		-23.48		-13.14		1.56		4.00		6.28		
Domestic Equity															
Barrow LCV	132,688,660	6.3	-29.98	(80)	-29.98	(80)	-19.62	(72)	-2.02	(60)	1.82	(59)	5.41	(75)	01/01/2006
Russell 1000 Value Index			-26.73	(57)	-26.73	(57)	-17.17	(58)	-2.18	(63)	1.90	(58)	5.21	(80)	
IM U.S. Large Cap Value Equity (SA+CF) Median			-26.27		-26.27		-16.16		-1.15		2.38		6.06		
Lazard Equity	116,538,002	5.5	-19.17	(37)	-19.17	(37)	-5.69	(31)	4.46	(45)	6.11	(44)	9.16	(46)	07/01/2013
S&P 500 Index			-19.60	(43)	-19.60	(43)	-6.98	(40)	5.10	(39)	6.73	(35)	9.53	(39)	
IM U.S. Large Cap Equity (SA+CF) Median			-20.53		-20.53		-8.66		4.01		5.73		8.93		
State Street Flagship Index Fd	248,735,224	11.8	-19.61	(43)	-19.61	(43)	-6.99	(41)	5.11	(38)	6.76	(33)	7.16	(67)	04/01/2005
S&P 500 Index			-19.60	(43)	-19.60	(43)	-6.98	(40)	5.10	(39)	6.73	(35)	7.58	(57)	
IM U.S. Large Cap Equity (SA+CF) Median			-20.53		-20.53		-8.66		4.01		5.73		7.68		
Dodge & Cox Stock Fund	134,781,671	6.4	-29.16	(76)	-29.16	(76)	-19.82	(73)	-2.52	(68)	2.65	(44)	5.17	(82)	01/01/2006
Russell 1000 Value Index			-26.73	(57)	-26.73	(57)	-17.17	(58)	-2.18	(63)	1.90	(58)	5.21	(80)	
IM U.S. Large Cap Value Equity (SA+CF) Median			-26.27		-26.27		-16.16		-1.15		2.38		6.06		
Wellington Equity	251,391,484	11.9	-11.80	(21)	-11.80	(21)	5.27	(4)	16.42	(5)	13.08	(6)	8.47	(44)	01/01/1998
Russell 1000 Growth Index			-14.10	(48)	-14.10	(48)	0.91	(32)	11.32	(39)	10.36	(32)	6.84	(94)	
IM U.S. Large Cap Growth Equity (SA+CF) Median			-14.38		-14.38		-1.51		10.04		9.07		8.16		
Wellington Capital Stewards	18,901,600	0.9	-30.90	(86)	-30.90	(86)	-22.07	(58)	N/A		N/A		-13.50	(50)	07/01/2018
Russell Midcap Index			-27.07	(39)	-27.07	(39)	-18.31	(36)	-0.81	(32)	1.85	(37)	-9.12	(35)	
IM U.S. Mid Cap Core Equity (SA+CF) Median			-29.10		-29.10		-20.35		-3.38		0.65		-13.52		
Congress Equity	34,706,707	1.6	-19.70	(57)	-19.70	(57)	-7.34	(50)	4.76	(75)	6.30	(49)	10.48	(39)	07/01/2013
Russell Midcap Growth Index			-20.04	(64)	-20.04	(64)	-9.45	(64)	6.53	(57)	5.61	(60)	9.40	(58)	
IM U.S. Mid Cap Growth Equity (SA+CF) Median			-19.10		-19.10		-7.44		7.20		6.19		9.92		
SSGA S&P Mid-Cap 400 Index	43,574,269	2.1	-29.69	(70)	-29.69	(70)	-22.42	(71)	N/A		N/A		-15.86	(70)	08/01/2018
S&P MidCap 400 Index			-29.70	(71)	-29.70	(71)	-22.51	(75)	-4.09	(71)	0.56	(69)	-15.92	(73)	
IM U.S. Mid Cap Equity (SA+CF) Median			-26.11		-26.11		-16.86		-0.63		2.54		-11.50		



	Allocation		Performance(%)								
	Market Value \$	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date		
Snyder Capital Mngmnt Small Cap Value	19,268,486	0.9	-27.27 (9)	-27.27 (9)	N/A	N/A	N/A	-21.26 (9)	07/01/2019		
Russell 2000 Value Index			-35.66 (59)	-35.66 (59)	-29.64 (63)	-9.51 (62)	-2.42 (61)	-30.60 (56)			
IM U.S. Small Cap Value Equity (SA+CF) Median			-34.99	-34.99	-28.18	-8.65	-2.01	-29.50			
International Equity											
Wellington Enduring Assets CTF	22,422,622	1.1	-15.68 (7)	-15.68 (7)	N/A	N/A	N/A	-8.90 (9)	07/01/2019		
MSCI EAFE Index			-22.72 (41)	-22.72 (41)	-13.92 (40)	-1.33 (45)	-0.13 (53)	-17.21 (44)			
IM International Equity (SA+CF) Median			-23.79	-23.79	-15.76	-1.70	0.13	-17.91			
Wellington International Growth	34,795,978	1.6	-18.10 (27)	-18.10 (27)	-6.93 (36)	5.26 (21)	N/A	6.08 (26)	04/01/2016		
MSCI AC World Index Growth			-15.64 (8)	-15.64 (8)	-1.96 (9)	7.36 (9)	6.44 (10)	8.84 (9)			
IM International Growth Equity (SA+CF) Median			-20.28	-20.28	-8.75	2.21	1.95	3.97			



	Allocation		Performance(%)							Inception Date
	Market Value \$	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception		
Total Fixed Income Composite	570,211,009	27.0	-0.68	-0.68	4.56	3.68	2.80	4.76	01/01/1998	
Total Fixed Income Policy Index			1.96	1.96	7.07	4.24	3.03	4.68		
PIMCO Total Return	157,235,572	7.4	2.19 (25)	2.19 (25)	7.63 (24)	4.50 (20)	3.24 (15)	4.84 (7)	10/01/2002	
Blmbg. Barc. U.S. Aggregate Index			3.15 (16)	3.15 (16)	8.93 (11)	4.82 (7)	3.36 (7)	4.32 (31)		
IM U.S. Broad Market Core Fixed Income (MF) Median			0.56	0.56	6.16	3.76	2.74	4.11		
WAMCO Fixed Income	129,842,287	6.1	-1.67 (93)	-1.67 (93)	5.11 (91)	4.28 (86)	3.42 (61)	4.49 (75)	10/01/2002	
Blmbg. Barc. U.S. Aggregate Index			3.15 (25)	3.15 (25)	8.93 (27)	4.82 (47)	3.36 (72)	4.32 (90)		
IM U.S. Broad Market Core Fixed Income (SA+CF) Median			1.73	1.73	7.83	4.77	3.47	4.66		
GHA Fixed Income	135,309,397	6.4	0.31 (79)	0.31 (79)	4.34 (92)	3.04 (97)	2.61 (99)	4.76 (52)	04/01/2005	
Blmbg. Barc. U.S. Aggregate Index			3.15 (25)	3.15 (25)	8.93 (27)	4.82 (47)	3.36 (72)	4.40 (93)		
IM U.S. Broad Market Core Fixed Income (SA+CF) Median			1.73	1.73	7.83	4.77	3.47	4.77		
Doubleline Total Return	100,262,238	4.7	-1.55 (93)	-1.55 (93)	N/A	N/A	N/A	0.26 (94)	07/01/2019	
Blmbg. Barc. U.S. Aggregate Index			3.15 (25)	3.15 (25)	8.93 (27)	4.82 (47)	3.36 (72)	5.68 (25)		
IM U.S. Broad Market Core Fixed Income (SA+CF) Median			1.73	1.73	7.83	4.77	3.47	4.48		
Loomis Sayles Credit Asset	47,561,515	2.3	-7.63 (80)	-7.63 (80)	N/A	N/A	N/A	-4.76 (80)	07/01/2019	
L.S. Credit Asset Index			-6.87 (79)	-6.87 (79)	N/A	N/A	N/A	-3.54 (78)		
IM U.S. Fixed Income (SA+CF) Median			-0.08	-0.08	4.19	3.44	2.94	1.81		



	Allocation		Performance(%)						Inception Date
	Market Value \$	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception	
Alternatives									
JP Morgan RE NCREIF Property Index	27,982,666	1.3	1.57 0.71	1.57 0.71	5.30 5.28	5.98 6.41	7.45 7.65	5.05 6.24	10/01/2007
Chickasaw Capital Alerian MLP Index	11,352,810	0.5	-56.49 -57.19	-56.49 -57.19	-60.74 -60.95	-30.15 -28.91	-21.91 -20.66	-0.79 -5.47	07/01/2010
Citco HFRI Event-Driven (Total) Index	248,118	0.0	0.00 -14.79	0.00 -14.79	-62.38 -12.06	-29.69 -1.99	-21.44 0.20	-10.20 1.96	04/01/2011
Citigroup-StepStone Private Equity LPX MM Private Equity Index	1,723,189	0.1	-1.78 -33.64	-1.78 -33.64	-20.44 -21.66	-4.81 -3.81	-6.09 0.10	2.99 -2.55	10/01/2007
Wellington Commodities Bloomberg Commodity Index Total Return	21,691,969	1.0	-20.10 -23.29	-20.10 -23.29	-16.37 -22.31	-4.56 -8.61	N/A -7.76	-0.45 -4.55	04/01/2016
JP Morgan Infrastructure S&P Global Infrastructure	8,361,740	0.4	7.77 -29.18	7.77 -29.18	8.78 -21.14	9.71 -3.24	6.76 -0.38	4.78 5.71	01/01/2009
Macquarie Infrastructure S&P Global Infrastructure	3,648,926	0.2	-35.22 -29.18	-35.22 -29.18	3.35 -21.14	5.59 -3.24	6.12 -0.38	4.77 5.71	01/01/2009
NB Crossroads LPX MM Private Equity Index	695,670	0.0	0.00 -33.64	0.00 -33.64	-6.94 -21.66	1.27 -3.81	N/A 0.10	2.63 0.94	05/01/2016
NB Private Debt S&P/LSTA Leveraged Loan Index	4,200,056	0.2	4.15 -13.05	4.15 -13.05	16.68 -9.16	0.55 -0.78	8.11 1.14	7.04 3.25	07/01/2007
PIMCO Bravo I S&P/LSTA Leveraged Loan Index	143,685	0.0	-18.10 -13.05	-18.10 -13.05	-46.60 -9.16	-18.10 -0.78	N/A 1.14	-15.73 1.27	05/01/2016
PIMCO Bravo II S&P/LSTA Leveraged Loan Index	4,647,844	0.2	3.98 -13.05	3.98 -13.05	1.05 -9.16	4.65 -0.78	5.55 1.14	11.12 2.57	04/01/2011
PIMCO Bravo III S&P/LSTA Leveraged Loan Index	8,971,866	0.4	7.74 -13.05	7.74 -13.05	37.67 -9.16	12.27 -0.78	N/A 1.14	10.07 0.06	11/01/2016
KKR Mezzanine S&P/LSTA Leveraged Loan Index	2,373,310	0.1	1.53 -13.05	1.53 -13.05	-2.84 -9.16	8.97 -0.78	7.31 1.14	-4.59 3.03	10/01/2010
KKR Direct Lending S&P/LSTA Leveraged Loan Index	1,001,925	0.0	-3.11 -13.05	-3.11 -13.05	-21.08 -9.16	-13.60 -0.78	N/A 1.14	-9.21 1.27	05/01/2016



	Allocation		Performance(%)						
	Market Value \$	%	QTR	FYTD	1 YR	3 YR	5 YR	Inception	Inception Date
KKR Energy Income & Growth LPX MM Private Equity Index	11,938,561	0.6	-6.92 -33.64	-6.92 -33.64	-16.82 -21.66	-0.04 -3.81	N/A 0.10	-5.95 0.94	05/01/2016
AIM Thirteen Partners Equity Offshore HFRX Global Hedge Fund Index	34,963,398	1.7	2.47 -6.85	2.47 -6.85	17.02 -1.39	7.22 -0.54	9.20 -0.65	5.44 0.64	04/01/2012
AIM Thirteen Partners Equity LPX MM Private Equity Index	43,038,635	2.0	0.00 -33.64	0.00 -33.64	25.45 -21.66	18.11 -3.81	N/A 0.10	7.53 0.65	06/01/2016
Goldentree Select Offshore HFRI RV: Fixed Income-Corporate Index	40,703,829	1.9	2.49 -10.28	2.49 -10.28	3.26 -6.52	6.10 0.40	N/A 2.21	6.84 2.96	05/01/2016
Owl Rock Direct Lending S&P/LSTA Leveraged Loan Index	28,190,080	1.3	2.31 -13.05	2.31 -13.05	23.07 -9.16	7.22 -0.78	N/A 1.14	6.63 0.53	09/01/2016
Goldman Sachs Vintage VII LPX MM Private Equity Index	10,371,965	0.5	0.00 -33.64	0.00 -33.64	17.05 -21.66	N/A -3.81	N/A 0.10	13.78 -8.47	08/01/2017
Riverstone Credit Partners S&P/LSTA Leveraged Loan Index	13,084,992	0.6	-0.36 -13.05	-0.36 -13.05	-9.77 -9.16	N/A -0.78	N/A 1.14	10.08 -4.75	08/01/2018
Liquidation (Cash)	205,974,560	9.7	0.28	0.28	1.71	1.38	0.88	-0.02	01/01/1998



Comparative Performance - IRR				
	QTR	1 YR	3 YR	5 YR
JP Morgan RE	1.32	4.51	5.37	7.03
Chickasaw Capital	-56.57	-67.06	-37.84	-31.78
Citco	0.00	-71.47	-15.58	-11.14
Citigroup-StepStone Private Equity	-1.78	-21.09	-4.27	-6.81
Wellington Commodities	-20.40	-17.02	-7.07	N/A
JP Morgan Infrastructure	7.50	8.21	9.52	6.58
Macquarie Infrastructure	-35.22	12.24	7.91	7.43
NB Crossroads	0.00	-7.15	2.37	N/A
NB Private Debt	4.17	13.81	-3.80	10.39
PIMCO Bravo I	-18.10	-47.39	-1.66	N/A
PIMCO Bravo II	4.01	0.25	5.48	5.61
PIMCO Bravo III	8.08	35.88	13.39	N/A
KKR Mezzanine	1.19	-3.06	9.95	16.75
KKR Direct Lending	7.05	-14.80	-8.58	N/A
KKR Energy Income & Growth	-6.93	-16.10	0.90	N/A
AIM Thirteen Partners Equity Offshore	2.47	16.97	6.88	8.94
AIM Thirteen Partners Equity	0.00	25.37	15.77	N/A
Goldentree Select Offshore	2.49	2.92	5.39	N/A
Owl Rock Direct Lending	2.25	20.14	6.64	N/A
Goldman Sachs Vintage VII	0.00	17.31	N/A	N/A
Riverstone Credit Partners	-0.35	-10.32	N/A	N/A



Asset Allocation & Performance	Allocation		Performance(%)										
	Market Value	%	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	\$												
Total Fund Composite	2,113,325,505	100.0	-12.78	19.00	-2.59	14.48	6.25	0.10	8.17	17.77	12.30	-0.42	10.67
Total Fund Policy Index			-12.52	19.71	-3.84	13.94	7.60	0.18	6.18	16.98	11.58	1.88	14.05
Total Equity Composite	1,057,804,701	50.1	-21.50	29.95	-5.68	22.92	8.88	0.16	10.71	31.41	16.31	-3.47	14.33
Domestic Equity													
Barrow LCV	132,688,660	6.3	-30.04	26.38	-4.96	14.89	13.95	-1.68	12.17	32.11	14.93	1.99	10.91
Russell 1000 Value Index			-26.73	26.54	-8.27	13.66	17.34	-3.83	13.45	32.53	17.51	0.39	15.51
Lazard Equity	116,538,002	5.5	-19.27	31.21	-4.32	18.05	10.46	1.04	11.61	N/A	N/A	N/A	N/A
S&P 500 Index			-19.60	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00	2.11	15.06
State Street Flagship Index Fd	248,735,224	11.8	-19.62	31.47	-4.38	21.83	11.99	1.42	13.69	32.40	16.19	2.08	13.69
S&P 500 Index			-19.60	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00	2.11	15.06
Dodge & Cox Stock Fund	134,781,671	6.4	-29.16	24.83	-7.07	18.32	21.28	-4.48	10.39	40.55	22.23	-4.09	13.36
Russell 1000 Value Index			-26.73	26.54	-8.27	13.66	17.34	-3.83	13.45	32.53	17.51	0.39	15.51
Wellington Equity	251,391,484	11.9	-11.88	42.07	1.74	35.80	0.43	10.29	11.91	36.68	19.35	-8.58	19.69
Russell 1000 Growth Index			-14.10	36.39	-1.51	30.21	7.08	5.67	13.05	33.48	15.26	2.64	16.71
Wellington Capital Stewards	18,901,600	0.9	-31.04	30.27	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell Midcap Index			-27.07	30.54	-9.06	18.52	13.80	-2.44	13.22	34.76	17.28	-1.55	25.47
Wellington Capital Stewards	18,901,600	0.9	-31.04	30.27	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell Midcap Index			-27.07	30.54	-9.06	18.52	13.80	-2.44	13.22	34.76	17.28	-1.55	25.47
Congress Equity	34,706,707	1.6	-19.80	34.86	-4.01	16.88	13.32	1.23	12.83	N/A	N/A	N/A	N/A
Russell Midcap Growth Index			-20.04	35.47	-4.75	25.27	7.33	-0.20	11.90	35.74	15.81	-1.65	26.38
SSGA S&P Mid-Cap 400 Index	43,574,269	2.1	-29.70	26.27	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P MidCap 400 Index			-29.70	26.20	-11.08	16.24	20.74	-2.18	9.77	33.50	17.88	-1.73	26.64
Snyder Capital Mngmnt Small Cap Value	19,268,486	0.9	-27.42	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell 2000 Value Index			-35.66	22.39	-12.86	7.84	31.74	-7.47	4.22	34.52	18.05	-5.50	24.50



	Allocation		Performance(%)										
	Market Value \$	%	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
International Equity													
Wellington Enduring Assets CTF	22,422,622	1.1	-15.88	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MSCI EAFE Index			-22.72	22.66	-13.36	25.62	1.51	-0.39	-4.48	23.29	17.90	-11.73	8.21
Wellington International Growth	34,795,978	1.6	-18.40	28.56	-12.00	37.15	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MSCI AC World Index Growth			-15.64	33.17	-7.82	30.46	3.66	1.91	5.82	23.62	17.17	-7.04	15.49
Total Fixed Income Composite													
Total Fixed Income Policy Index	570,211,009	27.0	-0.75	8.48	-0.27	4.80	3.15	0.08	4.01	-2.14	7.49	3.93	7.59
PIMCO Total Return	157,235,572	7.4	2.19	8.58	-0.56	5.13	2.60	2.68	2.70	-1.92	10.34	4.14	7.08
Blmbg. Barc. U.S. Aggregate Index			3.15	8.72	0.01	3.54	2.65	0.55	5.97	-2.02	4.21	7.84	6.54
WAMCO Fixed Income	129,842,287	6.1	-1.86	11.07	-0.76	4.78	3.51	0.65	7.73	-2.42	6.73	4.12	10.81
Blmbg. Barc. U.S. Aggregate Index			3.15	8.72	0.01	3.54	2.65	0.55	5.97	-2.02	4.21	7.84	6.54
GHA Fixed Income	135,309,397	6.4	0.26	5.96	1.15	1.98	3.06	1.24	4.39	1.09	9.20	3.47	6.93
Blmbg. Barc. U.S. Aggregate Index			3.15	8.72	0.01	3.54	2.65	0.55	5.97	-2.02	4.21	7.84	6.54
Doubleline Total Return	100,262,238	4.7	-1.55	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Blmbg. Barc. U.S. Aggregate Index			3.15	8.72	0.01	3.54	2.65	0.55	5.97	-2.02	4.21	7.84	6.54
Loomis Sayles Credit Asset	47,561,515	2.3	-7.74	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
L.S. Credit Asset Index			-6.87	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



	Allocation		Performance(%)										
	Market Value \$	%	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Alternatives													
JP Morgan RE NCREIF Property Index	27,982,666	1.3	1.32 0.71	3.37 6.42	6.98 6.72	6.16 6.96	8.39 7.97	12.99 13.33	10.06 11.82	14.78 10.98	11.04 10.54	14.84 14.26	12.54 13.11
Chickasaw Capital Alerian MLP Index	11,352,810	0.5	-56.57 -57.19	8.08 6.56	-21.19 -12.42	-8.54 -6.52	27.88 18.31	-36.85 -32.59	21.20 4.80	45.54 27.58	16.63 4.80	21.97 13.88	N/A 35.85
Citco HFRI Event-Driven (Total) Index	248,118	0.0	0.00 -14.79	-62.38 7.49	10.11 -2.13	-14.22 7.59	-12.72 10.57	-4.21 -3.55	20.46 1.08	-2.30 12.51	4.68 8.89	N/A -3.30	N/A 11.86
Citigroup-StepStone Private Equity LPX MM Private Equity Index	1,723,189	0.1	-1.78 -33.64	-1.73 34.79	-16.83 -14.90	16.95 23.90	-36.28 10.32	22.11 1.15	34.06 -3.59	47.24 37.11	15.49 28.48	-5.81 -19.88	0.00 24.30
Wellington Commodities Bloomberg Commodity Index Total Return	21,691,969	1.0	-20.40 -23.29	12.19 7.69	-8.18 -11.25	4.03 1.70	N/A 11.77	N/A -24.66	N/A -17.01	N/A -9.52	N/A -1.06	N/A -13.32	N/A 16.83
JP Morgan Infrastructure S&P Global Infrastructure	8,361,740	0.4	7.50 -29.18	3.86 26.99	3.34 -9.50	12.87 20.13	3.90 12.43	0.31 -11.46	3.83 12.98	6.48 14.99	11.76 11.89	0.00 -0.39	0.00 5.77
Macquarie Infrastructure S&P Global Infrastructure	3,648,926	0.2	-35.22 -29.18	62.26 26.99	7.29 -9.50	2.68 20.13	11.02 12.43	-1.68 -11.46	-28.13 12.98	64.26 14.99	-4.27 11.89	22.76 -0.39	-2.70 5.77
NB Crossroads LPX MM Private Equity Index	695,670	0.0	0.00 -33.64	17.31 34.79	-23.73 -14.90	13.43 23.90	N/A 10.32	N/A 1.15	N/A -3.59	N/A 37.11	N/A 28.48	N/A -19.88	N/A 24.30
NB Private Debt S&P/LSTA Leveraged Loan Index	4,200,056	0.2	4.15 -13.05	15.35 8.64	-2.60 0.44	-4.10 4.12	7.68 10.16	0.61 -0.69	49.18 1.60	14.71 5.29	7.06 9.66	25.98 1.52	11.84 10.17
PIMCO Bravo I S&P/LSTA Leveraged Loan Index	143,685	0.0	-18.10 -13.05	-47.43 8.64	33.81 0.44	-35.69 4.12	N/A 10.16	N/A -0.69	N/A 1.60	N/A 5.29	N/A 9.66	N/A 1.52	N/A 10.17
PIMCO Bravo II S&P/LSTA Leveraged Loan Index	4,647,844	0.2	3.98 -13.05	-5.89 8.64	2.59 0.44	14.16 4.12	9.09 10.16	6.31 -0.69	15.67 1.60	26.51 5.29	26.86 9.66	N/A 1.52	N/A 10.17
PIMCO Bravo III S&P/LSTA Leveraged Loan Index	8,971,866	0.4	7.74 -13.05	15.96 8.64	1.31 0.44	12.10 4.12	N/A 10.16	N/A -0.69	N/A 1.60	N/A 5.29	N/A 9.66	N/A 1.52	N/A 10.17
KKR Mezzanine S&P/LSTA Leveraged Loan Index	2,373,310	0.1	1.19 -13.05	-4.19 8.64	25.87 0.44	4.01 4.12	-2.50 10.16	-7.39 -0.69	9.46 1.60	17.18 5.29	11.38 9.66	-59.40 1.52	N/A 10.17
KKR Direct Lending S&P/LSTA Leveraged Loan Index	1,001,925	0.0	7.04 -13.05	-23.00 8.64	-15.67 0.44	1.20 4.12	N/A 10.16	N/A -0.69	N/A 1.60	N/A 5.29	N/A 9.66	N/A 1.52	N/A 10.17



	Allocation		Performance(%)										
	Market Value \$	%	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
KKR Energy Income & Growth	11,938,561	0.6	-6.92	-18.09	14.36	15.90	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LPX MM Private Equity Index			-33.64	34.79	-14.90	23.90	10.32	1.15	-3.59	37.11	28.48	-19.88	24.30
AIM Thirteen Partners Equity Offshore	34,963,398	1.7	2.47	14.22	-1.62	10.08	2.68	-1.71	3.42	14.26	N/A	N/A	N/A
HFRX Global Hedge Fund Index			-6.85	8.62	-6.72	5.99	2.50	-3.64	-0.58	6.72	3.51	-8.87	5.19
AIM Thirteen Partners Equity	43,038,635	2.0	0.00	12.35	13.10	3.41	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LPX MM Private Equity Index			-33.64	34.79	-14.90	23.90	10.32	1.15	-3.59	37.11	28.48	-19.88	24.30
Goldentree Select Offshore	40,703,829	1.9	2.49	4.91	6.93	4.67	N/A	N/A	N/A	N/A	N/A	N/A	N/A
HFRI RV: Fixed Income-Corporate Index			-10.28	9.16	-1.04	6.67	11.52	-1.78	1.24	5.68	10.99	0.82	11.80
Owl Rock Direct Lending	28,190,080	1.3	2.24	4.52	6.95	9.75	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P/LSTA Leveraged Loan Index			-13.05	8.64	0.44	4.12	10.16	-0.69	1.60	5.29	9.66	1.52	10.17
Goldman Sachs Vintage VII	10,371,965	0.5	0.00	9.78	23.82	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
LPX MM Private Equity Index			-33.64	34.79	-14.90	23.90	10.32	1.15	-3.59	37.11	28.48	-19.88	24.30
Riverstone Credit Partners	13,084,992	0.6	-0.36	-11.89	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P/LSTA Leveraged Loan Index			-13.05	8.64	0.44	4.12	10.16	-0.69	1.60	5.29	9.66	1.52	10.17
Liquidation (Cash)	205,974,560	9.7											



Asset Allocation & Performance	Allocation		Performance(%)										
	Market Value \$	%	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Fund Composite	2,113,325,505	100.0	-12.72(43)	19.24(41)	-2.34(17)	14.77(59)	6.49(72)	0.33(39)	8.41(15)	18.03(28)	12.57(51)	-0.14(67)	11.21(77)
Total Fund Policy Index			-12.52(39)	19.71(34)	-3.84(44)	13.94(70)	7.60(47)	0.18(43)	6.18(60)	16.98(41)	11.58(72)	1.88(28)	14.05(25)
All Public Plans-Total Fund Median			-13.08	18.59	-4.15	15.21	7.46	-0.15	6.62	15.89	12.59	0.47	12.68
Total Equity Composite	1,057,804,701	50.1	-21.44	30.25	-5.40	23.26	9.20	0.44	11.01	31.74	16.65	-3.16	14.81
Total Equity Policy Index			-23.48	29.17	-7.07	19.91	13.85	-0.70	10.03	33.72	16.61	-0.83	18.12
Domestic Equity													
Barrow LCV	132,688,660	6.3	-29.98(80)	26.76(53)	-4.67(22)	15.15(75)	14.23(53)	-1.36(41)	12.53(46)	32.56(61)	15.34(54)	2.38(36)	11.35(89)
Russell 1000 Value Index			-26.73(57)	26.54(54)	-8.27(50)	13.66(88)	17.34(26)	-3.83(69)	13.45(35)	32.53(62)	17.51(29)	0.39(53)	15.51(41)
IM U.S. Large Cap Value Equity (SA+CF) Median			-26.27	27.28	-8.31	17.24	14.52	-2.25	12.14	33.95	15.68	0.63	14.66
Lazard Equity	116,538,002	5.5	-19.17(37)	31.86(34)	-3.84(35)	18.64(70)	11.02(50)	1.53(42)	12.18(60)	N/A	N/A	N/A	N/A
S&P 500 Index			-19.60(43)	31.49(38)	-4.38(42)	21.83(48)	11.96(42)	1.38(46)	13.69(37)	32.39(64)	16.00(48)	2.11(41)	15.06(52)
IM U.S. Large Cap Equity (SA+CF) Median			-20.53	30.20	-5.12	21.70	11.01	0.94	12.90	33.50	15.80	1.27	15.12
State Street Flagship Index Fd	248,735,224	11.8	-19.61(43)	31.48(38)	-4.36(41)	21.86(47)	12.03(40)	1.45(44)	13.72(36)	32.45(63)	16.24(43)	2.14(41)	13.95(66)
S&P 500 Index			-19.60(43)	31.49(38)	-4.38(42)	21.83(48)	11.96(42)	1.38(46)	13.69(37)	32.39(64)	16.00(48)	2.11(41)	15.06(52)
IM U.S. Large Cap Equity (SA+CF) Median			-20.53	30.20	-5.12	21.70	11.01	0.94	12.90	33.50	15.80	1.27	15.12
Dodge & Cox Stock Fund	134,781,671	6.4	-29.16(76)	24.83(70)	-7.07(38)	18.32(40)	21.28(8)	-4.48(74)	10.39(74)	40.55(13)	22.23(4)	-4.09(81)	13.36(70)
Russell 1000 Value Index			-26.73(57)	26.54(54)	-8.27(50)	13.66(88)	17.34(26)	-3.83(69)	13.45(35)	32.53(62)	17.51(29)	0.39(53)	15.51(41)
IM U.S. Large Cap Value Equity (SA+CF) Median			-26.27	27.28	-8.31	17.24	14.52	-2.25	12.14	33.95	15.68	0.63	14.66
Wellington Equity	251,391,484	11.9	-11.80(21)	42.48(3)	2.22(22)	36.29(8)	0.85(84)	10.73(12)	12.24(49)	37.08(29)	19.81(14)	-8.21(97)	20.15(20)
Russell 1000 Growth Index			-14.10(48)	36.39(26)	-1.51(55)	30.21(38)	7.08(27)	5.67(45)	13.05(39)	33.48(59)	15.26(50)	2.64(27)	16.71(46)
IM U.S. Large Cap Growth Equity (SA+CF) Median			-14.38	33.80	-0.90	28.26	4.70	4.93	12.05	34.52	15.18	0.25	16.00
Wellington Capital Stewards	18,901,600	0.9	-30.90(86)	30.66(21)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell Midcap Index			-27.07(39)	30.54(21)	-9.06(34)	18.52(34)	13.80(61)	-2.44(82)	13.22(27)	34.76(68)	17.28(50)	-1.55(51)	25.47(45)
IM U.S. Mid Cap Core Equity (SA+CF) Median			-29.10	26.90	-11.01	16.49	16.80	-0.98	10.17	36.95	17.27	-1.54	25.01
Congress Equity	34,706,707	1.6	-19.70(57)	35.54(55)	-3.53(46)	17.46(95)	13.89(7)	1.74(42)	13.39(13)	N/A	N/A	N/A	N/A
Russell Midcap Growth Index			-20.04(64)	35.47(55)	-4.75(53)	25.27(53)	7.33(36)	-0.20(59)	11.90(23)	35.74(56)	15.81(44)	-1.65(53)	26.38(54)
IM U.S. Mid Cap Growth Equity (SA+CF) Median			-19.10	35.79	-4.30	25.42	5.64	1.04	8.69	36.42	15.13	-0.95	26.75
SSGA S&P Mid-Cap 400 Index	43,574,269	2.1	-29.69(70)	26.32(76)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P MidCap 400 Index			-29.70(71)	26.20(78)	-11.08(66)	16.24(69)	20.74(20)	-2.18(63)	9.77(51)	33.50(74)	17.88(35)	-1.73(58)	26.64(34)
IM U.S. Mid Cap Equity (SA+CF) Median			-26.11	30.14	-9.12	19.70	12.71	-1.12	9.78	36.45	16.57	-1.05	24.95



	Allocation		Performance(%)										
	Market Value \$	%	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Snyder Capital Mngmnt Small Cap Value	19,268,486	0.9	-27.27(9)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Russell 2000 Value Index			-35.66(59)	22.39(75)	-12.86(36)	7.84(75)	31.74(17)	-7.47(78)	4.22(66)	34.52(76)	18.05(48)	-5.50(69)	24.50(71)
IM U.S. Small Cap Value Equity (SA+CF) Median			-34.99	25.17	-14.24	11.59	26.39	-4.29	5.71	38.07	17.61	-3.17	27.52
International Equity													
Wellington Enduring Assets CTF	22,422,622	1.1	-15.68(7)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MSCI EAFE Index			-22.72(41)	22.66(50)	-13.36(33)	25.62(75)	1.51(66)	-0.39(45)	-4.48(70)	23.29(39)	17.90(66)	-11.73(40)	8.21(82)
IM International Equity (SA+CF) Median			-23.79	22.58	-14.79	30.46	4.04	-1.67	-2.46	19.95	19.81	-13.08	15.12
Wellington International Growth	34,795,978	1.6	-18.10(27)	29.27(42)	-11.37(20)	38.09(25)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
MSCI AC World Index Growth			-15.64(8)	33.17(18)	-7.82(9)	30.46(67)	3.66(13)	1.91(65)	5.82(2)	23.62(47)	17.17(71)	-7.04(12)	15.49(44)
IM International Growth Equity (SA+CF) Median			-20.28	28.29	-14.82	32.62	-0.45	3.27	-3.31	22.87	19.97	-11.91	14.64



	Allocation		Performance(%)										
	Market Value \$	%	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total Fixed Income Composite	570,211,009	27.0	-0.68	8.66	-0.07	5.08	3.33	0.25	4.24	-1.92	7.67	4.20	8.27
Total Fixed Income Policy Index			1.96	7.68	-0.13	4.41	2.47	-0.55	3.15	-2.15	3.81	6.87	6.12
PIMCO Total Return	157,235,572	7.4	2.19(25)	8.58(61)	-0.56(46)	5.13(4)	2.60(63)	2.68(1)	2.70(95)	-1.92(47)	10.34(2)	4.14(95)	7.37(46)
Blmbg. Barc. U.S. Aggregate Index			3.15(16)	8.72(53)	0.01(18)	3.54(54)	2.65(61)	0.55(20)	5.97(26)	-2.02(53)	4.21(81)	7.84(11)	6.54(69)
IM U.S. Broad Market Core Fixed Income (MF) Median			0.56	8.78	-0.63	3.59	2.86	0.09	5.55	-1.98	5.99	6.65	7.25
WAMCO Fixed Income	129,842,287	6.1	-1.67(93)	11.43(3)	-0.33(86)	5.48(5)	3.76(29)	0.89(40)	8.20(4)	-1.94(69)	7.01(23)	4.80(100)	12.60(1)
Blmbg. Barc. U.S. Aggregate Index			3.15(25)	8.72(78)	0.01(61)	3.54(83)	2.65(75)	0.55(76)	5.97(67)	-2.02(72)	4.21(90)	7.84(51)	6.54(82)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median			1.73	9.19	0.06	4.04	3.10	0.82	6.15	-1.59	5.83	7.84	7.22
GHA Fixed Income	135,309,397	6.4	0.31(79)	6.15(99)	1.34(5)	2.19(100)	3.29(46)	1.48(12)	4.65(96)	1.35(2)	9.47(5)	3.74(100)	7.21(51)
Blmbg. Barc. U.S. Aggregate Index			3.15(25)	8.72(78)	0.01(61)	3.54(83)	2.65(75)	0.55(76)	5.97(67)	-2.02(72)	4.21(90)	7.84(51)	6.54(82)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median			1.73	9.19	0.06	4.04	3.10	0.82	6.15	-1.59	5.83	7.84	7.22
Doubleline Total Return	100,262,238	4.7	-1.55(93)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Blmbg. Barc. U.S. Aggregate Index			3.15(25)	8.72(78)	0.01(61)	3.54(83)	2.65(75)	0.55(76)	5.97(67)	-2.02(72)	4.21(90)	7.84(51)	6.54(82)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median			1.73	9.19	0.06	4.04	3.10	0.82	6.15	-1.59	5.83	7.84	7.22
Loomis Sayles Credit Asset	47,561,515	2.3	-7.63(80)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
L.S. Credit Asset Index			-6.87(79)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
IM U.S. Fixed Income (SA+CF) Median			-0.08	8.74	0.41	4.18	3.69	0.73	4.42	-0.20	6.86	6.41	7.59



	Allocation		Performance(%)										
	Market Value \$	%	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Alternatives													
JP Morgan RE NCREIF Property Index	27,982,666	1.3	1.57 0.71	4.15 6.42	7.51 6.72	6.41 6.96	8.66 7.97	12.99 13.33	10.06 11.82	14.78 10.98	11.04 10.54	14.84 14.26	13.04 13.11
Chickasaw Capital Alerian MLP Index	11,352,810	0.5	-56.49 -57.19	9.04 6.56	-20.49 -12.42	-7.74 -6.52	29.29 18.31	-36.28 -32.59	22.24 4.80	46.77 27.58	17.64 4.80	23.03 13.88	N/A 35.85
Citco HFRI Event-Driven (Total) Index	248,118	0.0	0.00 -14.79	-62.38 7.49	10.11 -2.13	-14.22 7.59	-12.72 10.57	-4.21 -3.55	20.46 1.08	-2.30 12.51	4.68 8.89	N/A -3.30	N/A 11.86
Citigroup-StepStone Private Equity LPX MM Private Equity Index	1,723,189	0.1	-1.78 -33.64	-1.73 34.79	-16.83 -14.90	16.95 23.90	-36.28 10.32	22.11 1.15	34.06 -3.59	47.24 37.11	15.49 28.48	-5.81 -19.88	0.00 24.30
Wellington Commodities Bloomberg Commodity Index Total Return	21,691,969	1.0	-20.10 -23.29	12.81 7.69	-7.57 -11.25	4.76 1.70	N/A 11.77	N/A -24.66	N/A -17.01	N/A -9.52	N/A -1.06	N/A -13.32	N/A 16.83
JP Morgan Infrastructure S&P Global Infrastructure	8,361,740	0.4	7.77 -29.18	4.12 26.99	3.34 -9.50	12.87 20.13	4.18 12.43	0.31 -11.46	3.83 12.98	6.48 14.99	11.76 11.89	0.00 -0.39	0.00 5.77
Macquarie Infrastructure S&P Global Infrastructure	3,648,926	0.2	-35.22 -29.18	62.26 26.99	7.29 -9.50	2.68 20.13	11.02 12.43	-1.68 -11.46	-28.13 12.98	64.26 14.99	-4.27 11.89	22.76 -0.39	-2.70 5.77
NB Crossroads LPX MM Private Equity Index	695,670	0.0	0.00 -33.64	17.31 34.79	-23.73 -14.90	13.43 23.90	N/A 10.32	N/A 1.15	N/A -3.59	N/A 37.11	N/A 28.48	N/A -19.88	N/A 24.30
NB Private Debt S&P/LSTA Leveraged Loan Index	4,200,056	0.2	4.15 -13.05	15.35 8.64	-2.60 0.44	-4.10 4.12	7.68 10.16	0.61 -0.69	49.18 1.60	14.71 5.29	7.06 9.66	25.98 1.52	11.84 10.17
PIMCO Bravo I S&P/LSTA Leveraged Loan Index	143,685	0.0	-18.10 -13.05	-47.43 8.64	33.81 0.44	-35.69 4.12	N/A 10.16	N/A -0.69	N/A 1.60	N/A 5.29	N/A 9.66	N/A 1.52	N/A 10.17
PIMCO Bravo II S&P/LSTA Leveraged Loan Index	4,647,844	0.2	3.98 -13.05	-5.89 8.64	2.59 0.44	14.16 4.12	9.09 10.16	6.31 -0.69	15.67 1.60	26.51 5.29	26.86 9.66	N/A 1.52	N/A 10.17
PIMCO Bravo III S&P/LSTA Leveraged Loan Index	8,971,866	0.4	7.74 -13.05	15.96 8.64	1.31 0.44	12.10 4.12	N/A 10.16	N/A -0.69	N/A 1.60	N/A 5.29	N/A 9.66	N/A 1.52	N/A 10.17
KKR Mezzanine S&P/LSTA Leveraged Loan Index	2,373,310	0.1	1.53 -13.05	-4.19 8.64	25.87 0.44	4.01 4.12	-2.50 10.16	-7.39 -0.69	9.47 1.60	17.18 5.29	12.21 9.66	-58.85 1.52	N/A 10.17
KKR Direct Lending S&P/LSTA Leveraged Loan Index	1,001,925	0.0	-3.11 -13.05	-23.00 8.64	-15.67 0.44	1.20 4.12	N/A 10.16	N/A -0.69	N/A 1.60	N/A 5.29	N/A 9.66	N/A 1.52	N/A 10.17



	Allocation		Performance(%)										
	Market Value \$	%	YTD	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
KKR Energy Income & Growth LPX MM Private Equity Index	11,938,561	0.6	-6.92 -33.64	-18.09 34.79	15.02 -14.90	15.90 23.90	N/A 10.32	N/A 1.15	N/A -3.59	N/A 37.11	N/A 28.48	N/A -19.88	N/A 24.30
AIM Thirteen Partners Equity Offshore HFRX Global Hedge Fund Index	34,963,398	1.7	2.47 -6.85	14.22 8.62	-1.62 -6.72	10.08 5.99	2.68 2.50	-1.71 -3.64	3.42 -0.58	14.26 6.72	N/A 3.51	N/A -8.87	N/A 5.19
AIM Thirteen Partners Equity LPX MM Private Equity Index	43,038,635	2.0	0.00 -33.64	12.35 34.79	13.10 -14.90	3.41 23.90	N/A 10.32	N/A 1.15	N/A -3.59	N/A 37.11	N/A 28.48	N/A -19.88	N/A 24.30
Goldentree Select Offshore HFRI RV: Fixed Income-Corporate Index	40,703,829	1.9	2.49 -10.28	4.91 9.16	6.93 -1.04	4.67 6.67	N/A 11.52	N/A -1.78	N/A 1.24	N/A 5.68	N/A 10.99	N/A 0.82	N/A 11.80
Owl Rock Direct Lending S&P/LSTA Leveraged Loan Index	28,190,080	1.3	2.31 -13.05	4.63 8.64	6.95 0.44	9.75 4.12	N/A 10.16	N/A -0.69	N/A 1.60	N/A 5.29	N/A 9.66	N/A 1.52	N/A 10.17
Goldman Sachs Vintage VII LPX MM Private Equity Index	10,371,965	0.5	0.00 -33.64	9.78 34.79	28.51 -14.90	N/A 23.90	N/A 10.32	N/A 1.15	N/A -3.59	N/A 37.11	N/A 28.48	N/A -19.88	N/A 24.30
Riverstone Credit Partners S&P/LSTA Leveraged Loan Index	13,084,992	0.6	-0.36 -13.05	-11.89 8.64	N/A 0.44	N/A 4.12	N/A 10.16	N/A -0.69	N/A 1.60	N/A 5.29	N/A 9.66	N/A 1.52	N/A 10.17
Liquidation (Cash)	205,974,560	9.7											



Historical Rolling Performance

	QTR	1 YR	3 YR	5 YR	Inception
03/31/2020	-12.72	-3.57	3.82	4.20	5.08
12/31/2019	5.25	19.24	10.15	7.38	5.90
09/30/2019	1.31	4.49	8.61	6.72	5.70
06/30/2019	3.62	6.99	9.24	6.47	5.70
03/31/2019	7.92	4.91	8.82	6.57	5.58
12/31/2018	-7.77	-2.34	6.07	5.36	5.21
09/30/2018	3.74	9.71	10.12	8.31	5.76
06/30/2018	1.61	9.35	6.96	8.51	5.63
03/31/2018	0.46	10.61	6.69	8.26	5.61
12/31/2017	3.62	14.77	7.03	9.43	5.67
09/30/2017	3.39	11.75	6.48	8.92	5.53
06/30/2017	2.78	11.41	5.36	9.23	5.41
03/31/2017	4.24	11.03	5.80	8.23	5.31
12/31/2016	0.89	6.49	5.02	9.00	5.13
09/30/2016	3.08	8.91	6.73	9.79	5.15
06/30/2016	2.43	0.43	7.28	6.98	5.03
03/31/2016	-0.03	-1.13	6.58	6.75	4.95
12/31/2015	3.18	0.33	8.68	7.61	5.04
09/30/2015	-4.94	-0.79	8.00	7.91	4.90
06/30/2015	0.84	4.51	11.60	10.92	5.35
03/31/2015	1.44	7.88	10.59	9.48	5.39
12/31/2014	2.03	8.41	12.94	9.85	5.38
09/30/2014	0.14	12.52	13.87	10.03	5.33
06/30/2014	4.09	17.62	10.11	12.21	5.42
03/31/2014	1.94	13.50	9.12	13.55	5.20
12/31/2013	5.89	18.03	9.88	11.81	5.15
09/30/2013	4.68	12.84	9.43	8.01	4.78
06/30/2013	0.45	13.07	10.94	4.89	4.50
03/31/2013	6.00	10.46	8.69	4.77	4.55
12/31/2012	1.24	12.57	7.73	2.04	4.14
09/30/2012	4.89	16.30	8.30	1.69	4.12
06/30/2012	-1.87	0.39	10.19	1.27	3.78
03/31/2012	8.03	3.64	14.61	2.62	4.04
12/31/2011	4.59	-0.14	9.56	1.45	3.41
09/30/2011	-9.46	-0.14	3.85	1.52	3.06
06/30/2011	1.31	20.31	3.81	4.03	4.11
03/31/2011	4.09	12.17	3.32	3.50	4.08
12/31/2010	4.59	11.21	-0.54	3.55	3.77
09/30/2010	9.08	9.38	-2.16	2.88	3.39
06/30/2010	-5.54	10.78	-4.10	1.57	2.54

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.



Historical Rolling Performance						
	QTR	1 YR	3 YR	5 YR	Inception	
03/31/2020	-12.52	-3.66	3.39	4.01	6.40	
12/31/2019	5.34	19.71	9.46	7.17	7.09	
09/30/2019	0.96	4.92	7.77	6.57	6.93	
06/30/2019	3.55	7.32	8.57	6.07	6.96	
03/31/2019	8.70	5.09	7.99	6.02	6.87	
12/31/2018	-7.67	-3.84	5.64	4.63	6.55	
09/30/2018	3.26	7.54	9.49	7.41	7.02	
06/30/2018	1.40	7.46	6.82	7.74	6.94	
03/31/2018	-0.55	9.15	6.33	7.50	6.96	
12/31/2017	3.26	13.94	7.09	8.82	7.07	
09/30/2017	3.19	10.92	6.81	8.34	6.99	
06/30/2017	3.00	10.97	5.19	8.61	6.92	
03/31/2017	3.82	9.79	5.30	7.61	6.85	
12/31/2016	0.53	7.60	4.60	8.36	6.74	
09/30/2016	3.23	10.05	6.23	9.55	6.80	
06/30/2016	1.91	2.22	6.77	6.90	6.71	
03/31/2016	1.74	0.32	6.20	6.67	6.70	
12/31/2015	2.82	0.18	7.56	7.18	6.69	
09/30/2015	-4.11	-0.18	6.93	8.00	6.63	
06/30/2015	0.01	2.61	10.03	10.85	6.96	
03/31/2015	1.60	6.00	9.42	9.44	7.06	
12/31/2014	2.44	6.18	11.50	10.00	7.07	
09/30/2014	-1.42	9.12	12.83	10.16	7.03	
06/30/2014	3.31	16.05	10.00	13.08	7.22	
03/31/2014	1.78	12.65	9.11	14.99	7.12	
12/31/2013	5.27	16.98	9.97	12.65	7.12	
09/30/2013	4.84	12.27	10.50	8.48	6.90	
06/30/2013	0.28	11.87	12.02	6.17	6.70	
03/31/2013	5.70	9.73	9.55	5.76	6.79	
12/31/2012	1.03	11.58	9.04	3.64	6.53	
09/30/2012	4.47	17.26	9.81	3.21	6.57	
06/30/2012	-1.64	2.52	12.51	2.69	6.38	
03/31/2012	7.48	5.09	17.60	3.70	6.60	
12/31/2011	6.17	1.88	11.59	2.54	6.20	
09/30/2011	-8.66	2.49	4.49	2.37	5.88	
06/30/2011	0.82	22.55	5.56	4.99	6.65	
03/31/2011	4.20	14.01	4.70	4.59	6.71	
12/31/2010	6.81	14.05	1.70	4.61	6.52	
09/30/2010	9.21	10.17	-0.86	3.55	6.13	
06/30/2010	-6.21	13.36	-3.13	2.13	5.56	

Returns for periods greater than one year are annualized.
 Returns are expressed as percentages.



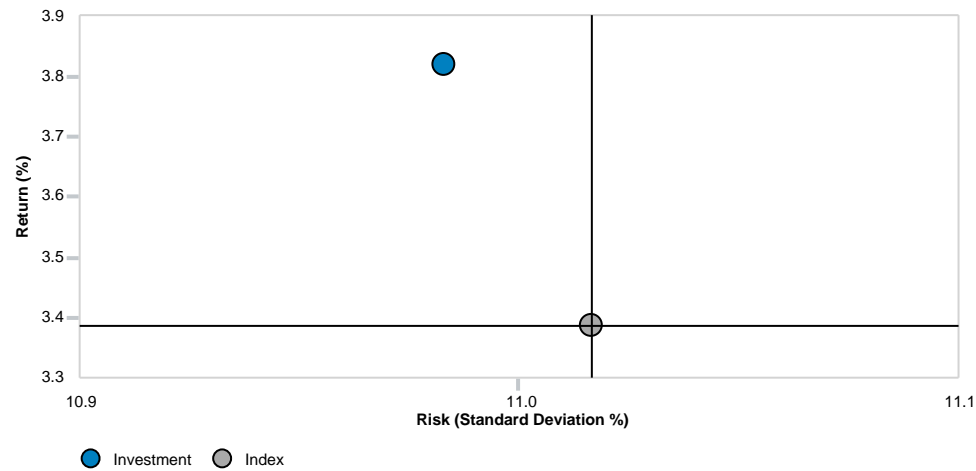
Historical Statistics 3 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	3.82	10.98	0.23	101.74	10	96.64	2
Index	3.39	11.02	0.19	100.00	9	100.00	3

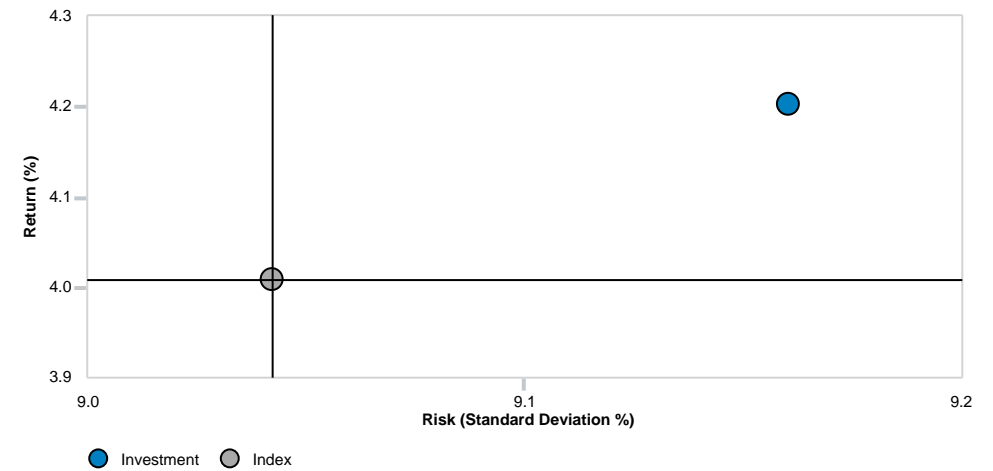
Historical Statistics 5 Years

	Return	Standard Deviation	Sharpe Ratio	Up Market Capture	Up Quarters	Down Market Capture	Down Quarters
Investment	4.20	9.16	0.37	102.44	16	100.54	4
Index	4.01	9.04	0.35	100.00	16	100.00	4

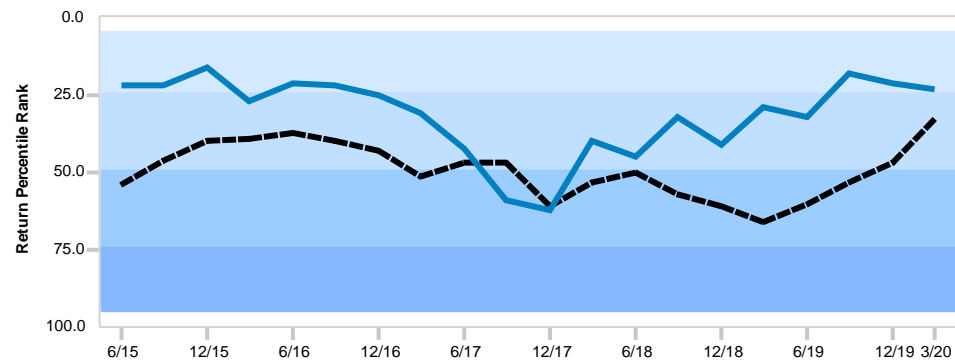
Risk and Return 3 Years



Risk and Return 5 Years

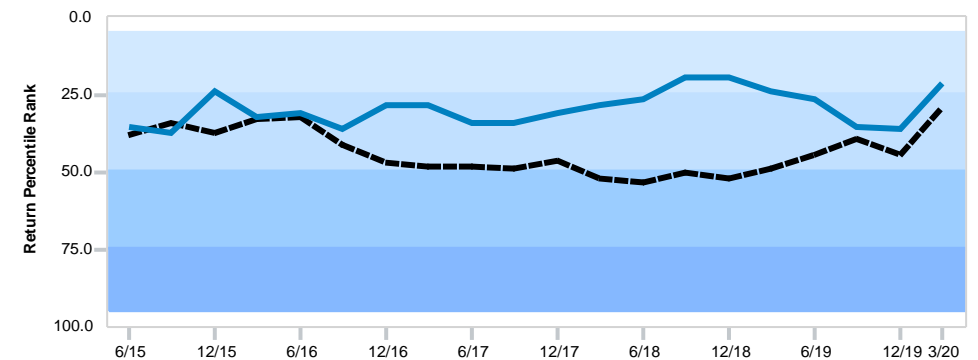


3 Year Rolling Percentile Rank All Public Plans-Total Fund



	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	9 (45%)	9 (45%)	2 (10%)	0 (0%)
Index	20	0 (0%)	11 (55%)	9 (45%)	0 (0%)

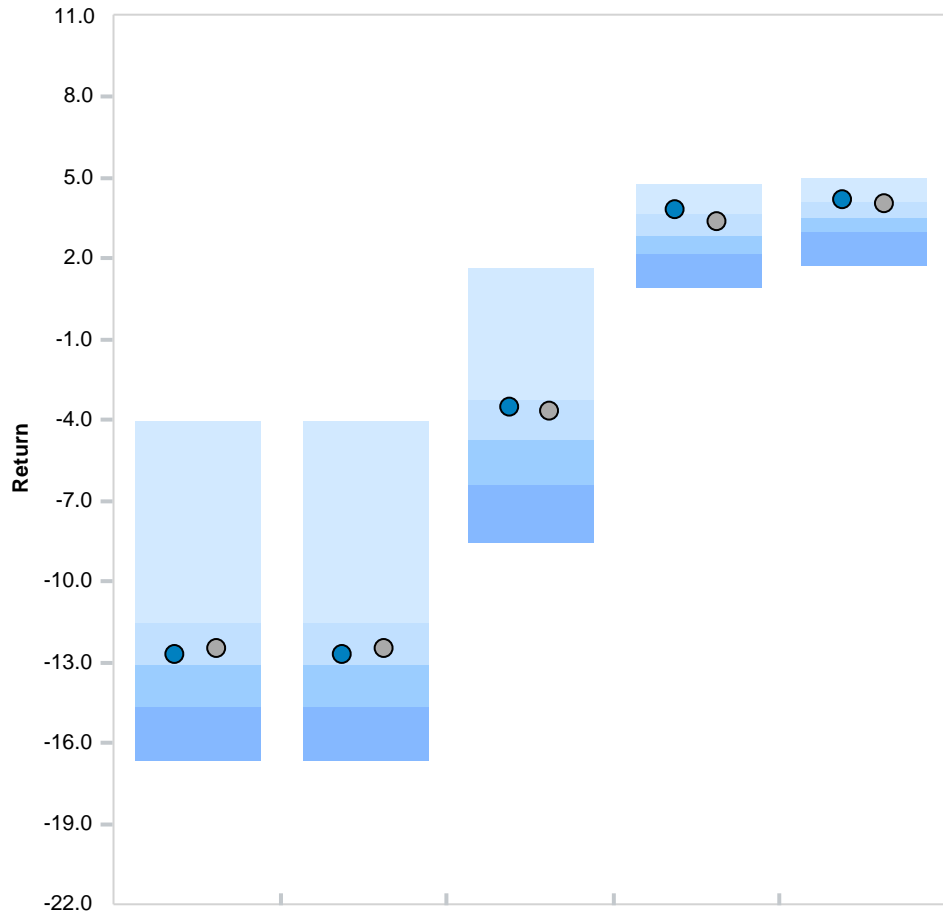
5 Year Rolling Percentile Rank All Public Plans-Total Fund



	Total Period	5-25 Count	25-Median Count	Median-75 Count	75-95 Count
Investment	20	5 (25%)	15 (75%)	0 (0%)	0 (0%)
Index	20	0 (0%)	17 (85%)	3 (15%)	0 (0%)

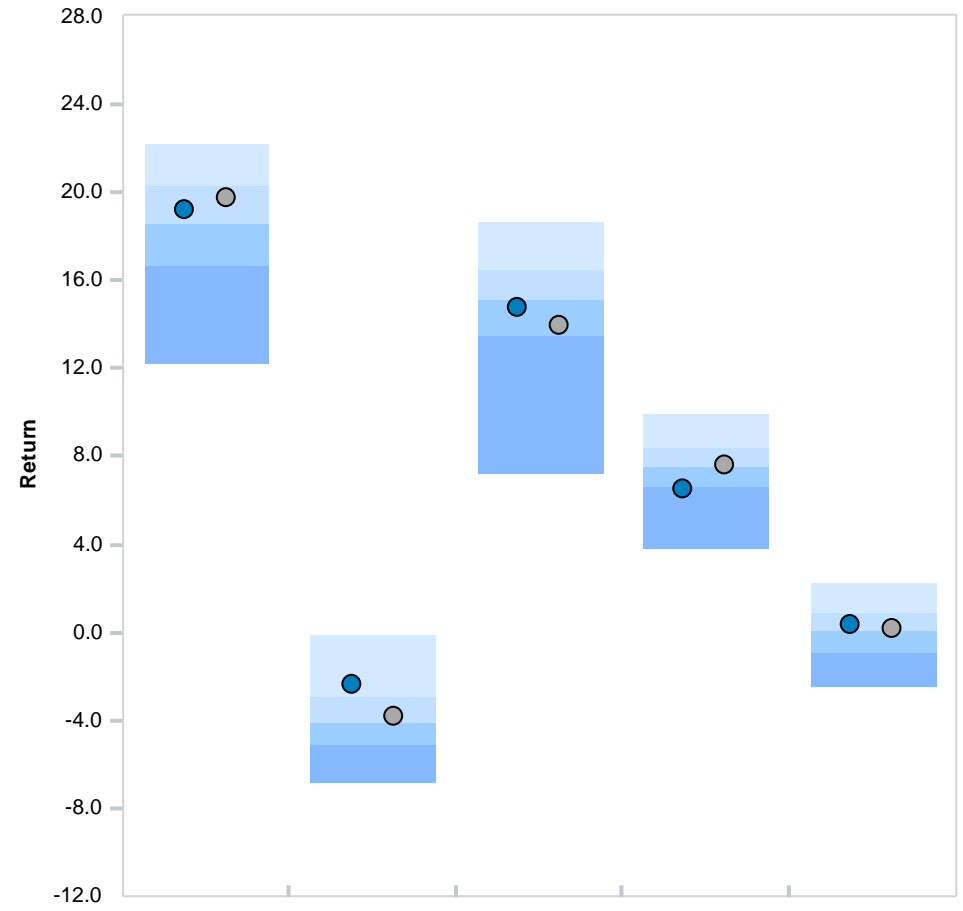


Peer Group Analysis - All Public Plans-Total Fund



	QTR	FYTD	1 YR	3 YR	5 YR
● Investment	-12.72 (43)	-12.72 (43)	-3.57 (31)	3.82 (23)	4.20 (21)
● Index	-12.52 (39)	-12.52 (39)	-3.66 (32)	3.39 (33)	4.01 (29)
Median	-13.08	-13.08	-4.73	2.84	3.54

Peer Group Analysis - All Public Plans-Total Fund



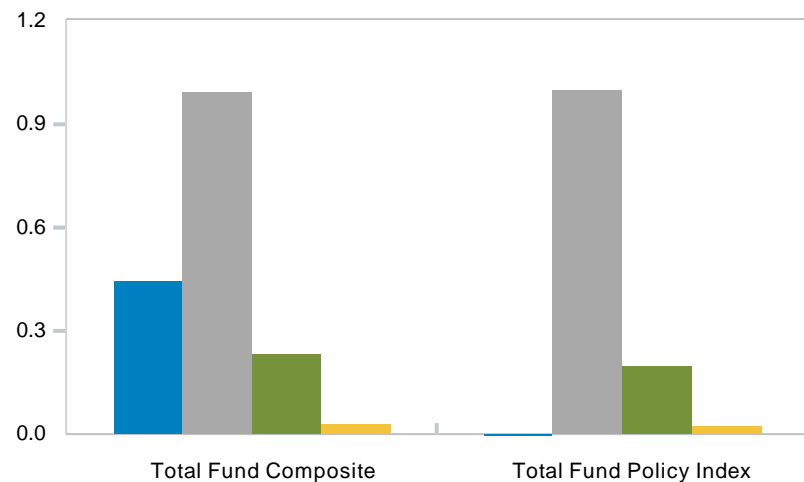
	2019	2018	2017	2016	2015
● Investment	19.24 (41)	-2.34 (17)	14.77 (57)	6.49 (77)	0.33 (42)
● Index	19.71 (34)	-3.84 (44)	13.94 (70)	7.60 (47)	0.18 (47)
Median	18.59	-4.15	15.09	7.47	0.04

Comparative Performance

	1 Qtr Ending Dec-2019	1 Qtr Ending Sep-2019	1 Qtr Ending Jun-2019	1 Qtr Ending Mar-2019	1 Qtr Ending Dec-2018	1 Qtr Ending Sep-2018
Investment	5.25 (49)	1.31 (17)	3.62 (15)	7.92 (63)	-7.77 (57)	3.74 (9)
Index	5.34 (44)	0.96 (40)	3.55 (20)	8.70 (42)	-7.67 (52)	3.26 (19)
Median	5.23	0.84	3.26	8.45	-7.55	2.58

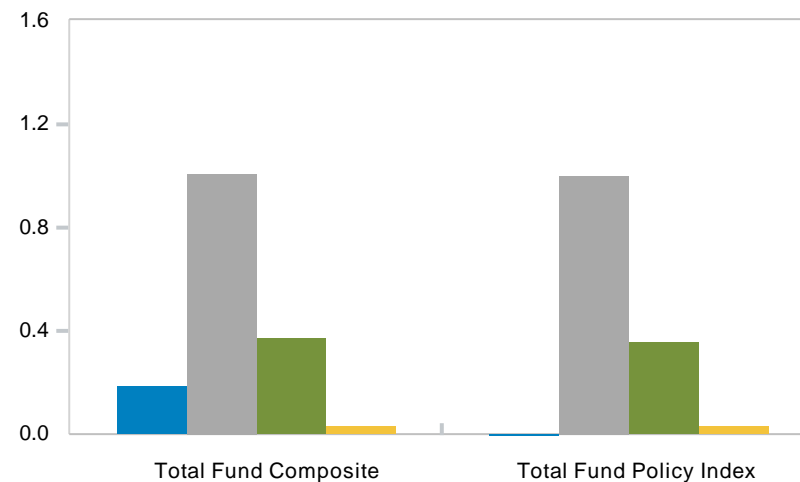


Risk / Reward Historical Statistics 3 Years Ending March 31, 2020



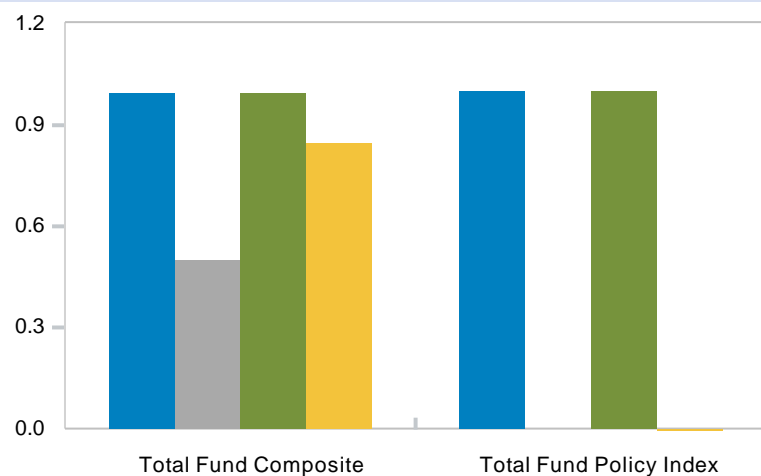
Alpha	0.45	0.00
Beta	0.99	1.00
Sharpe Ratio	0.23	0.19
Treynor Ratio	0.03	0.02

Risk / Reward Historical Statistics 5 Years Ending March 31, 2020



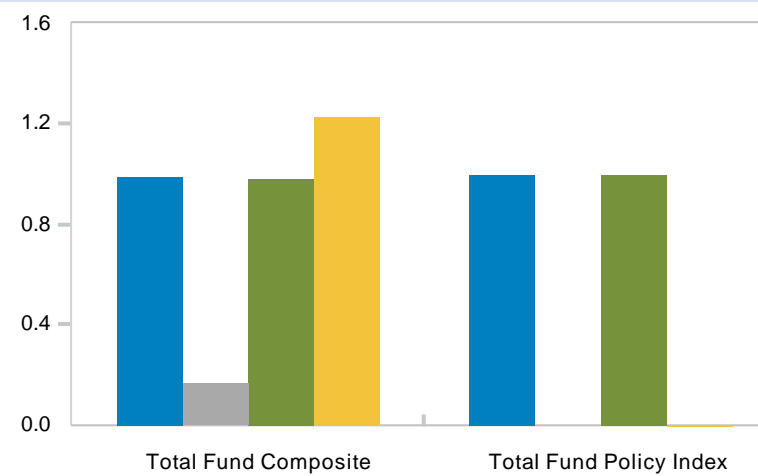
Alpha	0.18	0.00
Beta	1.00	1.00
Sharpe Ratio	0.37	0.35
Treynor Ratio	0.03	0.03

Benchmark Relative Historical Statistics 3 Years Ending March 31, 2020



Actual Correlation	1.00	1.00
Information Ratio	0.50	N/A
R-Squared	0.99	1.00
Tracking Error	0.85	0.00

Benchmark Relative Historical Statistics 5 Years Ending March 31, 2020



Actual Correlation	0.99	1.00
Information Ratio	0.16	N/A
R-Squared	0.98	1.00
Tracking Error	1.22	0.00

Benchmark: Total Fund Policy Index



Total Policy Historical Hybrid Composition

Allocation Mandate Weight (%)

Jan-1973

S&P 500 Index	63.00
Blmbg. Barc. U.S. Gov't/Credit	37.00

Jan-2006

Russell 1000 Value Index	23.00
Blmbg. Barc. U.S. Gov't/Credit	15.00
Russell 1000 Growth Index	20.00
Bloomberg Barclays Intermediate US Govt/Credit Idx	15.00
Russell 2000 Index	15.00
FTSE Non-U.S. World Government Bond	7.00
MSCI EAFE Index	5.00

Jul-2011

Russell 1000 Value Index	13.50
Blmbg. Barc. U.S. Aggregate Index	15.00
Russell 1000 Growth Index	13.50
Bloomberg Barclays Intermediate US Govt/Credit Idx	15.00
Russell 2000 Index	6.00
FTSE Non-U.S. World Government Bond	7.00
MSCI EAFE Index	8.00
S&P 500 Index	10.00
S&P Global Infrastructure	1.50
NCREIF Property Index	1.50
FTSE 3 Month T-Bill	4.00
Invesco GI Lst Pr Eq (PSP)	5.00

Total Equity Historical Hybrid Composition

Allocation Mandate Weight (%)

Jan-1998

Russell 1000 Value Index	37.00
Russell 1000 Growth Index	32.00
MSCI EAFE Index	7.00
Russell 2000 Index	24.00

Total Fixed Income Historical Hybrid Composition

Allocation Mandate Weight (%)

Jan-1998

Bloomberg Barclays Intermediate US Govt/Credit Idx	41.00
Blmbg. Barc. U.S. Gov't/Credit	40.00
FTSE Non-U.S. World Government Bond	19.00



Loomis Sayles Credit Asset Historical Hybrid Composition

Allocation Mandate	Weight (%)
Jun-2019	
Bimbg. Barc. U.S. High Yield - 2% Issuer Cap	25.00
S&P/LSTA Leveraged Loan Index	25.00
Bimbg. Barc. U.S. Corporate A Index	50.00



MONEY MANAGER

Name/Fund	Value Date
LOPFI/MASTER	3/31/2020
LOPFI/BARROW	3/31/2020
LOPFI/LIQUIDATIO	3/31/2020
LOPFI/FISHER	3/31/2020
LOPFI/GARCIA	3/31/2020
LOPFI/CLEARBRIDGE	3/31/2020
LOPFI/WELLINGTON COMM	3/31/2020
LOPFI/WELLINGTON INTL	3/31/2020
LOPFI/WELLINGTON GRWTH	3/31/2020
LOPFI/WELLINGTON CAP STEWARDS	3/31/2020
LOPFI/WELLINGTON ENDURING ASSETS	3/31/2020
LOPFI/STATE ST	3/31/2020
LOPFI/SSGA S&P MIDCAP 400	3/31/2020
LOPFI/DODGE	3/31/2020
LOPFI/NB CROSSROADS	9/30/2019
LOPFI/NB PR DEBT	12/31/2019
LOPFI/JPM STRATEGIC PROP	3/31/2020
LOPFI/JPM INFRASTRUCTURE	12/31/2019
LOPFI/CITI/STEPSTONE	9/30/2019
LOPFI/MACQUARIE IP 2	12/31/2019
LOPFI/KKR MEZZ I	12/31/2019

*Custodian Fund Valuation

MONEY MANAGER

Name/Fund	Value Date
LOPFI/KKR LENDING	12/31/2019
LOPFI/KKR ENERGY	12/31/2019
LOPFI/CHICKASAW	3/31/2020
LOPFI/PIMCO TTL RETURN	3/31/2020
LOPFI/PIMCO BRAV I	12/31/2019
LOPFI/PIMCO BRAV II	12/31/2019
LOPFI/PIMCO BRAV III	12/31/2019
LOPFI/CITCO CREDIT VALUE	9/30/2019
LOPFI/13 PTRS OFFSHORE	3/31/2020
LOPFI/13 PTRS PRIVATE EQ FD A	9/30/2019
LOPFI/LAZARD	3/31/2020
LOPFI/CONGRESS	3/31/2020
LOPFI/FISHER	3/31/2020
LOPFI/GOLDENTREE	2/1/2020
LOPFI/OWL ROCK	12/31/2019
LOPFI/WAMCO US CORE BD	3/31/2020
LOPFI/GS VINTAGE VII	9/30/2019
LOPFI/RIVERSTONE	12/31/2019
LOPFI/LOOMIS	3/31/2020
LOPFI/SNYDER	3/31/2020
LOPFI/DOUBLELINE	3/31/2020



HISTORICAL DATA NOTES:

- * All historical market value and performance is calculated using information provided by Regions Bank.
- * Global Currents/Clearbridge manager 8/31 market value was used.
- * LPX MM Private Equity Index uses the returns of the Invesco Global Listed PE ETF (PSP).



Active Return	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
Alpha	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
Beta	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
Consistency	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
Distributed to Paid In (DPI)	- The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against.
Down Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
Downside Risk	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
Excess Return	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
Excess Risk	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
Information Ratio	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
Public Market Equivalent (PME)	- Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index.
R-Squared	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
Return	- Compounded rate of return for the period.
Sharpe Ratio	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
Standard Deviation	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
Total Value to Paid In (TVPI)	- The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life
Tracking Error	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
Treynor Ratio	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
Up Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.



AndCo compiled this report for the sole use of the client for which it was prepared. AndCo is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. AndCo uses the results from this evaluation to make observations and recommendations to the client.

AndCo uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. AndCo analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides AndCo with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides AndCo with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause AndCo to believe that the information presented is significantly misstated.

This performance report is based on data obtained by the client's custodian(s), investment fund administrator, or other sources believed to be reliable. While these sources are believed to be reliable, the data providers are responsible for the accuracy and completeness of their statements. Clients are encouraged to compare the records of their custodian(s) to ensure this report fairly and accurately reflects their various asset positions.

The strategies listed may not be suitable for all investors. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. Past performance is not an indication of future performance. Any information contained in this report is for informational purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management services.

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Board of Trustees
Arkansas Local Police and Fire Retirement System
Little Rock, Arkansas

As part of our audit of the financial statements of Arkansas Local Police and Fire Retirement System (the System) as of and for the year ended December 31, 2019, we wish to communicate the following to you.

AUDIT SCOPE AND RESULTS

Auditor's Responsibility Under Auditing Standards Generally Accepted in the United States of America

An audit performed in accordance with auditing standards generally accepted in the United States of America is designed to obtain reasonable, rather than absolute, assurance about the financial statements. In performing auditing procedures, we establish scopes of audit tests in relation to the financial statements taken as a whole. Our engagement does not include a detailed audit of every transaction. Our engagement letter more specifically describes our responsibilities.

These standards require communication of significant matters related to the financial statement audit that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process. Such matters are communicated in the remainder of this letter or have previously been communicated during other phases of the audit. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.

An audit of the financial statements does not relieve management or those charged with governance of their responsibilities. Our engagement letter more specifically describes your responsibilities.

Qualitative Aspects of Significant Accounting Policies and Practices

Significant Accounting Policies

The System's significant accounting policies are described in *Note 1* of the audited financial statements.

GASB 87, Leases

Effective January 1, 2019, the System adopted GASB 87, *Leases*. GASB 87 creates one model for recognizing leases for both lessees and lessors. Substantially all leases are recognized on the lessees' statement of net position. In the activity statement, lessees no longer report rent expense for the previously classified operating leases but instead report interest expense on the liability and amortization expense related to the asset. Lessors recognize a lease receivable and corresponding deferred inflow of resources. Interest income associated with the receivable are recognized using the effective interest method.

Alternative Accounting Treatments

No matters are reportable.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. The following areas involve significant estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates:

- Fair value of investments
- Actuarial methods and assumptions used in calculating amounts recorded or disclosed in the financial statements

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Fair value
- Net pension liability disclosures

Board of Trustees
Arkansas Local Police and Fire Retirement System
Page 3

Audit Adjustments

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments which, in its judgment, are required to prevent the financial statements from being materially misstated. A misstatement is a difference between the amount, classification, presentation or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Areas in which adjustments were recorded include:

- Investment valuation for alternative investments (outsourced)
- Accrued interest receivable related to investments (outsourced)
- Lease receivable and deferred inflow of resources for the adoption of GASB 87 (outsourced)

Auditor's Judgments About the Quality of the Entity's Accounting Principles

No matters are reportable.

Other Material Written Communications

Listed below is another material written communication between management and us related to the audit:

- Management representation letter (attached)

This communication is intended solely for the information and use of management and the board of trustees and is not intended to be, and should not be, used by anyone other than these specified parties.

BKD, LLP

April 16, 2020

LOPFI

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

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Little Rock, Arkansas 72201-2223
Telephone: 501.682.1745
Toll-Free: 866.859.1745
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website: www.lopfi-prb.com

April 16, 2020

BKD, LLP
Certified Public Accountants
P.O. Box 3667
Little Rock, Arkansas 72203-3667

We are providing this letter in connection with your audits of our financial statements of Arkansas Local Police and Fire Retirement System (the System) as of and for the years ended December 31, 2019, and 2018. We confirm that we are responsible for the fair presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control over financial reporting, operations and compliance, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following:

1. We have fulfilled our responsibilities, as set out in the terms of our engagement letter dated October 29, 2019, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

4. We have reviewed and approved a draft of the financial statements and related notes referred to above, which you prepared in connection with your audit of our financial statements. We acknowledge that we are responsible for the fair presentation of the financial statements and related notes.
5. We have reviewed and approved the adjusting entries that you have proposed during the course of your audit of our financial statements. We acknowledge that we are responsible for the propriety of the accrual adjustments.
6. We have provided you with:
 - (a) Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation and other matters.
 - (b) Additional information that you have requested from us for the purpose of the audit.
 - (c) Unrestricted access to persons within the System from whom you determined it necessary to obtain audit evidence.
 - (d) All minutes of meetings of the governing body held through the date of this letter.
 - (e) All significant contracts and grants.
7. All transactions have been recorded in the accounting records and are reflected in the financial statements.
8. We have informed you of all current risks of a material amount that are not adequately prevented or detected by System procedures with respect to:
 - (a) Misappropriation of assets.
 - (b) Misrepresented or misstated assets, liabilities, or net position.
9. We have no knowledge of any known or suspected:
 - (a) Fraudulent financial reporting or misappropriation of assets involving management or employees who have significant roles in internal control.
 - (b) Fraudulent financial reporting or misappropriation of assets involving others that could have a material effect on the financial statements.

10. We have no knowledge of any allegations of fraud or suspected fraud affecting the System received in communications from employees, membership, retirees, regulators, suppliers, or others.
11. We have disclosed to you the identity of the System's related parties and all the related party relationships and transactions of which we are aware. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America. We understand that the term related party refers to an affiliate; management, and members of their immediate families, component units; and any other party with which the System may deal if it can significantly influence, or be influenced by, the management or operating policies of the other. The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with us.
12. Except as reflected in the financial statements, there are no:
 - (a) Plans or intentions that may materially affect carrying values or classifications of assets and liabilities.
 - (b) Material transactions omitted or improperly recorded in the financial statements.
 - (c) Material gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - (d) Events occurring subsequent to the statement of fiduciary net position date through the date of this letter requiring adjustment or disclosure in the financial statements.
 - (e) Agreements to purchase assets previously sold.
 - (f) Restrictions on cash balances or compensating balance agreements.
 - (g) Guarantees, whether written or oral, under which the System is contingently liable.
13. We have disclosed to you all known instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
14. We have no reason to believe the System owes any penalties or payments under the Employer Shared Responsibility Provisions of the Patient Protection and Affordable Care Act nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.

15. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.
16. Adequate provisions and allowances have been accrued for any material losses from uncollectible receivables.
17. We have:
 - (a) Satisfactory title to all recorded assets, and they are not subject to any liens, pledges or other encumbrances.
 - (b) Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
18. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations.
19. With regard to deposit and investment activities:
 - (a) All deposit and investment transactions have been made in accordance with legal and contractual requirements.
 - (b) Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - (c) We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.
20. With respect to any nonattest services you have provided us during the year, including preparation of the draft financial statements, assistance with the BKD LeaseVision™ Excel Tool and outsourcing certain year-end entries:
 - (a) We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - (b) We have established and monitored the performance of the nonattest services to ensure that they meet our objectives.
 - (c) We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.

- (d) We have evaluated the adequacy of the services performed and any findings that resulted.
21. The participants' data that we provided the System's actuary for the purposes of determining the net pension liability and other actuarially determined amounts in the financial statements were complete.
 22. We agree with the actuarial methods and assumptions that the actuary used for determining the net pension liability and other actuarially determined amounts and know of nothing that would make such methods or assumptions inappropriate in the circumstance.
 23. Except as disclosed in the financial statements, the actuarial methods or assumptions used in calculating amounts recorded or disclosed in the financial statements have not been changed since the previous year.
 24. We have reviewed the reports of all transactions processed by third-party servicers and, based on our review, we believe the transactions shown in the reports are valid and in accordance with our instructions to the third-party processor.
 25. We have apprised you of all communications, written or oral, with regulatory agencies concerning the operation of the System.
 26. The financial statements disclose all significant estimates and material concentrations known to us. Significant estimates are estimates at the statement of fiduciary net position date which could change materially within the next year. Concentrations refer to contributions, investment returns or markets for which events could occur which would significantly disrupt normal finances within the next year. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
 27. The fair values of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto are reasonable estimates based on the methods and assumptions used. The methods and significant assumptions used result in measurements of fair value appropriate for financial statement recognition and disclosure purposes and have been applied consistently from period to period, taking into account any changes in circumstances. The significant assumptions appropriately reflect market participant assumptions.

28. The supplementary information required by the Governmental Accounting Standards Board, consisting of management's discussion and analysis and pension information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
29. We acknowledge the current economic volatility present difficult circumstances and challenges for retirement systems. Systems are potentially facing declines in the fair values of investments and other assets. We understand the values of the assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments to asset values and allowances for accounts receivable. We acknowledge that you have no responsibility for future changes caused by the current economic environment and the resulting impact on the System's financial statements. Further, management and the Board are solely responsible for all aspects of managing the System, including questioning the quality and valuation of investments and other assets and reviewing allowances for uncollectible amounts.



David B. Clark, Executive Director



Denise Collins, Chief Financial Officer

Arkansas Local Police and Fire Retirement System

Independent Auditor's Report and Financial Statements

December 31, 2019 and 2018

Arkansas Local Police and Fire Retirement System

December 31, 2019 and 2018

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Financial Statements	
Statements of Fiduciary Net Position	6
Statements of Changes in Fiduciary Net Position	8
Notes to Financial Statements	10
Required Supplementary Information	
Schedule of Changes in Net Pension Liability and Related Ratios	24
Schedule of Employer Contributions	25
Schedule of Investment Returns	26
Other Supplementary Information	
Schedule of Administrative Expenses	27
Schedule of Investment Expenses	28

Independent Auditor's Report

Board of Trustees
Arkansas Local Police and Fire Retirement System
Little Rock, Arkansas

Report on the Financial Statements

We have audited the accompanying financial statements of the Arkansas Local Police and Fire Retirement System (the System) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
Arkansas Local Police and Fire Retirement System
Page 2

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Arkansas Local Police and Fire Retirement System as of December 31, 2019 and 2018, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information listed in the table of contents be presented to supplement the financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The schedule of administrative expenses and the schedule of investment expenses as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of administrative expenses and the schedule of investment expenses are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of administrative expenses and the schedule of investment expenses are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BKD, LLP

Little Rock, Arkansas
April 16, 2020

Arkansas Local Police and Fire Retirement System

Management's Discussion and Analysis

December 31, 2019 and 2018

This discussion and analysis of the Arkansas Local Police and Fire Retirement System (hereinafter referred to as LOPFI or the System) is for the years ended December 31, 2019 and 2018. This analysis provides a summary of the financial position of LOPFI, including highlights and comparisons. For more detailed information regarding LOPFI financial activities, the reader should also review the actual financial statements, including notes and supplementary schedules.

The basic financial statements consist of:

The *Statement of Fiduciary Net Position*, which reports the pension fund assets, liabilities and net position restricted for pensions at the end of the calendar year. The *Statement of Fiduciary Net Position* is prepared on the accrual basis and, for the most part, the System's net position restricted for pensions is reported on a fair value basis.

The *Statement of Changes in Fiduciary Net Position*, which reports the pension fund transactions that occurred during the calendar year where additions minus deductions equal net increase (decrease) in fiduciary net position. It is an operating statement that reports the net increase or decrease in net position restricted for pensions from the beginning of the year until the end of the year.

The *Notes to the Financial Statements* are an integral part of the above financial statements and include additional information not readily evident in the statements themselves.

The *Required Supplementary Information* and *Other Supplementary Information* following the *Notes to the Financial Statements* provide added historical and detailed information considered useful in evaluating the condition of LOPFI.

The following pages contain summary comparative statements of LOPFI's pension trust fund for years 2019 and 2018.

Arkansas Local Police and Fire Retirement System
Management's Discussion and Analysis
December 31, 2019 and 2018

Summary Statements of Net Position Restricted for Pensions

	2019	2018	2017*	2019 Percentage Change	2018 Percentage Change
Cash and cash equivalents	\$ 272,183,378	\$ 184,462,049	\$ 141,095,795	47.56%	30.74%
Total receivables	8,769,185	9,077,194	8,408,530	-3.39%	7.95%
Prepaid expenses	11,664,480	10,229,261	8,423,084	14.03%	21.44%
Total investments, at fair value	2,182,244,908	1,875,465,725	1,915,918,557	16.36%	-2.11%
Property and equipment, net	2,407,032	2,322,783	2,356,706	3.63%	-1.44%
Other assets	101,593	204,183	88,180	-50.24%	131.55%
Total assets	\$ 2,477,370,576	\$ 2,081,761,195	\$ 2,076,290,852	19.00%	0.26%
Accounts payable and accrued expenses	\$ 1,567,234	\$ 961,609	\$ 1,024,111	62.98%	-6.10%
Refunds payable	193,325	159,145	199,335	21.48%	-20.16%
Due to Pension Review Board	590,926	557,443	448,967	6.01%	24.16%
Total liabilities	2,351,485	1,678,197	1,672,413	40.12%	0.35%
Total deferred inflows of resources	507,510	229,841	-	120.81%	n/a
Net position restricted for pensions	2,474,511,581	2,079,853,157	1,770,839,001	18.98%	17.45%
Total liabilities, deferred inflows of resources and net position	\$ 2,477,370,576	\$ 2,081,761,195	\$ 1,772,511,414	19.00%	17.45%

* In 2018, the System restated total assets and total deferred inflows of resources for GASB 87. The 2017 amounts presented above have not been adjusted for the restatement.

December 31, 2019

There was a growth in cash and total investments as a result of the positive market conditions. The total investments at fair value increase reflects the strong performance of the financial markets in 2019 coupled with the increased contributions and the receipt of over \$4.3 million in assets from the Local Plans consolidating with LOPFI. There was an increase in prepaid expenses due to the increase in the monthly benefit payments. The increase in the accounts payable and accrued expenses is due to the timing of certain investment expense payments. LOPFI also adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* (GASB 87) during 2019 that required a restatement of the total assets and total deferred inflows of resources for 2018.

December 31, 2018

There was an increase in cash in order to reduce risk due to the volatility of the market at the end of 2018. The total investments at fair value decrease reflects the negative performance of the financial markets in 2018 offset somewhat by the increased contributions from members and the receipt of over \$53.4 million in assets from the Local Plans consolidating with LOPFI. There was an increase in prepaid expenses due to the increase in the monthly benefit payments. The net value of the property and equipment decreased slightly as a result of the normal process of depreciating fixed assets.

Arkansas Local Police and Fire Retirement System
Management's Discussion and Analysis
December 31, 2019 and 2018

Summary Statements of Changes in Net Position Restricted for Pensions

	2019	2018	2017	2019 Percentage Change	2018 Percentage Change
Total contributions	\$ 153,826,213	\$ 191,329,598	\$ 161,833,371	-19.60%	18.23%
Net investment income	390,828,049	(60,441,633)	253,402,809	-746.62%	-123.85%
Total additions	544,654,262	130,887,965	415,236,180	316.12%	-68.48%
Benefit payments, including refunds and DROP distributions	146,558,605	121,646,345	108,165,851	20.48%	12.46%
Administrative expenses	3,437,233	4,006,902	3,290,891	-14.22%	21.76%
Total deductions	149,995,838	125,653,247	111,456,742	19.37%	12.74%
Net increase in fiduciary net position	394,658,424	5,234,718	303,779,438	7439.25%	-98.28%
Net Position Restricted for Pensions, Beginning of Year	2,079,853,157	2,074,618,439	1,770,839,001	0.25%	17.15%
Net Position Restricted for Pensions, End of Year	\$ 2,474,511,581	\$ 2,079,853,157	\$ 2,074,618,439	18.98%	0.25%

December 31, 2019

There was a decrease to the total contributions, due to the decrease in agent plan mergers into the System compared to 2018 and 2017. The agent plan mergers for 2019 were approximately \$4.3 million. The agent plan mergers for 2018 and 2017 were approximately \$53.5 million and \$34.2 million, respectively. The net investment income increased as a result of the portfolios generated a return of 19.00%, which resulted in a significant increase in investment income over the previous years. An increase in benefits paid to participants is a combination of the growing number of retired LOPFI members as well as the addition of retirees from the consolidated Local Plans. There was a decrease in administrative expenses in 2019 due to a decrease in the amount of expenses incurred for computer operations and processes.

December 31, 2018

There was an increase to the total contributions, due to the increase in contributions from members and employers/departments as well as an increase in agent plan mergers into the System. The net investment income (loss) decreased as a result of the portfolios generating a negative return of 2.59%, while 2017 had a positive return of 14.48%. An increase in benefits paid to participants is a combination of the growing number of retired LOPFI members as well as the addition of retirees from the consolidated Local Plans. Refunds of member contributions increased in 2018, and Deferred Retirement Option Plan (DROP) distributions to both LOPFI and Local Plans administered by LOPFI decreased slightly. There was an increase in administrative expenses in 2018 due to the continuing work to enhance information technology operations and processes.

Arkansas Local Police and Fire Retirement System
Statements of Fiduciary Net Position
December 31, 2019 and 2018

	2019		
	Cost-Sharing Multiple-Employer	Agent Multiple-Employer	Total
Assets			
Cash and cash equivalents	\$ 242,661,320	\$ 29,522,058	\$ 272,183,378
Contributions receivable	6,616,739	804,989	7,421,728
Interest receivable	739,198	89,930	829,128
Leases receivable	462,109	56,220	518,329
Total receivables	7,818,046	951,139	8,769,185
Prepaid expenses	10,399,306	1,265,174	11,664,480
Investments, at fair value			
Equity securities – U.S. companies	360,467,004	43,854,240	404,321,244
Equity securities – international companies	25,121,766	3,056,302	28,178,068
Mutual funds	1,221,117,832	148,560,601	1,369,678,433
U.S. Treasury securities	45,189,157	5,497,691	50,686,848
Corporate bonds	65,481,701	7,966,472	73,448,173
Mortgage-backed securities	4,125,698	501,930	4,627,628
Alternative investments	219,371,226	26,688,597	246,059,823
Real estate investment trusts	4,675,833	568,858	5,244,691
Total investments, at fair value	1,945,550,217	236,694,691	2,182,244,908
Property and equipment, net of accumulated depreciation	2,145,956	261,076	2,407,032
Other assets	90,572	11,021	101,593
Total assets	2,208,665,417	268,705,159	2,477,370,576
Liabilities			
Accounts payable and accrued expenses	1,397,246	169,988	1,567,234
Refunds payable	172,356	20,969	193,325
Due to Pension Review Board	526,832	64,094	590,926
Total liabilities	2,096,434	255,051	2,351,485
Deferred Inflows of Resources			
Deferred amounts for leases	452,464	55,046	507,510
Net Position Restricted for Pensions	\$ 2,206,116,519	\$ 268,395,062	\$ 2,474,511,581

Arkansas Local Police and Fire Retirement System
Statements of Fiduciary Net Position (Continued)
December 31, 2019 and 2018

	2018		
	Cost-Sharing Multiple-Employer	Agent Multiple-Employer	Total
Assets			
Cash and cash equivalents	\$ 162,882,243	\$ 21,579,806	\$ 184,462,049
Contributions receivable	7,141,915	946,212	8,088,127
Interest receivable	670,406	88,820	759,226
Leases receivable	202,952	26,889	229,841
Total receivables	8,015,273	1,061,921	9,077,194
Prepaid expenses	9,032,562	1,196,699	10,229,261
Investments, at fair value			
Equity securities – U.S. companies	277,435,759	36,756,675	314,192,434
Equity securities – international companies	43,341,287	5,742,164	49,083,451
Mutual funds	1,024,659,449	135,754,219	1,160,413,668
U.S. Treasury securities	64,169,665	8,501,657	72,671,322
Corporate bonds	37,056,644	4,909,530	41,966,174
Mortgage-backed securities	8,290,143	1,098,338	9,388,481
Alternative investments	198,721,006	26,327,981	225,048,987
Real estate investment trusts	2,385,201	316,007	2,701,208
Total investments, at fair value	1,656,059,154	219,406,571	1,875,465,725
Property and equipment, net of accumulated depreciation	2,051,046	271,737	2,322,783
Other assets	180,296	23,887	204,183
Total assets	1,838,220,574	243,540,621	2,081,761,195
Liabilities			
Accounts payable and accrued expenses	849,112	112,497	961,609
Refunds payable	140,527	18,618	159,145
Due to Pension Review Board	492,229	65,214	557,443
Total liabilities	1,481,868	196,329	1,678,197
Deferred Inflows of Resources			
Deferred amounts for leases	202,952	26,889	229,841
Net Position Restricted for Pensions	\$ 1,836,535,754	\$ 243,317,403	\$ 2,079,853,157

Arkansas Local Police and Fire Retirement System
Statements of Changes in Fiduciary Net Position
Years Ended December 31, 2019 and 2018

	2019		
	Cost-Sharing Multiple-Employer	Agent Multiple-Employer	Total
Additions			
Contributions			
Member contributions	\$ 25,157,606	\$ 19,622	\$ 25,177,228
Employer contributions	88,524,836	35,680,713	124,205,549
Local plan administrative mergers and paid military time	180,761	4,262,675	4,443,436
Total contributions	<u>113,863,203</u>	<u>39,963,010</u>	<u>153,826,213</u>
Investment Income			
Net appreciation in fair value of investments	326,031,351	42,436,485	368,467,836
Interest, dividends and other income	25,624,342	3,335,283	28,959,625
Less investment expenses	<u>(5,839,357)</u>	<u>(760,055)</u>	<u>(6,599,412)</u>
Net investment income	<u>345,816,336</u>	<u>45,011,713</u>	<u>390,828,049</u>
Total additions	<u>459,679,539</u>	<u>84,974,723</u>	<u>544,654,262</u>
Deductions			
Benefit payments, including refunds and DROP distributions	87,057,377	59,501,228	146,558,605
Administrative expenses	<u>3,041,397</u>	<u>395,836</u>	<u>3,437,233</u>
Total deductions	<u>90,098,774</u>	<u>59,897,064</u>	<u>149,995,838</u>
Net Increase in Net Position Restricted for Pensions	369,580,765	25,077,659	394,658,424
Net Position Restricted for Pensions, Beginning of Year	<u>1,836,535,754</u>	<u>243,317,403</u>	<u>2,079,853,157</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 2,206,116,519</u>	<u>\$ 268,395,062</u>	<u>\$ 2,474,511,581</u>

Arkansas Local Police and Fire Retirement System
Statements of Changes in Fiduciary Net Position (Continued)
Years Ended December 31, 2019 and 2018

	2018		
	Cost-Sharing Multiple-Employer	Agent Multiple-Employer	Total
Additions			
Contributions			
Member contributions	\$ 24,456,628	\$ 1,339	\$ 24,457,967
Employer contributions	83,861,098	29,425,997	113,287,095
Local plan administrative mergers and paid military time	87,756	53,496,780	53,584,536
Total contributions	<u>108,405,482</u>	<u>82,924,116</u>	<u>191,329,598</u>
Investment Income (Loss)			
Net appreciation in fair value of investments	(69,663,555)	(8,885,692)	(78,549,247)
Interest, dividends and other income	21,741,840	2,773,205	24,515,045
Less investment expenses	(5,682,606)	(724,825)	(6,407,431)
Net investment income (loss)	<u>(53,604,321)</u>	<u>(6,837,312)</u>	<u>(60,441,633)</u>
Total additions	<u>54,801,161</u>	<u>76,086,804</u>	<u>130,887,965</u>
Deductions			
Benefit payments, including refunds and DROP distributions	74,102,672	47,543,673	121,646,345
Administrative expenses	3,553,631	453,271	4,006,902
Total deductions	<u>77,656,303</u>	<u>47,996,944</u>	<u>125,653,247</u>
Net Increase (Decrease) in Net Position Restricted for Pensions	(22,855,142)	28,089,860	5,234,718
Net Position Restricted for Pensions, Beginning of Year	<u>1,859,390,896</u>	<u>215,227,543</u>	<u>2,074,618,439</u>
Net Position Restricted for Pensions, End of Year	<u>\$ 1,836,535,754</u>	<u>\$ 243,317,403</u>	<u>\$ 2,079,853,157</u>

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2019 and 2018

Note 1: Reporting Entity and Summary of Significant Accounting Policies

The Arkansas Local Police and Fire Retirement System (the System or LOPFI) is a statewide retirement system for police officers and firefighters of political subdivisions of the State of Arkansas. It was established under the authority of Act 364 of 1981 and bears a fiduciary obligation to the participants of the System. LOPFI maintains a cost-sharing multiple-employer defined benefit pension plan (cost-sharing plan) for participants hired by the respective local government unit after January 1, 1983. All accumulated plan assets of the cost-sharing multiple-employer defined pension plan are available to pay any benefit (or to refund any contribution) to any plan member or beneficiary of the Plan.

Political subdivisions that had a local pension and relief fund (local plan) for its police officers and firefighters prior to the establishment of LOPFI may transfer their local plan to LOPFI for administration. Local plans that are now being administered by LOPFI are included in the agent multiple-employers defined benefit pension plan for financial reporting purposes; however, the assets of the individual local plans can only be used to pay the benefit (or to refund any contribution) to plan members or beneficiaries of the individual local plan.

The assets of all plans are pooled for investment purposes.

Basis of Accounting

The accounting policies of the System have been established to conform to generally accepted accounting principles for state and local governments as promulgated by authoritative pronouncements issued by the Governmental Accounting Standards Board. The System is accounted for on an economic resources measurement focus using the accrual basis of accounting. Plan member and employer contributions are recognized as additions in the period in which plan member services are performed. Benefits and refunds are recognized when paid in accordance with the terms of the Plan. Deductions are recognized as incurred.

Cash Equivalents

The System considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2019, cash equivalents consisted primarily of money market accounts with brokers.

Valuation of Investments

Investments are stated at fair value in the accompanying statements of fiduciary net position. The fair value of marketable investments, including U.S. government securities, mutual funds, corporate bonds and stocks, is determined by the latest bid price or by the closing exchange price at statement of fiduciary net position dates. The fair values of private equities are based on management's valuation of estimates and assumptions from information and representations provided by the respective general partners, in the absence of readily ascertainable market values.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2019 and 2018

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Net increase in fair value of investments reflected in the accompanying statements of changes in fiduciary net position represents gains or losses realized during the year plus or minus the change in the net unrealized gains or losses on investments.

The change in net unrealized gains or losses on investments represents the change in the difference between the cost and fair value of investments at the beginning versus the end of the year.

Deferred Inflows of Resources

The System reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its statements of fiduciary net position.

Investment Income

Net investment income credited to each plan is allocated based on the plan's average balance of fiduciary net position.

Administrative Expenses

Administrative expenses are allocated to each plan based on the plan's average balance of fiduciary net position.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the System's management to make estimates and assumptions that affect reported amounts of asset, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities and the actuarial valuation of the System's benefits at the date of the financial statements and the reported changes in plan net position during the reporting period. Actual results may differ from those estimates.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2019 and 2018

Plan Descriptions

As of December 31, 2019 and 2018, the number of participating political subdivisions was 525 and 533, respectively. At December 31, 2019 and 2018, the System's membership consisted of the following:

Membership Classification	Number of Employees	
	2019	2018
Retired plan members or beneficiaries currently receiving benefits:		
Local plan fire without Social Security	1,041	1,046
Local plan police with Social Security	196	202
Local plan police without Social Security	694	713
Local plan volunteer fire	1,276	1,272
Subtotal for agent multiple-employer plans	3,207	3,233
LOPFI fire benefit program 2 – with Social Security	27	18
LOPFI fire benefit program 2 – without Social Security	173	124
LOPFI fire with Social Security	48	56
LOPFI fire without Social Security	1,054	937
LOPFI police benefit program 2 – with Social Security	28	14
LOPFI police benefit program 2 – without Social Security	164	156
LOPFI police with Social Security	1,319	1,233
LOPFI police without Social Security	737	639
LOPFI staff	3	3
LOPFI volunteer fire	2,976	2,699
LOPFI volunteer fire benefit program 4	2	1
LOPFI volunteer police benefit program 3	212	188
Subtotal for cost-sharing multiple-employer plans	6,743	6,068
Subtotal for retirees and beneficiaries	9,950	9,301
Active plan members:		
Local plan fire without Social Security	2	2
Local plan fire with Social Security	1	1
Local plan part paid contributory fire	2	2
Local plan volunteer fire	7	12
Subtotal for agent multiple-employer plans	12	17
LOPFI fire benefit program 2 – with Social Security	58	56
LOPFI fire benefit program 2 – without Social Security	178	181
LOPFI fire with Social Security	96	92
LOPFI fire without Social Security	2,374	2,322
LOPFI police benefit program 2 – with Social Security	64	57
LOPFI police benefit program 2 – without Social Security	224	228
LOPFI police with Social Security	2,192	2,103
LOPFI police without Social Security	1,314	1,314
LOPFI staff	9	9
LOPFI volunteer fire	7,012	6,963
LOPFI volunteer police	473	447
LOPFI volunteer fire benefit program 4	43	46
LOPFI volunteer police benefit program 4	5	5
Subtotal for cost-sharing multiple-employer plans	14,042	13,823
Subtotal for active employees	14,054	13,840
Inactive plan members entitled to but not yet receiving benefits	8,088	7,811
Total membership	32,092	30,952

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2019 and 2018

Contributions: The employee contribution rate depends on the type of service being rendered and whether or not the service is also covered by Social Security. The different employee contribution rates are:

- a. Paid service not covered by Social Security: 8.5% of gross pay beginning July 1, 2009; 6% prior to that date
- b. Paid service also covered by Social Security: 2.5% of gross pay beginning July 1, 2009; no employee contributions prior to that date
- c. Paid service-benefit program 2: 8.5% of gross pay beginning July 1, 2009; 6% prior to that date
- d. Volunteer service: no employee contribution

The employer contribution rate is adjusted automatically every year to reflect changes in the composition of the employee group and other factors which affect cost. Contributions are determined on an actuarial basis in order to ensure that the individual system employers can honor their benefit commitments to covered employees. The individual entry age actuarial cost method of valuation is used in determining normal cost.

Benefit Terms: The benefits terms for the cost-sharing plan are established in accordance with the provisions of the Arkansas Code.

Benefit Program 1: Pension benefits to a member with five or more years (10 or more years for members hired on or after July 1, 2013) of credited service in force who has attained his normal retirement age consist of an annuity equal to the following:

- a. For each year of paid service resulting from employment in a position not also covered by Social Security, 2.94% of his final average pay; plus
- b. For each year of paid service resulting from employment in a position also covered by Social Security, 1.94% of his final average pay. In addition, if such member is retiring and if such member's age at retirement is younger than Social Security's minimum age for an unreduced retirement benefit, then such member receives a temporary annuity equal to 1% of his final average pay for each such year of paid service. Such temporary annuity terminates at the end of the calendar month in which the earliest of the following events occur: such member's death; or his attainment of such Social Security minimum age for unreduced benefits.
- c. In no event will the total of *a.* plus *b.* exceed, at time of retirement, 100% of such final average pay; plus
- d. Effective July 1, 2019, for each year of volunteer service, \$6.80 per month, to a maximum of \$272.00 monthly.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2019 and 2018

- e. Before the date that the first payment of his annuity becomes due, but not thereafter, a member may elect in writing to receive his annuity as a life annuity or he may elect to have his life annuity reduced but not any temporary annuity which may be payable, and nominate a beneficiary in accordance with the provisions of one of four options. If a member does not elect an option, his annuity shall be paid to him as a life annuity.

Benefit Program 2: For each year of paid service rendered on or after the election date of Benefit Program 2 and resulting from employment in a position not also covered by Social Security, 3.28% of his or her final average pay, plus for each year of paid service rendered on or after the election date of Benefit Program 2 and resulting from employment in a position also covered by Social Security, 2.94% of his or her final average pay.

A member will receive disability benefits computed in the same manner as normal retirement benefits if the member has five or more years of credited service (or 10 years of actual service if hired on or after July 1, 2013) and terminates employment because of becoming totally and permanently disabled from non-duty related causes. If the disability is determined to be duty related, a benefit is 65% of the member's final average pay. Prior to that date, the benefit was computed as if the member had completed 25 years of service.

Deferred Retirement Option Plan (DROP): During 1993, the Arkansas General Assembly passed legislation (Acts 757 and 1004) allowing paid policemen and firefighters to elect to continue working for a period of 10 years past normal retirement age if a member of a local plan. In 2003, the Arkansas General Assembly passed legislation (Act 1734) affording paid members of LOPFI the same opportunity to continue working past normal retirement age with the maximum term being seven years.

This DROP is only available to participants having at least 20 years of paid service. In addition, Act 829 of 2015 allows up to 36 months of actual LOPFI volunteer service credit to be used toward DROP eligibility. The DROP member continues his payroll withholding, the employee's contribution is credited according to law to the defined benefit pension plan and the DROP, and the monthly benefits that would have been payable had the member elected to cease employment and receive a service retirement shall be paid into a separate DROP account. At December 31, 2019 and 2018, the DROP accounts totaled \$40,349,945 and \$34,631,905, respectively.

Note 2: Leases Receivable

The System leases a portion of its office space to various third parties, the terms of which expire 2022 through 2026. Payments increase based on the terms of the lease agreements. The leases were measured based upon the timing and amount of these payments at lease commencement. There are no variable payments. Revenue recognized under lease contracts during the years ended December 31, 2019 and 2018, was approximately \$95,000 and \$62,000, respectively, which includes both lease revenue and interest.

Arkansas Local Police and Fire Retirement System
Notes to Financial Statements
December 31, 2019 and 2018

Note 3: Net Pension Liability

The components of the net pension liability of all entities participating in the cost-sharing plan at December 31, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 3,020,856,753	\$ 2,789,499,220
Plan's fiduciary net position	<u>2,206,116,519</u>	<u>1,836,535,754</u>
Net pension liability	<u>\$ 814,740,234</u>	<u>\$ 952,963,466</u>
Plan's fiduciary net position as a percentage of total pension liability	73.03%	65.84%

Actuarial Assumptions

The total pension liability as of December 31, 2019 and 2018, was determined by actuarial valuations as of December 31, 2019 and 2018, using the following actuarial assumptions:

	<u>2019</u>	<u>2018</u>
Wage inflation	3.25%	3.25%
Price inflation	2.50%	2.50%
Investment rate of return	7.00%	7.00%

The mortality table used for the December 31, 2019 and 2018, valuations was the RP-2014 Healthy Annuitant benefit-weighted generational mortality table for males and females. The disability postretirement mortality table used was the RP-2014 Disabled Retiree benefit-weighted generational mortality table for males and females.

The actuarial assumptions used in the December 31, 2019 and 2018, calculation were based on the results of an experience study of the period 2012 to 2016.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2019 and 2018

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

2019		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	30.00%	1.30%
Domestic equity	42.00%	5.40%
Foreign equity	18.00%	7.80%
Alternative investments	10.00%	6.70%
Total	100.00%	

2018		
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	28.00%	0.90%
Domestic equity	42.00%	5.30%
Foreign equity	20.00%	7.00%
Alternative investments	10.00%	6.20%
Total	100.00%	

Single Discount Rate

The single discount rate used to measure the total pension liability was 7.00% for both years ended December 31, 2019 and 2018. The single discount rate was based on the expected rate of return on pension plan investments.

The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2019 and 2018

Plan assets are expected to be invested using a strategy to achieve the expected rate of return. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the net pension liability as of December 31, 2019, calculated using a single discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a single discount rate that is 1 percent lower or 1 percent higher:

	1% Decrease	Current Single Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net pension liability	\$ 1,296,458,804	\$ 814,740,234	\$ 426,497,079

Note 4: Deposits and Investments

The System's deposits and investments are managed by various investment managers who have discretionary authority over the assets managed by them, within the investment guidelines established by LOPFI, under contracts with the System.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the custodian, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The System's deposits and investments are held by the System's custodian in the System's name. Investments are uninsured and generally consist of short-term securities, U.S. and foreign government securities, domestic and foreign corporate debt and equity securities, real estate and real estate trusts. The state law requires collateralization of all deposits with federal depository insurance and other acceptable collateral in specific amounts. The System's investment policy does not directly address custodial credit risk. At December 31, 2019, all of the System's deposits were either insured or collateralized with securities pledged in the System's name.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations to the System. The System's investment policy does not allow for more than 10% of the current market value of the Fixed Income Portfolio to be invested in securities rated less than BBB by Standard & Poor's, or the equivalent by a recognized rating agency. In addition, the minimum security quality shall be B or better.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2019 and 2018

The following table summarizes the System's fixed income portfolio exposure levels and credit qualities at December 31, 2019 and 2018:

	2019	2018
Fixed Income Security Type by S&P Rating		
Corporate and Foreign Bonds		
AA	\$ 8,040,589	\$ 5,894,353
A	51,404,341	29,396,366
BBB	14,003,243	6,675,455
	73,448,173	41,966,174
Mortgage-Backed Securities		
Not rated	4,627,628	9,388,481
	\$ 78,075,801	\$ 51,354,655

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System's interest rate risk is controlled through duration management. Duration is a measure of the sensitivity of the price (the value of principal) of a fixed income investment to a change in interest rates and is expressed as a number of years. In accordance with its investment policy, the fixed income portfolio shall vary from the duration of the relative comparative indices by no more than +/-25%. As of December 31, 2019 and 2018, the System's effective duration by investment type was:

Fixed Income Security Type	Duration	
	2019	2018
U.S. Government and Government Related	2.02	1.54
Non-U.S. Government and Government Related	0.00	0.78
U.S. Credit	1.32	0.82
Non-U.S. Credit	0.35	-0.65
Mortgage-Backed	1.31	1.56
Non-Agency Mortgage-Backed	0.04	0.00
Asset-Backed	0.03	0.01
Other	0.01	0.02
Cash	0.02	0.00
Total Duration	5.09	4.08

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2019 and 2018

Rate of Return

For the years ended December 31, 2019 and 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.00% and -2.59%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investment Policies

The LOPFI Board (the Board) has been appointed by the Governor to oversee the investments of LOPFI. The Board is responsible for establishing overall financial objectives and setting the investment policy. The Board will carry out its responsibilities by acting on recommendations made to it by the Investment Committee (the Committee). The Committee shall consist of at least three trustees of the Board. An amendment to the investment policy first requires a majority approval of the Committee and then review and approval by the Board.

Note 5: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2019 and 2018

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2019				
Investments by Fair Value Level				
Equity securities – diversified	\$ 404,321,244	\$ 404,321,244	\$ -	\$ -
Equity securities – foreign	28,178,068	28,178,068	-	-
Equity mutual funds	1,014,124,963	294,537,403	719,587,560	-
International equity mutual funds	69,637,299	-	69,637,299	-
Fixed income mutual funds	285,916,171	153,864,134	132,052,037	-
Real estate investment trusts	5,244,691	5,244,691	-	-
U.S. government obligations	50,686,848	-	50,686,848	-
Corporate bonds	73,448,173	73,448,173	-	-
Mortgage-backed securities	4,627,628	-	4,627,628	-
	<u>1,936,185,085</u>	<u>959,593,713</u>	<u>976,591,372</u>	<u>-</u>
Total investments by fair value level				
Investments Measured at the Net Asset Value (NAV) ^(A)				
Private equity funds	72,229,706			
Private debt funds	45,419,403			
Equity long/short hedge funds	34,651,424			
Commercial real estate funds	27,618,071			
Bank recapitalization and value opportunities funds	13,248,865			
Energy funds	12,023,601			
Opportunistic credit funds	40,868,753			
	<u>246,059,823</u>			
Total investments measured at the NAV	<u>246,059,823</u>			
Total investments measured at fair value	<u>\$ 2,182,244,908</u>	<u>\$ 959,593,713</u>	<u>\$ 976,591,372</u>	<u>\$ -</u>

Arkansas Local Police and Fire Retirement System
Notes to Financial Statements
December 31, 2019 and 2018

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2018				
Investments by Fair Value Level				
Equity securities – diversified	\$ 314,192,434	\$ 314,192,434	\$ -	\$ -
Equity securities – foreign	49,083,451	49,083,451	-	-
Equity mutual funds	628,807,985	152,427,014	476,380,971	-
International equity mutual funds	120,902,724	-	120,902,724	-
Fixed income mutual funds	410,702,959	188,445,930	222,257,029	-
U.S. government obligations	2,701,208	2,701,208	-	-
Corporate bonds	72,671,322	-	72,671,322	-
Collateralized mortgage obligations	41,966,174	-	41,966,174	-
Mortgage-backed securities	9,388,481	-	9,388,481	-
	<u>1,650,416,738</u>	<u>706,850,037</u>	<u>943,566,701</u>	<u>-</u>
Total investments by fair value level				
Investments Measured at the Net Asset Value (NAV) ^(A)				
Private equity funds	71,764,745			
Private debt funds	39,558,265			
Equity long/short hedge funds	29,872,079			
Commercial real estate funds	26,716,623			
Bank recapitalization and value opportunities funds	12,186,906			
Energy funds	17,211,848			
Opportunistic credit funds	27,738,521			
	<u>225,048,987</u>			
Total investments measured at the NAV	<u>225,048,987</u>			
Total investments measured at fair value	<u>\$ 1,875,465,725</u>	<u>\$ 706,850,037</u>	<u>\$ 943,566,701</u>	<u>\$ -</u>

(A) Certain investments that are measured using the NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of fiduciary net position.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2019 and 2018

Investments

The valuation method for investments measured at the NAV per share (or its equivalent) is presented below.

	December 31, 2019			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds ^(A)	\$ 64,451,634	\$ 43,463,818		
Private equity funds ^(A)	7,778,072	-	Semi-annually	5 Months
Private debt funds ^(B)	45,419,403	15,830,019		
Equity long/short hedge funds ^(C)	34,651,424	-	Quarterly	90 Days
Commercial real estate funds ^(D)	27,618,071	-	Quarterly	45 Days
Bank recapitalization and value opportunistic funds ^(E)	13,248,865	2,740,000		
Energy funds ^(F)	12,023,601	600,983		
Opportunistic credit funds ^(G)	40,868,753	-	Annually	90 Days

	December 31, 2018			
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity funds ^(A)	\$ 64,276,109	\$ 29,020,080		
Private equity funds ^(A)	7,488,636	-	Semi-annually	5 Months
Private debt funds ^(B)	39,558,265	26,951,838		
Equity long/short hedge funds ^(C)	29,872,079	-	Quarterly	90 Days
Commercial real estate funds ^(D)	26,716,623	-	Quarterly	45 Days
Bank recapitalization and value opportunistic funds ^(E)	12,186,906	9,824,000		
Energy funds ^(F)	17,211,848	600,983		
Opportunistic credit funds ^(G)	27,738,521	-	Annually	90 Days

- (A) This category includes investments in several private companies. Most of these investments can never be redeemed with the funds. Distributions from each fund will be made as the underlying investments of the funds are liquidated.
- (B) This category includes a diversified portfolio of private debt investments in transactions sponsored by private equity sponsors, including leverage buyouts, refinancing, acquisitions and growth capital. These investments can never be redeemed with the funds.
- (C) This category includes investments in hedge funds that take both long and short positions in equities. Management of the funds has the ability to shift investments among differing investment strategies.
- (D) This category includes several real estate funds that invest primarily in U.S. commercial real estate. Distributions from each fund will be made as the underlying investments of the funds are liquidated.

Arkansas Local Police and Fire Retirement System

Notes to Financial Statements

December 31, 2019 and 2018

- (E) This category invests primarily in performing, underperforming or nonperforming loans, asset-backed securities, residential and commercial real estate and other debt instruments. These investments can never be redeemed with the funds.
- (F) This fund invests primarily in oil and gas and minerals and royalties. These investments can never be redeemed with the funds.
- (G) This category includes a diversified portfolio of loans and bonds. These investments can be redeemed annually after a 90 day notice period.

Note 6: Risks and Uncertainties

The System invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

System contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Note 7: Change in Accounting Principle

The System adopted Governmental Accounting Standards Board Statement No. 87, *Leases* (GASB 87), in the current year. Under the standard, lessees will now be required to recognize substantially all long-term leases on the statement of net position as both a right-to-use asset and a lease liability. In addition, lessors will be required to recognize a lease receivable and a deferred inflow of resources. GASB 87 also requires leases to be evaluated for the identification of lease and nonlease components in a contract. Adoption of GASB 87 resulted in the recording of a lease receivable and a deferred inflow of resources as of December 31, 2019 and 2018.

Note 8: Subsequent Events

There has been significant volatility in the investment markets both nationally and globally since December 31, 2019, resulting in an overall market decline in certain market segments which has resulted in a decline in the value of our investment portfolio as of April 16, 2020, which is the date the financial statements were available to be issued.

Required Supplementary Information

Arkansas Local Police and Fire Retirement System

Required Supplementary Information

Schedule of Changes in Net Pension Liability and Related Ratios

	2019	2018	2017	2016	2015	2014
Total Pension Liability						
Service cost	\$ 59,701,701	\$ 61,057,199	\$ 52,999,883	\$ 52,411,007	\$ 50,466,076	\$ 51,147,644
Interest on the total pension liability	194,307,497	182,428,731	170,545,435	157,522,879	146,226,976	134,748,677
Benefit changes	-	(24,831,215)	-	-	-	272,375
Differences between expected and actual experience	64,405,712	32,299,710	27,286,660	19,163,957	5,172,371	(1,779,051)
Assumption changes	-	-	219,939,183	-	53,731,281	-
Benefit payments, DROP Distributions and Refunds	(87,057,377)	(74,102,672)	(64,420,008)	(58,298,612)	(45,407,579)	(35,732,645)
Net Change in Total Pension Liability	231,357,533	176,851,753	406,351,153	170,799,231	210,189,125	148,657,000
Total Pension Liability, Beginning of Year	2,789,499,220	2,612,647,467	2,206,296,314	2,035,497,083	1,825,307,958	1,676,650,958
Total Pension Liability, End of Year	\$ 3,020,856,753	\$ 2,789,499,220	\$ 2,612,647,467	\$ 2,206,296,314	\$ 2,035,497,083	\$ 1,825,307,958
Plan Fiduciary Net Position						
Employer contributions	\$ 88,524,836	\$ 83,861,098	\$ 77,416,248	\$ 75,298,216	\$ 67,624,600	\$ 63,964,129
Employee contributions	25,157,606	24,456,628	23,429,576	21,816,086	21,187,024	21,844,747
Other contributions	180,761	87,756	54,467	38,872	34,066	56,744
Pension plan net investment income	345,816,336	(53,604,321)	227,217,628	88,592,090	1,642,306	95,052,926
Benefit payments, DROP distributions and refunds	(87,057,377)	(74,102,672)	(64,503,839)	(58,298,612)	(45,407,579)	(35,732,645)
Pension plan administrative expense	(3,041,397)	(3,553,631)	(2,955,186)	(2,665,399)	(2,482,123)	(2,258,660)
Net Change in Plan Fiduciary Net Position	369,580,765	(22,855,142)	260,658,894	124,781,253	42,598,294	142,927,241
Plan Fiduciary Net Position, Beginning of Year	1,836,535,754	1,859,390,896	1,598,732,002	1,473,950,749	1,431,352,455	1,288,425,214
Plan Fiduciary Net Position, End of Year	\$ 2,206,116,519	\$ 1,836,535,754	\$ 1,859,390,896	\$ 1,598,732,002	\$ 1,473,950,749	\$ 1,431,352,455
Net Pension Liability, End of Year	\$ 814,740,234	\$ 952,963,466	\$ 753,256,571	\$ 607,564,312	\$ 561,546,334	\$ 393,955,503
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	73.03%	65.84%	71.17%	72.46%	72.41%	78.42%
Covered Payroll	\$ 371,574,513	\$ 356,127,157	\$ 339,098,676	\$ 329,344,355	\$ 320,487,331	\$ 310,870,608
Plan's Net Pension Liability as a Percentage of Covered Payroll	219.27%	267.59%	222.13%	184.48%	175.22%	126.73%

Note: This schedule is presented to illustrate the requirement to show 10 years of information for the cost-sharing multiple-employer defined benefit pension plan. However, until a full 10-year trend is compiled, years for which the information is available will be presented.

Arkansas Local Police and Fire Retirement System Required Supplementary Information Schedule of Employer Contributions

Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
12/31/2010	\$ 42,909,816	\$ 42,909,816	-	\$ 265,628,662	16.15%
12/31/2011	50,273,110	50,273,110	-	274,656,592	18.30%
12/31/2012	52,566,774	52,566,774	-	282,170,105	18.63%
12/31/2013	58,394,334	58,394,334	-	296,617,370	19.69%
12/31/2014	63,964,129	63,964,129	-	310,870,608	20.58%
12/31/2015	67,624,600	67,624,600	-	320,487,331	21.10%
12/31/2016	75,298,216	75,298,216	-	329,344,355	22.86%
12/31/2017	77,410,021	77,410,021	-	339,098,676	22.83%
12/31/2018	83,861,098	83,861,098	-	356,127,157	23.55%
12/31/2019	88,524,836	88,524,836	-	371,574,513	23.82%

Valuation Date: Actuarially determined contribution rates are calculated as of December 31, 2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	17.0 years beginning January 1, 2019
Asset Valuation Method	5-Year smoothed market, 20% corridor
Wage Inflation	3.25%
Price Inflation	2.50%
Salary Increases	3.75% to 18.25% as adopted by the Board
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last update for the 2017 valuation pursuant to an experience study of the period 2012–2016.
Mortality	RP-2014 Healthy Annuitant, Disabled Retiree and Employee mortality tables for males and females. The tables applied credibility adjustments of 135% for males and 125% for females and were adjusted for fully generational mortality improvements using Scale MP-2016.

Other Information:

Notes: There were no changes in benefit provisions or methods in the December 31, 2017, actuarial valuation. There were changes in the assumptions following an experience study of the period 2012–2016. The Schedule of Employer Contributions, methods and assumptions are for the cost-sharing multiple-employer defined pension plan.

Arkansas Local Police and Fire Retirement System
Required Supplementary Information
Schedule of Investment Returns

Fiscal Year Ending	Annual Money-Weighted Rate of Return, Net of Investment Expense
12/31/2010	9.57%
12/31/2011	0.20%
12/31/2012	11.17%
12/31/2013	17.33%
12/31/2014	6.80%
12/31/2015	-0.05%
12/31/2016	5.76%
12/31/2017	14.48%
12/31/2018	-2.59%
12/31/2019	19.00%

Note: This schedule provides the returns for the cost-sharing multiple-employer defined benefit pension plan and the agent multiple-employers defined benefit pension plans.

Other Supplementary Information

Arkansas Local Police and Fire Retirement System
Schedule of Administrative Expenses
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Personal Services		
Staff expense	\$ 750,974	\$ 727,322
Professional Services		
Computer operations/process	1,829,823	2,441,284
Audit services	92,600	89,250
Actuarial services	328,100	315,500
Legal services	130,000	135,615
Medical advisor/related	56,874	32,887
Total professional services	<u>2,437,397</u>	<u>3,014,536</u>
General Operating Expense		
Insurance expense	55,444	55,042
Office equipment	27,067	28,832
Office supplies	29,368	14,329
Printing	22,308	18,114
Telephone	18,500	17,507
Postage	15,678	17,494
Publications	1,853	1,299
Travel/professional education/conferences	41,117	51,828
Board/kitchen supplies	3,605	2,966
Miscellaneous	-	23,711
Total general operating expense	<u>214,940</u>	<u>231,122</u>
Total expenses	<u>3,403,311</u>	<u>3,972,980</u>
Depreciation expense	<u>33,922</u>	<u>33,922</u>
Total Administrative Expenses	<u><u>\$ 3,437,233</u></u>	<u><u>\$ 4,006,902</u></u>

Arkansas Local Police and Fire Retirement System
Schedule of Investment Expenses
Years Ended December 31, 2019 and 2018

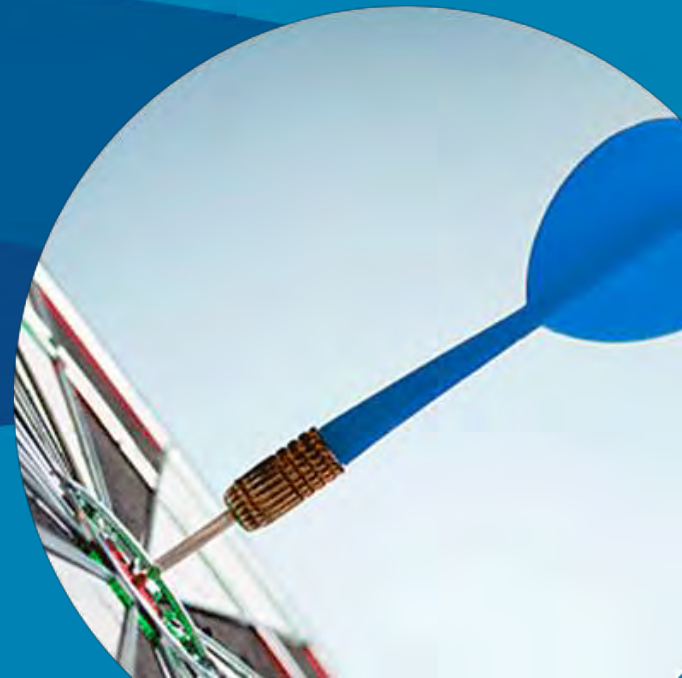
	<u>2019</u>	<u>2018</u>
Investment consulting fees	\$ 760,000	\$ 760,000
Money manager fees	5,404,962	5,281,981
Custodial fees	216,000	162,000
Investment monitor expenses	<u>218,450</u>	<u>203,450</u>
 Total investment expenses	 <u>\$ 6,599,412</u>	 <u>\$ 6,407,431</u>



Arkansas Local Police and Fire Retirement System Valuation Results as of December 31, 2019

June 11, 2020 Board Meeting

Presented by: David L. Hoffman
Heidi G. Barry ASA, FCA, MAAA
Casey T. Ahlbrandt-Rains, ASA, MAAA



Summary of Results

- Overall, experience was unfavorable during calendar year 2019 driven primarily by recognition of prior market losses and mortality losses
- The market value return for the year was 18.6% and 6.9% on a funding value basis
- The market value of assets exceeded the funding value of assets by \$76.5 million
 - This is a favorable position
 - In the prior year the funding value exceeded the market value by \$155.4 million
- There were no benefit provision changes for the December 31, 2019 actuarial valuation and no changes in actuarial assumptions or methods

LOPFI Paid Employer Contribution Rate

- The computed uniform rate for LOPFI paid service employers is 23.17% for Fiscal Year 2021; an increase from 22.84% a year ago
- This rate reflects the continuing Board policy of increasing all individual location employer rates by 1% of pay until all or most employer rates can be merged into a single uniform paid service employer rate
- The maximum rate for Benefit Program 1 employers for calendar year 2021 is 23.50% of payroll (unchanged from the previous year as a result of Board action)
- The average contribution rate is based on a 16.5-year amortization period compared to a 16.1-year period a year ago

LOPFI Paid Employer Contribution Rate

- For the following three years, the computed uniform rate will be 23.38%, 23.52% and 23.62%, assuming no change in the maximum rate occurs
- If near term experience matches expectations, in particular that market value returns of 7.50% are achieved each year for the next four years, the phase-in of these yet to be recognized gains will decrease the paid service employer contribution rate by 1.44% of active member payroll to 21.73%
- Rather than lowering the employer contribution rate as the gain is phased-in, if the current policy is continued the effect of the phase in will be lowering the amortization period by 2.3 years at the end of the phase-in

LOPFI Paid Employer Contribution Rate

- The employer contribution rates are the sum of contributions for normal costs (current service cost) and amortization of unfunded actuarial accrued liabilities (past service cost)
- In the very long term, if the assumptions used are exactly realized, the employer contribution rates will be equal to the normal costs only
- For paid service employers the normal cost is 8.91% of pay
- We will continue to recommend that the Section 24-10-405(h)(1) limits be removed (or at least increased)
 - This limit hinders the complete implementation of the single paid service employer rate and may, over the long run, impair the ability to maintain a sound retirement plan

LOPFI Volunteer Employer Contribution Rate

- The computed uniform volunteer service is \$59.00 per active member per month
- The average contribution rate is based on a 16.5-year amortization period compared to a 16.7-year period a year ago
- The employer contribution rates are the sum of contributions for normal costs (current service cost) and amortization of unfunded actuarial accrued liabilities (past service cost)
- In the very long term, if the assumptions used are exactly realized, the employer contribution rates will be equal to the normal costs only
- For volunteer service employers the normal cost is \$24.39 per member per month (in 2019 dollars, increasing annually by CPI)

Summary of Results

- Note that the investment return assumption adopted by the Board fell outside the range we deemed reasonable
- If, for example, an investment return assumption of 7.0% had been used for the December 31, 2019 valuation, the amortization period would have extended to 32 years for paid service and 26 years for volunteer service

LOPFI Covered Groups and Covered Persons Paid Service

	Valuation Groups	Active Members*			Inflation Increase % (CPI)		Valuation Groups	Active Members*			Inflation Increase % (CPI)		
		Number	Annual Payroll	Average Pay				% Increase	Number	Annual Payroll		Average Pay	% Increase
12/31/1985	93	700	\$10,502,018	\$15,003	9.3 %	3.8 %	12/31/2003	233	4,849	\$ 176,054,967	\$36,307	4.9 %	1.9 %
12/31/1986	97	919	14,843,296	16,152	7.7	1.1	12/31/2004	236	4,966	187,341,513	37,725	3.9	3.3
12/31/1987	108	1,118	18,803,244	16,819	4.1	4.4	12/31/2005	236	5,115	197,501,660	38,612	2.4	3.4
12/31/1988	118	1,356	24,370,084	17,972	6.9	4.4	12/31/2006	247	5,328	212,949,694	39,968	3.5	2.5
12/31/1989	118	1,501	28,385,618	18,911	5.2	4.6	12/31/2007	261	5,603	230,177,530	41,081	2.7	4.1
12/31/1990	127	1,739	34,461,972	19,817	4.8	6.1	12/31/2008	258	5,640	241,675,203	42,850	4.3	0.1
12/31/1991	138	2,007	41,583,379	20,719	4.6	3.1	12/31/2009	269	5,907	261,726,443	44,308	3.4	2.7
12/31/1992	142	2,224	49,239,623	22,140	6.9	2.9	12/31/2010	274	5,949	264,905,380	44,529	0.5	1.5
12/31/1993	156	2,477	56,890,921	22,968	3.7	2.7	12/31/2011	275	6,016	272,769,765	45,341	1.8	3.0
12/31/1994	168	2,807	67,309,774	23,979	4.4	2.7	12/31/2012	272	6,139	282,170,105	45,964	1.4	1.7
12/31/1995	181	3,194	79,215,838	24,801	3.4	2.5	12/31/2013	272	6,245	296,617,371	47,497	3.3	1.5
12/31/1996	188	3,472	90,391,226	26,034	5.0	3.3	12/31/2014	276	6,323	307,405,199	48,617	2.4	0.8
12/31/1997	202	3,715	101,864,148	27,420	5.3	1.7	12/31/2015	285	6,430	316,897,246	49,284	1.4	0.7
12/31/1998	208	3,998	113,830,550	28,472	3.8	1.6	12/31/2016	283	6,551	326,005,293	49,764	1.0	2.1
12/31/1999	215	4,301	128,200,592	29,807	4.7	2.7	12/31/2017	285	6,651	338,620,737	50,913	2.3	2.1
12/31/2000	228	4,493	137,294,908	30,558	2.5	3.4	12/31/2018	290	6,755	350,639,235	51,908	2.0	1.9
12/31/2001	230	4,573	148,713,511	32,520	6.4	1.6	12/31/2019	294	6,889	367,225,538	53,306	2.7	2.3
12/31/2002	236	4,720	163,420,616	34,623	6.5	2.4							

* Includes DROP participants, if any



LOPFI Covered Groups and Covered Persons Volunteer Service

Total Volunteer	Valuation Groups*	Number of Active Members	Inflation Increase % (CPI)	Total Volunteer	Valuation Groups*	Number of Active Members	Inflation Increase % (CPI)
12/31/1985	168	758	N/A	12/31/2003	290	4,088	1.9%
12/31/1986	187	1,022	N/A	12/31/2004	306	4,406	3.3
12/31/1987	205	1,246	N/A	12/31/2005	325	4,650	3.4
12/31/1988	210	1,424	N/A	12/31/2006	341	4,905	2.5
12/31/1989	219	1,626	N/A	12/31/2007	461	6,620	4.1
12/31/1990	219	1,824	N/A	12/31/2008	457	6,603	0.1
12/31/1991	228	2,007	3.1%	12/31/2009	468	6,551	2.7
12/31/1992	236	2,172	2.9	12/31/2010	485	6,734	1.5
12/31/1993	241	2,375	2.7	12/31/2011	512	7,034	3.0
12/31/1994	247	2,462	2.7	12/31/2012	511	7,029	1.7
12/31/1995	246	2,693	2.5	12/31/2013	534	7,140	1.5
12/31/1996	252	2,905	3.3	12/31/2014	554	7,347	0.8
12/31/1997	258	3,077	1.7	12/31/2015	566	7,304	0.7
12/31/1998	256	3,183	1.6	12/31/2016	573	7,391	2.1
12/31/1999	261	3,407	2.7	12/31/2017	579	7,341	2.1
12/31/2000	262	3,490	3.4	12/31/2018	596	7,461	1.9
12/31/2001	265	3,601	1.6	12/31/2019	601	7,533	2.3
12/31/2002	280	3,858	2.4				

* Prior to the 12/31/2007 valuation, valuations were performed for each employer division. Beginning with the 12/31/2007 valuation, the employer divisions are combined into one valuation group.



LOPFI Covered Groups and Covered Persons

Active Paid Members*

Number.....	6,889
Average Age.....	39.2 years
Average Length of Service.....	12.5 years
Average Annual Salary.....	\$53,306

Active Volunteer Members

Number.....	7,533
Average Age.....	41.6 years
Average Length of Service.....	10.5 years

Terminated Vested Members / Other

8,088

** Includes 380 DROP participants*

LOPFI Covered Groups and Covered Persons

Total Retirees and Survivors

Number.....	6,743*
Average Monthly Benefit.....	\$1,116@

2019 Retirees and Survivors

<u>Normal</u>		<u>Duty Related Disability</u>	
Number	5,657*	Number	379
Average Age	61.6 years	Average Age	52.6 years
Average Length of Service	14.8 years	Average Length of Service	10.4 years
Average Monthly Benefit	\$1,063	Average Monthly Benefit	\$2,821
<u>Survivors (Death in Service)</u>		<u>Non-Duty Related Disability</u>	
Number	313	Number	394
Average Age	39.6 years	Average Age	52.6 years
Average Monthly Benefit	\$283	Average Length of Service	8.8 years
		Average Monthly Benefit	\$895

* Includes DROP participants

@ Average monthly benefit is \$2,032 and \$96 for paid service members and volunteer service members, respectively



Development of Actuarial Value of Assets

Year Ended December 31:	2015	2016	2017	2018	2019
A. Funding Value Beginning of Year	\$1,554,175,988	\$1,702,593,072	\$1,857,485,451	\$2,066,004,218	\$2,235,288,171
B. Market Value End of Year	1,646,678,312	1,770,838,998	2,074,618,439	2,079,853,157	2,474,511,579
C. Market Value Beginning of Year	1,610,091,699	1,646,678,312	1,770,838,998	2,074,618,439	2,079,853,157
D. Non-Investment Net Cash Flow	37,416,976	28,455,864	53,667,520	69,683,253	7,267,608
E. Investment Income					
E1. Market Total: B - C - D	(830,363)	95,704,822	250,111,921	(64,448,535)	387,390,814
E1(a). Assumed Rate of Return	8.00%	7.75%	7.75%	7.50%	7.50%
E2. Amount for Immediate Recognition	125,830,748	133,053,628	146,034,739	157,563,438	167,919,148
E3. Amount for Phased-In Recognition E1-E2	(126,661,111)	(37,348,806)	104,077,182	(222,011,973)	219,471,666
F. Phased-In Recognition of Investment Income					
F1. Current Year: 0.20 x E3	(25,332,222)	(7,469,761)	20,815,436	(44,402,395)	43,894,333
F2. First Prior Year	(1,573,797)	(25,332,222)	(7,469,761)	20,815,436	(44,402,395)
F3. Second Prior Year	22,376,852	(1,573,797)	(25,332,222)	(7,469,761)	20,815,436
F4. Third Prior Year	5,381,814	22,376,852	(1,573,797)	(25,332,222)	(7,469,761)
F5. Fourth Prior Year	<u>(15,683,287)</u>	<u>5,381,815</u>	<u>22,376,852</u>	<u>(1,573,796)</u>	<u>(25,332,223)</u>
F6. Total Recognized Investment Gain	(14,830,640)	(6,617,113)	8,816,508	(57,962,738)	(12,494,610)
G. Funding Value End of Year: A + D + E2 + F6	1,702,593,072	1,857,485,451	2,066,004,218	2,235,288,171	2,397,980,317
120% Corridor	1,976,013,974	2,125,006,798	2,489,542,127	2,495,823,788	2,969,413,895
80% Corridor	1,317,342,650	1,416,671,198	1,659,694,751	1,663,882,526	1,979,609,263
Funding Value End of Year	1,702,593,072	1,857,485,451	2,066,004,218	2,235,288,171	2,397,980,317
H. Difference between Market & Funding Value	(55,914,760)	(86,646,453)	8,614,221	(155,435,014)	76,531,262
I. Recognized Rate of Return	7.06%	7.36%	8.22%	4.74%	6.94%
J. Market Rate of Return	(0.05%)	5.76%	13.91%	(3.06%)	18.59%
K. Ratio of Funding Value to Market Value	103.40%	104.89%	99.58%	107.47%	96.91%

Schedule of Funding Progress

LOPFI and Local Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age		Unfunded AAL (UAAL) (c) = (b) - (a)	Funded Ratio (d) = (a)/(b)	Annual Covered Payroll (e)	UAAL as a Percentage of Covered Payroll (f) = (c)/(e)
		Actuarial Accrued Liability (AAL) (b)					
12/31/2005	\$ 653,546,976	\$ 842,926,984		\$ 189,380,008	78%	\$ 207,890,440	91%
12/31/2006	724,746,827	927,816,659		203,069,832	78%	222,107,556	91%
12/31/2007	827,546,002	1,054,599,720		227,053,718	78%	235,337,218	96%
12/31/2008 #	788,633,082	1,200,515,663		411,882,581	66%	245,775,341	168%
12/31/2009	878,958,364	1,379,093,412		500,135,048	64%	265,123,993	189%
12/31/2010	982,154,992	1,519,527,855		537,372,863	65%	268,424,127	200%
12/31/2011	1,070,685,918	1,654,156,087		583,470,169	65%	275,850,081	212%
12/31/2012 #	1,169,357,127	1,805,815,641		636,458,514	65%	284,595,308	224%
12/31/2013	1,391,830,575	2,069,345,139		677,514,564	67%	298,805,693	227%
12/31/2014	1,554,175,988	2,235,441,597		681,265,609	70%	307,760,404	221%
12/31/2015 #	1,702,593,072	2,455,768,287		753,175,215	69%	317,133,046	237%
12/31/2016	1,857,485,451	2,623,115,852		765,630,401	71%	326,307,029	235%
12/31/2017 #	2,066,004,218	2,892,057,540		826,053,322	71%	338,837,262	244%
12/31/2018 +	2,235,288,171	3,154,883,796		919,595,625	71%	350,825,283	262%
12/31/2019	2,397,980,317	3,365,160,599		967,180,282	71%	367,406,964	263%

After changes in actuarial valuation assumptions

+ After legislated benefit changes and board policy changes



Schedule of Funding Progress

LOPFI Paid Service (Excluding Local Plans)

Valuation Date	Valuation Groups	Active Members	Actuarial Accrued Liabilities	Actuarial Valuation Assets	Assets/ Liabilities	Average Contribution Rate	Amortization Period (Yrs.)
12/31/2005	236	5,115	\$ 589,536,989	\$ 546,315,508	93 %	15.04 %	30.0
12/31/2006	247	5,328	679,947,017	633,759,848	93	15.11	30.0
12/31/2007	261	5,603	790,780,919	740,968,085	94	15.16	30.0
12/31/2008 #+	258	5,640	941,808,816	778,148,309	83	15.30	30.0
12/31/2009	269	5,907	1,089,212,977	765,350,382	70	17.25	30.0
12/31/2010	274	5,949	1,188,842,953	840,895,829	71	17.03	30.0
12/31/2011	275	6,016	1,307,344,445	928,177,445	71	18.01	30.0
12/31/2012 #+	272	6,139	1,434,209,374	1,031,482,975	72	18.97	22.3
12/31/2013	272	6,245	1,592,077,174	1,188,197,455	75	19.39	19.5
12/31/2014	276	6,323	1,734,569,468	1,335,956,221	77	20.12	16.3
12/31/2015 #	285	6,430	1,937,302,402	1,463,508,550	76	21.04	18.8
12/31/2016	283	6,551	2,101,909,805	1,607,578,162	76	21.90	16.8
12/31/2017 #	285	6,651	2,317,272,762	1,774,216,157	77	22.44	17.0
12/31/2018 +	290	6,755	2,477,962,759	1,890,785,753	76	22.84	16.1
12/31/2019	294	6,889	2,688,706,314	2,046,963,145	76	23.17	16.5

After changes in actuarial valuation assumptions

+ After legislated benefit changes and board policy changes

Note: Beginning with the December 31, 2011 valuations, paid employers are not separately experience rated. It is anticipated that the applicable rate for each employer will increase by 1% of active member payroll each year until all or most employers can be merged into a single uniform paid service employer rate.



Schedule of Funding Progress

LOPFI Volunteer Service (Excluding Local Plans)

Valuation Date	Valuation Groups	Active Members	Actuarial Accrued Liabilities	Actuarial Valuation Assets	Assets/Liabilities	Average Contribution Rate	Amortization Period (Yrs.)
12/31/2005	325	4,650	\$ 28,869,651	\$ 19,106,574	66 %	\$ 32.30	30.0
12/31/2006	341	4,905	33,214,438	21,250,207	64	33.91	30.0
12/31/2007	461	6,620	47,026,093	26,468,537	56	39.15	30.0
12/31/2008 #	457	6,603	53,074,090	24,187,269	46	46.14	30.0
12/31/2009	468	6,551	58,959,579	27,103,260	46	49.15	29.0
12/31/2010	485	6,734	64,586,619	32,173,609	50	49.62	28.0
12/31/2011	512	7,034	71,670,610	36,812,938	51	51.56	27.0
12/31/2012 #	511	7,029	78,626,100	42,114,214	54	53.75	26.0
12/31/2013	534	7,140	84,573,784	49,562,326	59	52.68	25.0
12/31/2014	554	7,347	90,183,301	57,093,309	63	52.68	20.7
12/31/2015 #	566	7,304	97,465,046	62,673,098	64	54.13	21.2
12/31/2016	573	7,391	103,714,962	69,786,157	67	55.62	18.5
12/31/2017 #	579	7,341	112,025,766	77,776,841	69	59.00	16.0
12/31/2018	596	7,461	118,978,599	83,364,148	70	59.00	16.7
12/31/2019	601	7,533	126,633,600	91,327,397	72	59.00	16.5

After changes in actuarial valuation assumptions

+ After legislated benefit changes and board policy changes

Note: Beginning with the December 31, 2007 valuations, volunteer employers are not separately experience rated.



THANK YOU

Disclaimers

- This presentation is intended to be used in conjunction with the December 31, 2019 actuarial valuation report which will be issued shortly. This presentation should not be relied on for any purpose other than the purpose described in the valuation report.
- This presentation shall not be construed to provide tax advice, legal advice or investment advice.
- Readers are cautioned to examine original source materials and to consult with subject matter experts before making decisions related to the subject matter of this presentation.
- If anything in this presentation or in the full report appears to you to be incorrect or if you need additional information in order to make an informed decision on matters discussed herein, please contact the authors.
- This presentation expresses the views of the authors and does not necessarily express the views of Gabriel, Roeder, Smith & Company.

LOPFI

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

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To: LOPFI Board of Trustees

From: David B. Clark
Executive Director

Re: Amendments to Rule 16

Date: May 11, 2020

Included with this memo is a markup of Board Rule 16. There are stylistic changes and also material ones recommended by the Disability Advisory Committee. New language is underlined and text to be removed contains a strikethrough. All changes were reviewed and approved by LOPFI legal counsel. A summary of the proposed changes is as follows:

Board Rule 16-

This Rule provides the procedures for the administration of the disability program for LOPFI and the Local Plans administered by LOPFI. Stylistic changes such as changing “Board of Trustees” to “the Board” and eliminating “group” when referring to “employers” are found throughout the markup. The more substantive changes are:

1. In paragraph I. A., the description for who is eligible to apply for disability retirement was improved.
2. In paragraph III. C. any applicant applying for a psychological-based disability must provide opinions from physicians who are trained and credentialed in the respective field pertaining to the psychological condition. And robust treatment (six consecutive months that have at least three treatment/counseling sessions in each of those months) must occur to help substantiate the total and permanent aspect. These criteria were suggested by LOPFI’s medical advisors.
3. In paragraph III. D. language was added to ensure all evidence to be a part of the disability file must be provided directly to LOPFI. In other words, applicants or their representatives cannot exclude the retirement system from having full disclosure of the available records if he/she expects the information to be a part of the evaluative record.
4. Paragraphs VIII. A., B., C., D., were amended to be more reflective of the variations in benefit provisions of Local Plans administered by LOPFI.
5. Paragraph X. has new language that places a specified duration of time an applicant has to re-open an administratively closed file. Currently there is no end point to re-open a case. The timeframe will now have a

LOPFI Board of Trustees
May 11, 2020
Page 2 of 2

stated limit of six months (180 calendar days). The applicant must still provide a written and signed request that is accompanied with all previously requested items to have a case re-opened. After the expiration of the six-month limit, the file will be permanently closed. LOPFI will ensure the administrative closing letter expressly states the six-month time limit.

6. Paragraph XI., was rewritten so that instances when a disability retirant wants to return to service as a police officer/firefighter, the medical release information will be easier to obtain and provide to LOPFI.

In the event you have any questions, please feel free to contact me at your convenience. Thank you.

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

LOPFI BOARD RULE #16

APPROVED: October 11, 1984
 AMENDED: July 14, 1988
 AMENDED: October 17, 1989
 AMENDED: December 19, 1991
 AMENDED: June 10, 1993
 AMENDED: March 23, 1995
 AMENDED: June 21, 2007
 AMENDED: December 3, 2009
 AMENDED: September 1, 2011
 AMENDED: March 6, 2013
 AMENDED: December 1, 2016
 AMENDED: December 6, 2018
 AMENDED: March 7, 2019
AMENDED: June 11, 2020

STANDARDS FOR LOPFI DISABILITY DETERMINATIONS

I. Disability Defined

- A. A LOPFI-covered member or former member who is eligible to apply for disability retirement (member) shall be determined to be under a total and permanent disability only if the physical or mental impairment(s) are of such severity that the member is unable to perform his or her previous duty as a police officer or firefighter.
- B. Provided, if any member has been satisfactorily performing his or her duties, and there has been no acute, grave illness or injury or deterioration of their physical or mental condition in the immediate past, then the member is not disabled for LOPFI disability retirement purposes.
- C. In instances where a member seeks a non-duty disability retirement and the member is eligible for an immediate unreduced LOPFI retirement benefit, the application shall be processed as a normal service retirement, not a non-duty disability application. In such cases, the value of the LOPFI retirement benefit is the same; therefore, the System shall process the application in a manner that provides a retirement benefit to the member as promptly as possible and remain as cost effective as possible for LOPFI.
- D. LOPFI recognizes that a retirement system-covered member may be required to perform departmental duties even when he/she is acting in an off-duty capacity. For the purpose of this Board Rule “off-duty capacity” means the LOPFI-covered member operated in accordance with his/her departmental policy/regulation by fulfilling his/her responsibilities as a police officer or firefighter. When such action results in a disabling condition, the LOPFI Board of Trustees (the Board) shall retain the

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

LOPFI BOARD RULE #16 (continued)

authority to determine if the disability is considered a duty-related or non-duty-related event. For a duty-related application the member's applicable LOPFI-covered department shall:

1. Certify, in writing, their police officer/firefighter complied with departmental policy/regulation by acting in his/her official capacity as a LOPFI-covered member.
2. Explain, in writing, how/why the department supports the application as being from a duty-related event as opposed to a non-duty-related event.
3. Remit all employer and member contributions associated with the disabling event. To determine applicable contributions, the employer will be required to report the member as active i.e. in an on-duty status beginning immediately before the disabling event occurred and continuing through the remainder of that workday. LOPFI will calculate applicable employer and member contributions based on the pay information provided by the employer. LOPFI may request supporting documentation to assist with validating the reported pay. If the member was receiving remuneration from an entity other than their LOPFI-covered employer immediately before an alleged disabling event (the member was serving in a position with a separate employer) and wishes to apply for a duty-related disability retirement, the member must be removed from the payroll of that separate employer for time served immediately before and continuing forward from that alleged disabling event. The member must then be placed on the payroll of their LOPFI-covered employer for the hour immediately before and the time continuing forward from the alleged disabling event in order to make application for a duty-related disability retirement. Additionally, if a paid member of a LOPFI-covered department is serving as a volunteer with a separate volunteer police/fire department at the time of the alleged disabling event, then LOPFI will not consider the alleged disabling event as duty-related with the paid service department.

II. Documentation Procedures for Disability Determination

- A. For duty-related applications, the employer ~~groups~~ shall certify, in writing, to LOPFI that an injury or disease causing the disability was or was not duty-related. Duty-related means the disabling condition shall have arisen as a result of the actual performance of the member's departmental duties. For LOPFI disability purposes, departmental duties will include departmental training and training to become a police officer or firefighter. This written statement is not a medical opinion. It must include supporting facts for the request for disability retirement. The statement must be signed by the member's supervisor or the chief administrator of the department or employer ~~group~~ and include a copy of the member's job description, if available. LOPFI may, but is not required to, request an employer statement in non-duty disability cases as part of the fact

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

LOPFI BOARD RULE #16 (continued)

gathering process. The employer group shall provide the certification described in this paragraph.

- B. The member shall sign a LOPFI-approved Release of Information form, authorizing access by the System and its advisors to all records concerning the member's disability application. It is solely the member's responsibility to obtain and provide to LOPFI all records pertaining to the disability application. In addition, the member shall submit a signed member statement that describes the facts surrounding the disability, state whether it is duty or non-duty related, and state that the member is totally and permanently disabled from his or her duties.
- C. Pre-existing conditions shall be excluded from LOPFI disability coverage. For eligibility determinations the employer group will be asked to submit a copy of the member's employment physical. Any such pre-existing condition(s) should appropriately be noted and maintained as a permanent part of the employee's records. The employment physical for police officers shall include a psychological stress test.
- D. Drug addiction and/or alcoholism may not be considered as a basis for disability determination. Any such problems or rehabilitation efforts are the responsibility of the employer group. LOPFI will not approve an application for disability retirement for such conditions.
- E. Medical evidence and forms must be submitted to LOPFI in hardcopy format. Faxed items will not be considered acceptable. X-rays and/or MRIs should be delivered in disc format.
- F. All disability determinations shall be made in compliance with procedures established by the LOPFI Board of Trustees.

III. Medical Advisor

- A. LOPFI will work with a team of physicians who shall serve as its advisors on disability determinations. These physicians will be specialists, i.e. cardiologist, neurosurgeon, diagnostic internist, etc., although one may be a general practitioner.
- B. A member's physician(s), who must be a specialist(s) such as an orthopedist, cardiologist, psychiatrist, etc., shall be deemed as the member's physician(s) of record. A member's physician(s) shall properly complete a LOPFI-approved Physician's Statement form and include all objective information related to the application for disability retirement and which clearly form the basis for the physician(s) opinion(s).

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

LOPFI BOARD RULE #16 (continued)

- C. For duty-related disability retirement applications based on psychological, blood-borne diseases, or cancer, the member shall submit at least two (2) properly completed Physician's Statement forms from separate treating specialists as described in paragraph B above. All applications (duty or non-duty) attributed to psychological-related disorders, such as post-traumatic stress disorder, mood disorders, such as depression, or anxiety disorders, such as panic attacks, the member's physician(s) must be specifically trained and credentialed to diagnose and treat the respective condition(s). All mental health-related applicants (duty or non-duty) must have undergone no less than six (6) consecutive months of treatment for their condition(s) with their treating specialist(s). Each month must have no less than three (3) separate counseling or treatment sessions with the specialist(s). These specialists must be in agreement that the disabling condition(s) resulted in a total and permanent disability and that the disability was clearly the direct result of the member's LOPFI-covered employment. The specialists must fully support their opinions with complete copies of all records and evidence used to develop their opinions. To further clarify, an applicant who applied for a duty-related disability must submit clear and convincing evidence to establish the causal connection between the disability and the applicant's LOPFI-covered duties as a police officer or firefighter.
- D. The LOPFI medical advisor ~~shall~~ will review the documents submitted to LOPFI by the member and member's physician(s) of record, in conjunction with an examination of the member, in order to make a determination if the member is totally and permanently disabled from his or her duties. Any records/evidence not submitted directly to LOPFI shall not be considered a part of the record for determination of a disability. For clarification, any records/evidence that a member, a member's physician(s), and/or any other representative for the member who does not provide records/evidence directly to LOPFI shall not be included in the disability determination process.
- E. The Board of ~~Trustees~~ may designate the member's physician(s) as its medical advisor, if the member's condition is of such severity that it is clearly disabling, and/or social security disability was awarded to the member for the same disabling condition in the LOPFI disability application, and/or the Board determines that the cost of referring the member to a LOPFI medical advisor is excessive in comparison with the eligible benefit payment. In these instances, a separate medical review by a LOPFI medical advisor will not be needed; however, a properly completed Physician's Statement form from the member's physician(s) must still be provided to LOPFI. Copies of supporting medical evidence will only be requested in such cases if the System determines it to be

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

LOPFI BOARD RULE #16 (continued)

necessary to demonstrate a total and permanent disability exists and/or that the disability was the result of duty-related matters.

IV. Conditions for Disability Payments

- A. The member shall be retired if a LOPFI medical advisor reports to the System, in writing, that the member is physically and/or mentally unable to perform the member's duties, and that the incapacity is total and permanent. Once an application has been approved, the member cannot change the type of retirement for which he/she has applied i.e. non-duty disability to a duty disability.
- B. In accordance with the law, a disability retirants may be required to submit to a medical re-examination at least one (1) time each year during the first five (5) years following retirement, and at least one (1) time in each three (3) year period after that up to the age of fifty-five (55). The examinations must be made by or under the direction of a LOPFI medical advisor. If the medical advisor reports that the retirant is physically and mentally able and capable to resume suitable duty as a LOPFI-covered member, the disability retirement benefit shall terminate. Further, disability payments may be suspended by the Board if the retirant refuses the examination. If the refusal for examination continues for one (1) year, the Board may revoke the retirant's right to the disability retirement entirely.

V. Disability Benefit Payments

On or after April 1, 2019, a member's disability benefit shall be effective the first day of the calendar month after termination of active membership and receipt of a proper application by LOPFI.

VI. Benefit Determination Purposes

In order to determine the monthly annuity payable to a member who received benefits through Worker's Compensation, LOPFI shall contact the employer ~~group~~ to determine if the member's monthly pay was affected by any amounts received from Worker's Compensation. If the member's pay was less than the amount attached to the current rank of the member, the final pay will be adjusted to be equal, but not greater than, the amount the member would have received had Worker's Compensation benefits not been received.

VII. Temporary Disability

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

LOPFI BOARD RULE #16 (continued)

- A. In accordance with the law, LOPFI shall not pay disability retirement benefits for temporary disabilities.
- B. LOPFI shall not accept requests for the suspension of member contributions on temporary disabilities. Any reported pays will be subject to applicable member and employer contributions.

VIII. Disability Defined for Local Plans Administered by LOPFI

- A. Any member of a police department or fire department covered by a Local Plan that is administered by LOPFI and who becomes totally and permanently physically or mentally disabled from injury or disease may be retired by the Board upon certification by a LOPFI medical advisor and using LOPFI criteria for determination of total and permanent disability. If the injury or disease occurs while a member is "in the line of duty" (duty related), the member shall be retired at 65% of the salary attached to the member's rank at the time of injury or disease or shall be equal to the benefit paid to normal service retirees, whichever is greater. ~~Volunteer members shall receive the amount payable by law~~ A volunteer member shall receive the benefit amount payable according to his/her Local Plan's benefit structure.
- B. A member retiring because of a disabling injury or disease that occurred while not performing gainful employment with a police department or fire department, shall receive a normal benefit payment calculated in accordance with the provisions of the Local Plan benefit structure. ~~If a volunteer, the member receives the minimum amount payable by law.~~ A volunteer member shall receive the benefit amount payable according to his/her Local Plan's benefit structure.
- ~~C. Any police member who has less than five (5) years of service is not eligible for disability retirement resulting from natural, non-duty related causes.~~
- ~~D. Any member who has more than twenty (20) years of service credit and retires for disability reasons shall be entitled to receive any supplementary benefits for which the member would otherwise be qualified to receive.~~

IX. Administrative Appeal Hearing

- A. Results of Medical Review
 - 1. If the LOPFI medical advisor determines that the member is not totally and permanently disabled, the member's application shall

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

LOPFI BOARD RULE #16 (continued)

not be approved for benefit payment. Upon that ~~decision~~ determination, the member may lodge an appeal ~~for determination~~ of before the Board to establish whether or not a total and permanent disability exists.

2. When the LOPFI medical advisor opines that the member is totally and permanently disabled, but such disability is not duty related, the member's application will be approved, but only for a non-duty disability benefit. The member has a right to contest the issue of whether or not the disability is duty related by lodging an appeal before the Board.
 3. The member will be notified by certified mail of these results and offered the right to appeal at an Administrative Appeal Hearing before the ~~LOPFI Board of Trustees~~ to determine: a) whether the member is, in fact, totally and permanently disabled; and/or, b) whether the disability is duty related.
- B. In order to be eligible to appeal to the ~~LOPFI Board~~, the member shall notify LOPFI, in writing, preferably by certified mail, of the request to appeal. The member's request for an appeal must be received by LOPFI within thirty (30) calendar days from the date of receipt of the notification mailed by LOPFI. It is the duty of the applicant to ensure the request for appeal notice has been received by LOPFI within the thirty (30) calendar day period. Requests for appeals that are received beyond the thirty (30) calendar day timeframe will not be allowed.
- C. Once the member has properly notified LOPFI of the intent to appeal, the member must submit any new evidence which supports the disability application. The new evidence must be received by LOPFI, in hard copy form, at least thirty (30) calendar days prior to the date of the Administrative Appeal Hearing.
- D. If the member is unable to attend and/or prefers to delay an appeal, the member may request, in writing, up to two (2) continuances for an Administrative Appeal Hearing.
- E. If the member fails to appear at an Administrative Appeal Hearing and/or fails to request a continuance by the scheduled start time of the Administrative Appeal Hearing, in writing, such non-appearance will result in a dismissal of the appeal with prejudice.

ARKANSAS LOCAL POLICE & FIRE RETIREMENT SYSTEM

LOPFI BOARD RULE #16 (continued)

X. Administrative Closing of Case

For a member who applies for disability retirement, but fails to provide all supporting evidence required for the case to proceed the System shall have the right to administratively close the disability case. The System must first send the member notification by certified mail that the case will be administratively closed by a date certain and offer the member another opportunity to provide the necessary information for the case to proceed. A file that was administratively closed may be reopened upon receipt of a written and signed request from the member that includes all information previously requested.

When a case is administratively closed, the member will have up to six (6) months (180 calendar days) to request the reopening of the case. The member must still meet the requirement of providing all previously requested information with the written and signed request to re-open the case. After the six-month period has expired and the member has not properly requested the reopening of the case, the same will be closed permanently. The System will inform the member of the six-month time limitation for reopening the case in the administrative closing notification letter.

XI. Return to Service

~~Should a member's condition improve to the point that the person is able to resume his or her normal LOPFI covered duties, the member may return to service with a LOPFI covered employer and be re-enrolled in LOPFI as an active member. The member must receive a medical release from the member's physician of record using a LOPFI approved physician's statement in order to return to active membership.~~

Should a retiree's condition improve to the point that he or she is able to resume his or her LOPFI-covered duties, the retiree may return to employment with a LOPFI-covered employer and shall be re-enrolled in LOPFI as an active member. The retiree must receive a written medical release from the member's physician of record and provide a complete/un-redacted copy of the medical release to LOPFI in order to return to active membership.

Arkansas Local Police & Fire Retirement System
Balance Sheet

For the Month Ended Tuesday, March 31, 2020

ASSETS

Current Assets

Cash in Bank & Cash Equivalents	\$262,121,785.97
Accrued Interest	829,128.00
Net Rental Assets	140,921.30
Accounts Receivable	8,681,676.81
Government Bonds	276,614,874.20
Corporate Bonds	131,342,606.61
Alternative Assets	211,481,436.19
Common Stocks	412,828,856.14
Mutual Fund - Equity	698,015,240.19
Preferred Stocks	157,235,572.48
Total Current Assets	<u>2,159,292,097.89</u>

Fixed Assets

LOPFI Office Space	4,067,084.28
Accum Depr - LOPFI Office Space	(1,692,774.70)

Net Fixed Assets

2,374,309.58

Lease Receivable

518,329.00

Total Assets

2,162,184,736.47

LIABILITIES AND NET ASSETS HELD IN TRUST FOR PENSION BENEFITS

Liabilities

Accounts Payable	2,620.67
Refund Payable - Member Termed	229,330.23
Federal Withholding	(1,628.80)
State Withholding	210.53
Health Insurance	(852.72)
Payable to PRB	473,035.93
Member Contributions - Staff Retirement	(1,200.01)
Deferred Inflow of Resources	507,510.00
Total Current Liabilities	<u>1,209,025.83</u>

Net Assets Held in Trust for Pension Benefits (Fund Balances)

Fund Balances - Beginning of the Year:

Member Deposit Account Fund Balance	244,306,874.61
Employer Accumulation Account Fund Balance	74,236,096.27
Retirement Reserve Account Fund Balance	1,329,067,924.40
Income & Expense Account Fund Balance	772,980,654.45
Local DROP Reserve Account Fund Balance	13,570,704.67
LOPFI DROP Reserve Account Fund Balance	40,349,324.88

Fund Balances - Current Year Activity:

Member Deposit Account Activity	2,151,292.76
Employer Accumulation Account Activity	23,268,771.19
Retirement Reserve Account Activity	(27,780,142.16)
Income & Expense Account Activity	(313,368,387.93)
Local DROP Reserve Account Activity	1,151,999.74
LOPFI DROP Reserve Account Activity	1,040,597.76

Total Net Assets Held in Trust for Pension Benefits (Fund Balances)

2,160,975,710.64

Total Liabilities and Net Assets Held in Trust for Pension Benefits

2,162,184,736.47

Arkansas Local Police & Fire Retirement System

Administrative Expense Summary
 For the month Ended Tuesday, March 31, 2020

		<u>Current</u>	<u>Year-To-Date</u>	<u>Budget</u>	<u>% of Budget</u>
509:...	Total Personal Services	\$70,132.51	\$214,562.58	\$965,954.00	22.21%
520	Computer Operations/Process	161,085.20	702,336.15	1,945,700.00	36.10%
521	Audit Services	43,150.00	48,150.00	96,300.00	50.00%
522	Investment Consulting Fees	0.00	0.00	800,000.00	0.00%
530	Actuarial Services	43,300.00	43,300.00	443,900.00	9.75%
531	Legal Services	0.00	32,500.00	130,000.00	25.00%
532	Medical Advisor/Related	3,063.50	13,747.12	70,000.00	19.64%
533	Money Manager Fees	20,482.00	214,755.00	9,643,418.00	2.23%
534	Custodial Fee	0.00	54,000.00	216,000.00	25.00%
536	Investment Monitor Expense	0.00	59,612.50	238,450.00	25.00%
	Total Professional Services	<u>271,080.70</u>	<u>1,168,400.77</u>	<u>13,583,768.00</u>	<u>8.60%</u>
537	Insurance Expense	0.00	56,015.50	56,300.00	99.49%
542	Office Equipment-Leasing/Maint.	202.04	24,561.23	36,500.00	67.29%
544	Office Supplies	2,629.32	19,799.26	35,600.00	55.62%
545	Printing	5,460.15	12,315.92	26,000.00	47.37%
546	Telephone	1,402.74	3,995.14	30,400.00	13.14%
547	Postage	2,881.20	2,916.40	21,800.00	13.38%
548	Publications	0.00	349.76	2,900.00	12.06%
550	Travel/Prof./Education/Conf.	(1,452.39)	4,596.20	56,800.00	8.09%
555	Board / Kitchen Supplies	818.83	940.25	4,200.00	22.39%
	Total General Operating Expense	<u>11,941.89</u>	<u>125,489.66</u>	<u>270,500.00</u>	<u>46.39%</u>
	Total Cash Expenses	<u>353,155.10</u>	<u>1,508,453.01</u>	<u>14,820,222.00</u>	<u>10.18%</u>
585	Depreciation Expense - Building	<u>2,726.79</u>	<u>8,180.37</u>	<u>33,922.00</u>	<u>24.12%</u>
	Total Noncash Expense	<u>2,726.79</u>	<u>8,180.37</u>	<u>33,922.00</u>	<u>24.12%</u>
	TOTAL EXPENSES	<u><u>355,881.89</u></u>	<u><u>1,516,633.38</u></u>	<u><u>14,854,144.00</u></u>	<u><u>10.21%</u></u>